



Consolidated Cash Flow Statement

39

Annual Report 2005

For the year end 31 December 2005

	2005 RMB	2004 RMB (Restated)
OPERATING ACTIVITIES		
Profit before tax	9,983,261	29,740,307
Adjustments for:		
Interest income	(564,753)	(147,878)
Share of result of an associate	562,325	59,224
Gain on disposal of interest in an associate	–	(333,494)
Dividend income	(1,680,000)	–
Depreciation of property, plant and equipment	1,774,726	1,924,512
Loss (gain) on disposal of property, plant and equipment	5,000	(223)
Amortisation of intangible assets	913,685	718,078
(Reversal of) impairment loss on trade receivables	(650,589)	141,349
Allowance for inventories	102,191	162,393
Share-based payment expenses	1,268,354	243,808
Operating cash flows before movements in working capital	11,714,200	32,508,076
Increase in inventories	(5,393,457)	(475,751)
Decrease (increase) in trade receivables	1,419,865	(3,896,661)
Decrease in note receivables	648,000	4,914,439
Decrease (increase) in prepayments, deposits and other receivables	270,902	(1,590,170)
Decrease (increase) in amount due from a related party	3,559,739	(3,559,739)
Increase in trade payables	575,084	5,396,323
Decrease in advances from customers, accrued charges and other payables	(3,972,000)	(626,344)
Increase in note payables	6,300,054	–
Cash generated from operations	15,122,387	32,670,173
PRC enterprise income tax paid	(518,596)	(310,310)
Net cash generated from operating activities	14,603,791	32,359,863
INVESTING ACTIVITIES		
Interest received	564,753	147,878
Acquisition of non-current bank deposit	(2,438,280)	–
Increase in bank deposits	(25,052,050)	–
Dividend received	1,680,000	–
Decrease in advances to related parties	–	24,660,080
Purchase of property, plant and equipment	(14,092,664)	(1,352,297)
Proceeds from disposal of property, plant and equipment	1,700	126,642
Additions of software development	(4,887,612)	(2,554,532)
Investment in an associate	(8,100,000)	–
Proceeds from disposal of interest in an associate	–	550,000
Net cash (used in) generated from investing activities	(52,324,153)	21,577,771

Consolidated Cash Flow Statement

For the year end 31 December 2005

	2005	2004
	RMB	RMB
		(Restated)
FINANCING ACTIVITIES		
Dividend paid	(7,200,000)	(29,000,000)
Decrease in advances from related parties	–	(28,622,856)
Net proceeds from issue of shares	–	42,930,011
Proceeds from additional capital injection into a subsidiary from its then shareholders	–	9,391,600
	<u>–</u>	<u>9,391,600</u>
Net cash used in financing activities	(7,200,000)	(5,301,245)
Net (decrease) increase in cash and cash equivalents	(44,920,362)	48,636,389
Effect of foreign exchange rate changes	–	58,699
Cash and cash equivalents at beginning of the year	90,953,398	42,258,310
	<u>90,953,398</u>	<u>42,258,310</u>
Cash and cash equivalents at end of the year, representing bank balances and cash	46,033,036	90,953,398
	<u>46,033,036</u>	<u>90,953,398</u>