

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2006

	2006 RMB'000	2005 RMB'000
Operating activities		
Loss before taxation	(247,514)	(16,007)
Adjustment for:		
Amortisation of lease payment	41	–
Amortisation of software development costs	–	6,600
Bad debts	309	557
Bank interest income	(104)	(530)
Depreciation of property, plant and equipment	1,126	1,365
Impairment loss on available-for-sale securities/ investment in securities	31,314	3,700
Impairment loss on property, plant and equipment	22	–
Impairment loss on held-to-maturity securities	150,704	–
Impairment loss on software development costs	–	2,600
Interest expenses	9,690	7,940
Loss on disposal of property, plant and equipment	309	378
Provision for doubtful debts	33,353	3,006
Provision for corporate guarantee	15,000	–
Provision for obsolete and slow moving inventories	595	1,210
Unrealised gain on trust fund investments	–	(704)
Operating (loss) profit before changes in working capital	(5,155)	10,115
Decrease in inventories	1,762	2,333
Decrease in prepayments, deposits and other receivables	11,710	100,172
Decrease (increase) in bills receivable	9,435	(8,312)
(Increase) decrease in trade receivables	(4,606)	52,956
Decrease in trade payables	(8,548)	(36,165)
Decrease in bills payable	(18,851)	(29,411)
Decrease in provision, accruals and other payables	(2,388)	(142)
Increase in amount due to a director	1,025	–
Decrease in receipts in advance	(2,648)	(5,070)
Cash (used in) from operations	(18,264)	86,476
Tax paid	(70)	–
Net cash (used in) from operating activities	(18,334)	86,476

The notes on page 32 to 62 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2006

	Note	2006 RMB'000	2005 RMB'000
Cash flows from investing activities			
Bank interest received		104	530
Decrease in pledged time deposits		-	6,872
Increase in trust fund investment		-	(150,000)
Payments for acquisition of property, plant and equipment		(671)	(417)
Proceeds from disposal of property, plant and equipment		-	2
Net cash used in investing activities		(567)	(143,013)
Cash flows from financing activities			
Interest paid		(132)	(7,751)
Issue of convertible redeemable preference shares		104,000	-
New loans raised		-	100,000
Repayment of loans		(2,088)	(36,902)
Net cash from financing activities		101,780	55,347
Increase (decrease) in cash and cash equivalents		82,879	(1,190)
Effect on foreign exchange rate changes		(601)	-
Cash and cash equivalents at beginning of year		14,487	15,677
Cash and cash equivalents at end of year		96,765	14,487
Analysis of cash and cash equivalents			
Cash and bank balances	23	96,765	14,487

The notes on page 32 to 62 form part of these financial statements.