

CONSOLIDATED CASH FLOW STATEMENT

SINO KATALYTICS INVESTMENT CORPORATION

For the Year Ended 30 June 2006

	2006 HK\$	2005 HK\$ (Restated)
OPERATING ACTIVITIES		
Profit (loss) before tax	11,858,413	(9,522,352)
Adjustments for:		
Depreciation of plant and equipment	363,323	267,531
Allowance for amounts due from associates	165,540	–
Impairment loss on interests in associates	13,920	–
Interest income	(903,936)	(488,266)
Interest expenses	433,133	158,541
Gain arising from changes in fair value of equity investments at fair value through profit or loss	(10,069,162)	–
Dividend income	(73,182)	(193,384)
Share of results of associates	(475,613)	271,994
Gain on disposal of a subsidiary	(7,200)	–
Impairment loss on goodwill	92,101	–
Unrealised holding gain on investments in securities, net	–	(1,008,112)
Loss on disposal/write-off of plant and equipment	–	531,672
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Operating cash flows before movements in working capital	1,397,337	(9,982,376)
Increase in equity investments at fair value through profit or loss/investments in securities	(276,845)	(7,061,413)
(Increase) decrease in prepayments, deposits and other receivables	(11,273,571)	283,137
Decrease (increase) in amounts due from related companies	2,100	(7,600)
Increase in amounts due from associates	(5,914,528)	(438,492)
Increase in other payables and accruals	457,029	635,061
Increase in amount due to a director	3,159	135,000
(Decrease) increase in amounts due to related companies	(1,708,640)	6,000,000
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Net cash used in operations	(17,313,959)	(10,436,683)
Dividend income received from investments in listed securities	73,182	193,384
Interest received	285,382	241,339
Interest on bank and other borrowings wholly repayable within five years	(143,773)	(26,986)
Interest on obligations under finance leases	(23,764)	(15,305)
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NET CASH USED IN OPERATING ACTIVITIES	(17,122,932)	(10,044,251)

For the Year Ended 30 June 2006

	NOTE	2006 HK\$	2005 HK\$ (Restated)
INVESTING ACTIVITIES			
Purchases of plant and equipment		(95,406)	(667,764)
Acquisition of a subsidiary	26	1,219	–
Proceeds from disposal of plant and equipment		–	21,789
Proceeds from disposal of an associate		–	300
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NET CASH USED IN INVESTING ACTIVITIES		(94,187)	(645,675)
FINANCING ACTIVITIES			
Proceeds from issue of shares		20,325,000	10,918,000
Share issue expenses		(1,075,393)	(163,770)
Repayments of obligations under finance leases		(230,875)	(215,000)
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NET CASH FROM FINANCING ACTIVITIES		19,018,732	10,539,230
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,801,613	(150,696)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,314,730	3,465,426
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CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by:			
Bank balances and cash		5,116,343	3,314,730
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