

ZAGROS Joint Venture Partners**Financials in Response to investment opportunity to build 500,000 housing units in Iraq**

CASH FLOW STATEMENT		Year 2007 (in RMB)	
ITEMS	2007	2006	
CASH FLOWS FROM OPERATING ACTIVITIES 1			
Cash received from sale of goods or rendering of services	1,807,963,042.41	1,274,414,973.91	
Refund of tax and levies	5,311,000.00	1,471,000.00	
Other cash received relating to operating activities	1,345,544.27	754,031.88	
Sub-total of cash inflows	1,814,619,586.68	1,276,640,006.80	
Cash paid for goods and services	1,262,913,810.95	829,901,439.84	
Cash paid to and on behalf of employees	485,862,790.34	278,483,720.18	
Payments of all types of taxes	69,241,340.37	49,435,235.00	
Other cash paid relating to operating activities	20,278,308.46	13,047,738.14	
Sub-total of cash outflows	1,838,296,250.12	1170,868,133.16	
Net cash flows from operating activities	-23,676,663.44	105,771,872.84	
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			
Cash received from returns on investments			
Net Cash Received From Disposa Of Fixed Assets, Intangible Assets & Other Long-term Assets	1,365,835.85		
Other cash received relating to investing activities	1,986,177.20		
Sub-total of cash inflows	1,365,835.85	1,986,177.20	
Cash paid to acquire fixed assets, intangible assets & other long-term assets	15,600,600.00	25,070,339.21	
Cash paid to acquire investments	11,470,000.00	63,663,000.00	
Other cash payments relating to investing activities 20			
Sub-total of cash outflows	27,070,600.00	88,723,339.21	
Net cash flows from investing activities	-25,704,764.15	-86,737,162.01	
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contribution			
Cash received from borrowings	35,000,000.00	2,000,000.00	
Other cash received relating to financing activities			
Sub-total of cash inflows	35,000,000.00	2,000,000.00	
Cash repayments of amounts borrowed	2,000,000.00		
Cash payments for interest expenses and distribution of dividends or profit			
Other cash payments relating to financing activites			
Sub-total of cash outflows	2,000,000.00		
Net cash flows from financing activities	33,000,000.00	2,000,000.00	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
	-16,381,427.59	21,034,710.60	
Cash & cash equivalents at beginning of year	51,885,525.26	30,850,814.63	
Cash & cash equivalents at end of year	35,504,097.67	51,886,525.25	