

賽迪顧問股份有限公司 CCID Consulting Company Limited

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 08235

www.CCIDConsulting.com

2008
First Quarterly Report



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of CCID Consulting Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to CCID Consulting Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- For the three months ended 31 March 2008, unaudited turnover of the Company was approximately RMB19 million, representing an rapid increase of approximately 51% over the corresponding period in the previous year.
- For the three months ended 31 May 2008, net profits from ordinary activities attributable to shareholders decreased by approximately 152% as compared to the corresponding period in the previous year at a loss of approximately RMB0.55 million, which is mainly due to the loss on short-term investment.
- Other revenue included a short-term investment loss approximately RMB2.66 million by investing in PRC new issue securities and investment funds which consists of realized gain of approximately RMB0.29 million and unrealized loss of approximately RMB2.95 million.
- The Directors do not recommend the payment of any dividend for the three months ended 31 March 2008.
- New free weekly reference reports can be downloaded freely from the Company website at <http://www.ccidconsulting.com/products/channel/cankao.asp>.

The board of directors (the “Board”) of CCID Consulting Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2008, together with the comparative unaudited figures for the corresponding period of last year as follows:

		Unaudited	
		For the three months ended	
		31 March	
		2008	2007
	<i>Note</i>	RMB	<i>RMB</i>
Turnover	2	19,281,501	12,740,760
Cost of sales		(11,297,133)	(8,216,780)
Gross profit		7,984,368	4,523,980
Other revenue		(2,557,091)	218,696
Selling and distribution costs		(1,510,602)	(958,827)
Administrative expenses		(4,219,903)	(2,314,394)
(Loss)/profits before tax		(303,228)	1,469,455
Tax	3	(243,884)	(423,584)
(Loss)/profits for minority interests		(547,112)	1,045,871
CCID Shareholders		(482,715)	1,112,773
Minority interests		(64,397)	(66,902)
Net (loss)/profits from ordinary activities attributable to shareholders		(547,112)	1,045,871
(Loss)/profits per share			
– basic (cents)	4	(0.08)	0.15
Dividends	6	–	–

Notes:

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

CCID Consulting Company Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 14 March 2001 as a company with limited liability pursuant to the Company Law of the PRC. Pursuant to an approval document obtained from 國家經濟貿易委員會 (The State Economic and Trade Commission of the PRC) on 5 March 2002, the Company became a joint stock limited company. The H shares of the Company were successfully listed on GEM on 12 December 2002.

The Group’s unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The accounting policies and basis of preparation of the unaudited consolidated results are consistent with those used in the annual financial statements for the year ended 31 December 2007.

2. TURNOVER

The Company is principally engaged in the provision of market research and management consultancy services. The principal activities of the subsidiaries comprise the provision of data information management services and public relationship services.

Turnover represents the sales value of services provided to customers, which excludes sales surtaxes.

3. INCOME TAX

	Unaudited	
	For the three months ended	
	31 March	
	2008	2007
	RMB	RMB
PRC enterprise income tax	<u>243,884</u>	<u>423,584</u>

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong during the three months ended 31 March 2008 (three months ended 31 March 2007: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

The Company is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the Company is subject to PRC enterprise income tax at a rate of 15%.

Beijing CCID Shiji Information Engineering Consulting Co., Ltd. (“CCID Info”), the Company’s subsidiary established in the PRC, is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, CCID Info is subject to PRC enterprise income tax at a rate of 15%.

Beijing CCID Classic Public Relationship Co., Ltd. (“CCID PR”), the Company’s subsidiary established in the PRC, is subject to PRC enterprise income tax.

Beijing CCID Shiji Advertising Co., Ltd. (“CCID Advertising”), the Company’s subsidiary established in the PRC, is subject to PRC enterprise income tax.

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2008 is based on the loss attributable to equity shareholders of the Company of RMB547,112 (three months ended 31 March 2007: RMB1,112,773) and the weighted average of 700,000,000 (three months ended 31 March 2007: 700,000,000) ordinary shares in issue during the period.

No diluted earnings per share is provided as the Company did not have any potential shares for the three months ended 31 March 2008 and 2007.

5. RESERVES

	Capital reserve account	Statutory reserve funds	Discretionary reserve fund	Retained profits	Total
	RMB	RMB	RMB	RMB	RMB
As at 1 January 2007	18,609,965	7,005,874	58,517	13,910,748	39,585,104
Profit for the period	—	—	—	1,112,773	1,112,773
As at 31 March 2007	<u>18,609,965</u>	<u>7,005,874</u>	<u>58,517</u>	<u>15,023,521</u>	<u>40,697,877</u>
As at 1 January 2008	18,609,965	8,218,738	58,517	13,009,386	39,896,606
Loss for the period	—	—	—	(547,112)	(547,112)
As at 31 March 2008	<u>18,609,965</u>	<u>8,218,738</u>	<u>58,517</u>	<u>12,462,274</u>	<u>39,349,494</u>

6. DIVIDENDS

The Board does not recommend payment of a dividend for the three months ended 31 March 2008 (three months ended 31 March 2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the three months ended 31 March 2008, the turnover by operations can be classified as follows:

	For the three months ended 31 March 2008		For the three months ended 31 March 2007	
	Turnover RMB	Percentage (approximately)	Turnover RMB	Percentage (approximately)
Market Research	11,593,300	60%	7,603,133	60%
Data Information Management	2,115,218	11%	412,320	3%
Management Consultancy	4,694,133	24%	3,107,475	24%
Public Relationship Consultancy	878,850	5%	1,617,832	13%
Total	<u>19,281,501</u>	<u>100%</u>	<u>12,740,760</u>	<u>100%</u>

Business Review

For the three months ended 31 March 2008, the turnover and gross profit of the Group amounted to RMB19,281,501 and RMB7,984,368 respectively.

In terms of market research, as at 31 March 2008, the Group had issued 358 annual research reports and it also had completed 30 quarterly analysis reports, thus realizing a revenue of RMB11,593,300 for the three months ended 31 March 2008, which constituted approximately 60% of the Group's turnover. The operation's turnover was increased by approximately 53% as compared to the corresponding period of last year, which was mainly due to rapid increase in market demand during the period.

In terms of data information management, relying on 35 constantly revising data banks and advanced data-mining technique, the Group had possessed a stable customer base as at 31 March 2008. On the other hand, based on the rich experience in setting up and developing data banks and the R&D team, it provided data information management solutions to government and enterprise. The revenue in data information management was RMB2,115,218 for the three months ended 31 March 2008, which constituted approximately 11% of the Group's turnover. The operation's turnover was increased by approximately 413% as compared to the corresponding period of last year. The increase was mainly due to increased market demand of management consultancy service during the period.

In terms of management consultancy service, the Group had accumulated many customer resources and possessed established channels and technical support in management consultancy with its understanding and follow-up and recent trends grasp of the IT market since its formal commencement of this kind of business. Therefore, the position of the Group in respect of this kind of business can be enhanced by its strengths to promote management efficiency of enterprises and governments, i.e. enterprise digitalization and e-government, through advanced information techniques. The Group had earned RMB4,694,133 for the three months ended 31 March 2008 in management consultancy service, which constituted approximately 24% of the Group's turnover. The operation's turnover was increased by approximately 51% as compared to the corresponding period of last year. The increase was mainly due to increased demand of management consultancy service during the period.

In terms of public relationship, relying on CCID Group's networking in media; the Group has build up a team of experienced staff and provided consultancy services on marketing, brand name promotion, public relationship and advertising. The revenue in marketing consultancy was RMB878,850 for the three months ended 31 March 2008 which constituted approximately 5% of the Group's turnover. The operation's turnover was decreased by approximately 46% as compared to the corresponding period of last year. The decrease was mainly due to a decrease in market demand on public relationship consulting during the period.

Market Promotions and Publicity

For the three months ended 31 March 2008, the Group enhanced efforts in market promotions and publicity. During the period the Group hosted or co-sponsored research meetings, including "2008 China IDC Business Forum", "2008 China Small Electronic Appliance Market Annual Conference", "2008 China Internet Market Annual Conference", "2008 China IT Market Annual Conference", "2008 Semi Conductor Market Annual Conference", "2008 Consumerable Electronic Market Annual Conference", "2008 Communication Market Annual Conference", "2008 Brand Competitive Press Forum" in Beijing and Shanghai etc..

Future Developments

In 2008, the Group will strengthen its profitability and increase company's professional and branding competitiveness through deepening its business remodeling and enhancement, optimizing internal management system, and attracting professional talents.

The Group will enhance organizational coordination to increase Company's core business value and comprehensive competitiveness by improving data online business. The Group will further develop overseas markets and enhance business cooperation with strategic partners in United States, Japan, Korea, Singapore etc. The Group will also increase the company branding popularity and reputation through highly effective branding publicity, including a series of media advertisements, activities, and network marketing. In the meantime, the Group will further improve the system of flows in internal regulation and management; enhance the strength of quality control in study and consulting; facilitate the sharing of knowledge; and establish the evaluation and training system in its professional ability.

In sum, the Group will endeavor to deepen the branding influence of the Company in the areas of market study and management consulting in the market; expedite the development in information technology consulting and marketing consulting; establish new brands with popularity; and further enrich the product chain in consulting services, all with the goal of creating a brand group in consulting services that is well established internationally.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2008, the interests of the directors in the share capital and warrants of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in shares

Name of director	Company/ associated corporations	Nature of interests	Number and class of shares	Approximate percentage of issued share capital
Luo Wen	The Company	Personal	1,020,000 domestic shares	0.15%

Save as disclosed above, as at 31 March 2008, none of the directors, supervisors or their associates had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers Rule 5.46 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the headings "Directors' and supervisors' interests and short positions in shares and underlying shares" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director and supervisor or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors and supervisors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 20 November 2002. A summary of principle terms and conditions of the share option scheme are set out in the section headed “Summary of principle terms of the share option scheme” in Appendix IV of the prospectus of the Company dated 29 November 2002. Up to 31 March 2008, no option has been granted pursuant to such share option scheme.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2008, the following persons (other than the directors and supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
China Centre of Information Industry Development (“CCID”) (note 1)	Interest of controlled corporation	Corporate	485,900,000 domestic shares	98.96%	69.41%
Research Centre of Computer and Microelectronics Development, MII (“Research Centre”) (note 1)	Beneficial owner	Corporate	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd. (note 1)	Beneficial owner	Corporate	93,290,000 domestic shares	19.00%	13.32%
Employees’ Shareholding Society of Legend Holdings Ltd (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Holdings Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Group Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
Legend Holdings (BVI) Limited (<i>note 2</i>)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited (<i>note 2</i>)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited (<i>note 2</i>)	Beneficial owner	Corporate	20,000,000 H shares	9.57%	2.86%
Lam William Ka Chung (<i>note 3</i>)	Interest of controlled corporation	Personal	14,600,000 H shares	6.99%	2.09%
J.P. Morgan Chase & Co. (<i>note 4</i>)	Investment manager and other	Corporate	14,900,000 H shares	7.13%	2.13%
J.P. Morgan Fleming Asset Management Holdings Inc. (<i>note 4</i>)	Investment manager	Corporate	14,900,000 H shares	7.13%	2.13%
J.P. Morgan Fleming Asset Management (Asia) Inc. (<i>note 4</i>)	Investment manager	Corporate	14,900,000 H shares	7.13%	2.13%
JF Asset Management Limited (<i>note 4</i>)	Investment manager	Corporate	10,700,000 H shares	5.12%	1.53%

Notes:

1. CCID, through Research Centre (which is controlled by, and under the supervision of, CCID) and Beijing CCID Riyue Investment Co., Ltd. (which is, directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 93,290,000 domestic shares held directly by Beijing CCID Riyue Investment Co., Ltd..

2. Grade Win International Limited holds 20,000,000 H shares of the company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited; Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited; Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Legend Group Limited; Legend Holdings Limited holds 57.76% equity interests in Legend Group Limited; Employees' Shareholding Society of Legend Holdings Ltd. holds 35.00% equity interests in Legend Holdings Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.
3. Kingsway Financial Services Limited holds 13,510,000 H shares of the Company. Kingsway Financial Services Limited is a wholly-owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Kingsway Lion Spur Technology Limited holds 1,090,000 H shares of the Company. Kingsway Lion Spur Technology Limited is a wholly-owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly-owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited holds 74% equity interest in SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Mr. Lam William Ka Chung beneficially owns or controls approximately 40% equity interests in Kingsway International Holdings Limited. Mr. Lam William Ka Chung is deemed to be interested in 14,600,000 H Shares of the Company.
4. JF Asset Management Limited holds 10,700,000 H shares of the Company. JF International Management Inc. holds 4,200,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. holds 99.99% and 100% equity interests in JF Asset Management Limited and JF International Management Inc. respectively. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management Holdings Inc. is a wholly-owned subsidiary of J.P. Morgan Chase & Co.. J.P. Morgan Fleming Asset Management (Asia) Inc., J.P. Morgan Fleming Asset Management Holdings Inc. and J.P. Morgan Chase & Co. are deemed to be interested in 14,900,000 H shares of the Company.

Save as disclosed above, as at 31 March 2008, no person, other than the directors of the Company, whose interests are set out in the section "Directors and supervisors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

COMPETING INTEREST

None of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company and their respective associates had an interest in a business which competes with the Group or may compete with the business of the Group.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rules 5.28 of the GEM Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three members, Mr. Guo Xinping, Mr. Lu Mai and Mr. Han Fuling. All of them are independent non-executive directors. Mr. Guo Xinping is the Chairman of the audit committee. The Audit Committee has reviewed the Group's unaudited consolidated result for the period ended 31 March 2008 and was of the view that the preparation of the results has complied with all applicable accounting standards and relevant regulations and laws and made sufficient disclosure.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group is considering a possible issue of new H shares and related possible acquisitions and has engaged a financial adviser to evaluate their feasibilities. Should the Group proceed with the aforesaid transactions, the Group will strictly comply with the relevant disclosure, reporting (if applicable) and/or shareholders' approval requirements under the GEM Listing Rules.

PROPOSED SPECIFIC MANDATE TO ISSUE NEW H SHARES RELATING TO A POSSIBLE PLACING OF NEW H SHARES

On 31 August 2007, the Board resolved to convene an extraordinary general meeting (the "EGM"), a class meeting of the holders of H shares (the "H shares") and a class meeting of the holders of domestic shares of the Company (together, the "Class Meetings") for the shareholders, the holders of H shares and the holders of domestic shares of the Company (collectively, the "Shareholders") to consider and approve (if thought fit) respectively the grant of a specific mandate (the "Proposed Specific Mandate") to issue new H shares to the Board. The EGM and the Class Meetings was held on 12 November 2007 and approved the Board in the grant of the Proposed Specific Mandate.

The major terms of the Proposed Specific Mandate are as follows:

- (1) to issue not more than 200,000,000 new H Shares representing not more than approximately 28.57% of the total issued share capital of the Company as at 12 November 2007;

- (2) the new H Shares will be issued at a price not more than HK\$0.60 per H Share, but in any event, the issue price should not be lower than the higher of either (i) HK\$0.25; or (ii) the latest audited net asset value per share of the Company;
- (3) the Proposed Specific Mandate is for the period from the passing of the relevant resolutions at the EGM and the Class Meetings up to the earliest of: (i) the expiration of the 12-month period following the passing of the relevant resolution(s) at the EGM and/or the Class Meetings; or (ii) the revocation or variation of the authority given under the relevant resolution(s) at the EGM and/or the Class Meetings by special resolution(s) of the Shareholders in a general or a class meeting.

Issue of new H Shares pursuant to the Proposed Specific Mandate is subject to, among other things, the obtaining of the necessary approvals from the relevant PRC regulatory authorities, including the China Securities Regulatory Commission for the issue of the new H Shares and the National Social Security Fund Council of the PRC and the State-owned Assets Supervision and Administration Commission of the State Council for the disposal of the state-owned shares. Depending on market conditions, the directors may or may not exercise the Proposed Specific Mandate (if granted) to issue new H Shares. If the directors proceed to issue and allot new H Shares pursuant to the Proposed Specific Mandate (if granted), a separate announcement will be made as required by the GEM Listing Rules.

The possible placing of new H Shares will enlarge the shareholder and capital bases of the Company and strengthen the financial position of the Group.

Should the Board, proceed to exercise the Proposed Specific Mandate to issue new H Shares, the Company will apply to the GEM Listing Committee for the listing and permission to deal in all of the new H Shares to be issued and placed pursuant to the possible placing and the H Shares converted from domestic shares involved in the disposal of the state-owned shares.

ACKNOWLEDGMENT

I avail myself of this opportunity to thank all directors, management of the Group and all the employees for their dedication and commitment and all customers, bankers and shareholders for their continued support.

By order of the Board
Zhuang Xingfang
Chairman

The Board comprises:

Mr. Zhuang Xingfang (*Executive Director and Chairman*)

Mr. Luo Wen (*Executive Director*)

Mr. Li Jun (*Executive Director*)

Mr. Liu Liehong (*Non-executive Director*)

Ms. Li Ying (*Non-executive Director*)

Mr. Guo Xinping (*Independent non-executive Director*)

Mr. Han Fuling (*Independent non-executive Director*)

Mr. Pan Xingwu (*Independent non-executive Director*)

Beijing, The People's Republic of China

9 May 2008