



**COSCO CORPORATION (SINGAPORE) LIMITED**  
(Company Registration no:- 196100159G)

**Unaudited First Quarter Financial Statement Announcement for the Financial Period Ended 31 March 2008**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**(i) Income Statement**

	<b>Group</b>		
	S\$'000		%
	Q1 2008	Q1 2007	Change
Turnover	717,656	355,786	102
Cost of sales	(517,034)	(263,296)	96
Gross profit	200,622	92,490	117
Other gains - net			
- Miscellaneous [1]	6,026	16,453	(63)
Expenses			
- Distribution	(16,852)	(10,381)	62
- Administrative	(39,497)	(27,790)	42
- Finance (Interest)	(1,752)	(3,455)	(49)
Share of profit of associated companies [2]	113	133	(15)
Profit before income tax	148,660	67,450	120
Income tax expense	(21,105)	(6,632)	218
Net profit	127,555	60,818	110
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>83,884</b>	<b>41,954</b>	<b>100</b>
Minority interests	43,671	18,864	132
Net profit	127,555	60,818	110
<b>Earnings per share for profit attributable to the equity holders of the Company</b> (expressed in cents per share)			
- basic	3.75	1.89	98

- diluted	3.73	1.88	98
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**(ii) Breakdown and Explanatory Notes to Income Statement**

	<b>Group</b>		
	S\$'000		%
	Q1 2008	Q1 2007	Change
Profit before tax is arrived at after (charging)/crediting:			
Other income including interest income	24,576	14,784	66
Interest on borrowings	(1,752)	(3,455)	(49)
Depreciation	(27,205)	(18,535)	47
Reversal of impairment of receivables	3	-	NM
Property, plant and equipment written off	(8)	-	NM
Foreign exchange loss	(18,392)	(27)	68,019
Net (loss)/gain on disposal of property, plant and equipment	(158)	80	(298)
Gain on dilution of interest in a subsidiary	-	1,610	NM
Gain on disposal of financial assets, available for sale	-	6	NM
Adjustment for under provision of tax in respect of prior years:			
Income tax	(176)	(2)	8,700

**NOTES:**

NM denotes not meaningful.

[1] Other net miscellaneous gains comprise the following:

	<b>Q1 2008</b>	<b>Q1 2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Sale of scrap materials	18,215	9,983
Gain on dilution of interest in a subsidiary	-	1,610
Gain on disposal of financial assets, available for sale	-	6
Net (loss)/gain on disposal of property, plant and equipment	(158)	80
Interest income	4,908	2,472
Foreign exchange differences	(18,392)	(27)
Fair value gain on forward currency contracts	46	1,502
Sundry income	1,407	827
	<b>6,026</b>	<b>16,453</b>

[2] Share of profit of associated companies is after tax and minority interest.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/03/2008 S\$'000	31/12/2007 S\$'000	31/03/2008 S\$'000	31/12/2007 S\$'000
<b>Current assets</b>				
Cash and cash equivalents	1,227,705	1,082,794	105,352	108,604
Forward currency contracts	32,776	33,523	-	-
Trade and other receivables	1,103,118	828,075	600	733
Inventories	600,781	443,328	-	-
Construction contract work-in-progress	212,354	43,132	-	-
Trading properties	977	977	-	-
	3,177,711	2,431,829	105,952	109,337
<b>Non-current assets</b>				
Forward currency contracts	6,077	8,778	-	-
Trade and other receivables	-	-	62,941	65,868
Financial assets, available for sale	3,050	3,067	-	-
Club memberships	476	479	236	236
Investments in associated companies	1,896	1,794	-	-
Investments in subsidiaries	-	-	284,399	284,399
Investment properties	11,378	11,472	-	-
Property, plant and equipment	1,555,922	1,478,453	904	932
Intangible assets	9,298	9,302	-	-
Deferred tax assets	21,870	21,996	-	-
	1,609,967	1,535,341	348,480	351,435
<b>Total assets</b>	4,787,678	3,967,170	454,432	460,772
<b>Current liabilities</b>				
Forward currency contracts	6,097	-	-	-
Trade and other payables	3,093,238	2,416,393	8,299	7,021
Current income tax liabilities	32,602	24,040	507	969
Borrowings	126,431	111,528	-	-
Provision for other liabilities	6,086	5,064	-	-
	3,264,454	2,557,025	8,806	7,990
<b>Non-current liabilities</b>				
Forward currency contracts	32,674	42,264	-	-
Borrowings	58,770	64,910	-	-
Provision for other liabilities	62	65	62	65
Deferred income tax liabilities	152	152	-	-
	91,658	107,391	62	65
<b>Total liabilities</b>	3,356,112	2,664,416	8,868	8,055
<b>Net assets</b>	1,431,566	1,302,754	445,564	452,717

<b>Shareholders' equity</b>				
Share capital	269,456	266,852	269,456	266,852
Statutory and other reserves	68,768	82,806	27,388	24,554
Retained earnings	674,938	590,249	148,720	161,311
	1,013,162	939,907	445,564	452,717
Minority interest	418,404	362,847	-	-
<b>Total equity</b>	<b>1,431,566</b>	<b>1,302,754</b>	<b>445,564</b>	<b>452,717</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31/03/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
18,318,000	108,113,000	19,748,000	91,780,000

**Amount repayable after one year**

As at 31/03/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
58,770,000	-	64,910,000	-

**Details of any collateral**

The collaterals for secured borrowings include the group's vessels, leasehold land and buildings and motor vehicles with net book value totalling \$ 145,755,000 (2007: \$160,515,000).

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	Q1 2008 S\$'000	Q1 2007 S\$'000
<u>Cash flows from operating activities</u>		
Net profit	127,555	60,818
Adjustments for:		
Income tax expense	21,105	6,632
Share of profit of associated companies	(113)	(133)
Depreciation	27,205	18,535
Employees share option expense	2,834	2,617
Fair value gain on forward currency contracts	(46)	(1,502)
Net loss/(gain) on disposal of property, plant and equipment	158	(80)
Property, plant and equipment written off	8	-

Gain on dilution of interest in a subsidiary	-	(1,610)
Gain on disposal of financial assets, available for sale	-	(6)
Interest expense (financing)	1,752	3,455
Interest income (investing)	(4,908)	(2,472)
	175,550	86,254
Changes in working capital:		
Inventories and construction contract work-in-progress	(326,676)	(22,166)
Trade and other receivables	(266,058)	(48,596)
Trade and other payables	677,388	297,244
Provision for other liabilities	1,019	(3,314)
Exchange differences	10,635	833
Cash generated from operations	271,858	310,255
Income tax paid	(12,542)	(5,436)
<b>Net cash provided by operating activities</b>	<b>259,316</b>	<b>304,819</b>
<u>Cash flows from investing activities</u>		
Minority shareholder's contribution for the equity interest in a newly incorporated subsidiary	5,115	-
Proceeds from liquidation of an associated company	-	420
Proceeds from disposal of property, plant and equipment	163	499
Proceeds from disposal of financial assets, available for sale	-	126
Purchase of property, plant and equipment	(121,978)	(92,295)
Dividend received	-	280
Interest received	5,012	2,432
<b>Net cash used in investing activities</b>	<b>(111,688)</b>	<b>(88,538)</b>
<u>Cash flows from financing activities</u>		
Repayment of borrowings	(2,708)	(37,011)
Proceeds from borrowings	15,549	600
Repayment of finance lease liabilities	(6)	(10)
(Increase)/Decrease in cash collateral	(11,138)	2
Dividends paid to minority shareholders of subsidiaries	(20)	(554)
Proceeds from issuance of ordinary shares	2,604	10,263
Interest paid	(2,254)	(3,533)
<b>Net cash provided by/(used in) financing activities</b>	<b>2,027</b>	<b>(30,243)</b>
<b>Net increase in cash and cash equivalents</b>	<b>149,655</b>	<b>186,038</b>
Cash and cash equivalents at the beginning of the financial year	1,078,586	273,560
Effects of currency translation on cash and cash equivalents	(15,882)	(2,637)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>1,212,359</b>	<b>456,961</b>
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	418,257	279,401
Short-term bank deposits	809,448	181,865
Less: Cash collaterals	(15,346)	(4,305)
	1,212,359	456,961

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Share Capital S\$'000	Statutory and other reserves S\$'000	Retained Earnings S\$'000	Minority Interests S\$'000	Total S\$'000
<b>The Group Balance at 1 January 2008</b>	266,852	82,806	590,249	362,847	1,302,754
Currency translation differences	-	(16,067)	-	(2,320)	(18,387)
Net loss recognised directly in equity	-	(16,067)	-	(2,320)	(18,387)
Net profit	-	-	83,884	43,671	127,555
<b>Total recognised (loss)/gains</b>	-	(16,067)	83,884	41,351	109,168
Employee share option scheme:					
- value of employee services	-	2,834	-	-	2,834
- proceeds from share issued	2,604	-	-	-	2,604
Minority shareholder's interest in a newly incorporated subsidiary	-	-	-	14,206	14,206
Transfer from asset revaluation reserve to retained earnings	-	(805)	805	-	-
<b>At 31 March 2008</b>	<b>269,456</b>	<b>68,768</b>	<b>674,938</b>	<b>418,404</b>	<b>1,431,566</b>
<b>At 1 January 2007</b>	<b>239,947</b>	<b>70,855</b>	<b>359,256</b>	<b>249,889</b>	<b>919,947</b>
Currency translation differences	-	(4,517)	-	(926)	(5,443)
Net loss recognised directly in equity	-	(4,517)	-	(926)	(5,443)
Net profit	-	-	41,954	18,864	60,818
<b>Total recognised (loss)/gains</b>	-	<b>(4,517)</b>	<b>41,954</b>	<b>17,938</b>	<b>55,375</b>
Employee share option scheme:					
- value of employee services	-	2,617	-	-	2,617
- proceeds from shares issued	10,263	-	-	-	10,263
Increase in minorities' interest of a subsidiary	-	-	-	2,517	2,517
Dividend paid by subsidiaries to minority shareholders of subsidiaries	-	-	-	(5,590)	(5,590)
Reserves realised on dilution of interest in a subsidiary	-	(383)	383	-	-
Transfer from asset revaluation reserve to retained earnings	-	(804)	804	-	-
Transfer from retained earnings to statutory reserves	-	7	(7)	-	-
<b>At 31 March 2007</b>	<b>250,210</b>	<b>67,775</b>	<b>402,390</b>	<b>264,754</b>	<b>985,129</b>

<b>The Company</b>					
<b>At 1 January 2008</b>	266,852	24,554	161,311	-	452,717
Net loss	-	-	(12,591)	-	(12,591)
Employee share option scheme:					
- value of employee services	-	2,834	-	-	2,834
- proceeds from shares issued	2,604	-	-	-	2,604
<b>At 31 March 2008</b>	<b>269,456</b>	<b>27,388</b>	<b>148,720</b>	<b>-</b>	<b>445,564</b>
<b>At 1 January 2007</b>	239,947	11,931	104,786	-	356,664
Net profit	-	-	35,789	-	35,789
Employee share option scheme:					
- value of employee services	-	2,617	-	-	2,617
- proceeds from shares issued	10,263	-	-	-	10,263
<b>At 31 March 2007</b>	<b>250,210</b>	<b>14,548</b>	<b>140,575</b>	<b>-</b>	<b>405,333</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During Q1 2008, the issued and paid-up capital of the Company was increased from \$266,852,482 to \$269,456,482. This was due to the allotment and issue of 1,050,000 ordinary shares at \$2.48 each from the exercise of option granted in 2007 under the Cosco Group Employees' Share Option Scheme 2002 ("Scheme").

On 24 March 2008, share options totalling 21,300,000 were granted to eligible employees and directors of the Group at the exercise price of \$2.95 per share pursuant to the Scheme.

The outstanding share options under the Cosco Group Employees' Share Option Scheme as at 31 March 2008 was 40,590,000 (2007: 20,340,000).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 March 2008, share capital of the Company comprised of 2,238,714,954 ordinary shares (2007: 2,237,664,954).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company does not have any treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not Applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and method of computation in the financial statement for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2007.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not Applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	Q1 2008	Q1 2007
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	3.75	1.89
Weighted average number of ordinary shares('000)	2,238,198	2,218,125
(ii) On a fully diluted basis (cents per share)	3.73	1.88
Adjusted weighted average number of ordinary shares('000)	2,250,424	2,230,625

**NOTES:**

The earnings per ordinary share is calculated by dividing the consolidated profit attributable to the equity holders of the Company over the weighted average number of ordinary shares in issue during the financial period.

The fully diluted earnings per share is arrived at after taking into consideration the potential ordinary shares arising from the exercise of outstanding share options which would dilute the basic earnings per share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007



Net asset value per ordinary share (Cents)	45.26	42.00	19.90	20.23
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The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 2,238,714,954 (2007: 2,237,664,954)

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

### Overview

The Group continued to register strong growth in Q1 2008 on broad-based expansion across all key businesses supported by buoyant order book. Group net profit attributable to equity holders doubled to \$83.9 million in Q1 2008 on 102% growth in turnover to \$717.7 million.

### Turnover

Group turnover surged 102% to \$717.7 million in Q1 2008 fueled by solid performances across all key business segments.

	Q1 2008		Q1 2007		Change
	S\$' million	%	S\$' million	%	%
Ship repair, ship building and marine engineering	653.1	91.0	306.9	86.3	+112.8
Dry bulk shipping	59.2	8.2	43.6	12.3	+35.8
Shipping agency and others	5.4	0.8	5.3	1.4	+1.9
<b>Total</b>	<b>717.7</b>	<b>100.0</b>	<b>355.8</b>	<b>100.0</b>	<b>+101.7</b>

Ship repair, ship building and marine engineering operations delivered a robust 113% jump in turnover to \$653.1 million in Q1 2008. This was on the back of progressive revenue recognition for the Group's healthy stream of high-value offshore marine engineering and ship conversion projects, as well as contribution from the ship building segment which began recognizing revenue for its first dry bulk carrier in Q3 2007. The 2 new dry docks which became operational at COSCO Zhoushan in 1H 2007 also contributed considerably to the increase in revenue.

Turnover from dry bulk shipping business jumped 36% to \$59.2 million in Q1 2008 boosted by higher charter-hire rates.

Ship repair, ship building & marine engineering business remained the largest revenue contributor, representing 91% of Group turnover in Q1 2008. Dry bulk shipping and shipping agency and others accounted for the remaining 9%.

### Profitability

Gross profit surged 117% from \$92.5 million in Q1 2007 to \$200.6 million in Q1 2008, lifted by higher turnover and gross margin improvement from 26.0% to 28.0%.

Other gains comprised gain from the disposal of scrap metal, interest income, net loss on disposal of property, plant & equipment and foreign exchange differences. Other gains fell 63% to \$6.0 million in

Q1 2008 mainly due to foreign exchange loss resulting from the weakening of United States Dollar ("USD") against Singapore Dollar ("SGD") and Chinese-Yuan.

Distribution and administrative costs rose in line with the expanding business volume, kept in check with effective cost management. Interest expense decreased 49% due to reduction in bank borrowings in Q1 2008 compared to Q1 2007.

Income tax expense rose due to higher profit and change in income tax rate for some of the Company's subsidiaries in the People's Republic of China ("PRC") as a result of changes in China Income Tax Law effective from 1 January 2008.

Minority interests increased due to higher contributions from its PRC subsidiaries involved in ship repair, ship building and marine engineering operations.

Overall, net profit attributable to equity holders of the Company jumped two-fold from \$42.0 million in Q1 2007 to \$83.9 million in Q1 2008 on successful business expansion.

### **Balance Sheet and Cash Flow**

Cash and cash equivalents increased from \$1.1 billion as at 31 December 2007 to \$1.2 billion in Q1 2008 mainly due to more advances received from customers as the Group secured more offshore marine and shipbuilding contracts. Please refer to item 1(c) Cash Flow Statement for more details.

The increases in trade and other receivables, inventories and construction contract work-in-progress are mainly due to the increase in volume of ship repair, ship building and marine engineering businesses.

Property, plant and equipment increased from \$1.5 billion as at 31 December 2007 to \$1.6 billion in Q1 2008 as a result of facilities expansion of the major shipyards in COSCO Shipyard Group Co., Ltd ("CSG").

Trade and other payables rose from \$2.4 billion as at 31 December 2007 to \$3.1 billion in Q1 2008 as more advances were collected from ship building and offshore marine engineering projects.

Total borrowings increased from \$176.4 million as at 31 December 2007 to \$185.2 million in Q1 2008 due to additional funding procured for business expansion.

Shareholders' equity rose from \$939.9 million as at 31 December 2007 to \$1.0 billion in Q1 2008 mainly due to the transfer of Q1 2008 profits to retained earnings.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's results for Q1 2008 are in line with the commentary made in paragraph 10 of the Group's Full Year Financial Statement and Dividend Announcement released on 21 February 2008.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Recent business climate has been marked by rising steel and labour costs and depreciating USD - the Group's traditional currency of denomination for its contracts. Against such backdrop, the Group is cautiously optimistic of its ability to continue to deliver growth and profitability in 2008.

The Group has a healthy year-to-date order book of US\$7.085 billion for progressive delivery up to 2011. The Group will continue to focus on building its strong order book and expand its shipyard capabilities and efficiencies, while keeping a vigilant eye on the rapidly changing operating environment and ensuring prompt and decisive actions where necessary.

Capacity expansion is on track to support expanding order book. The Group announced on 4 January 2008 that it has set up a joint venture ("JV") with the Port of Authority of Lianyungang with CSG owning 60% of the equity. The JV has a registered capital of RMB180 million (S\$36 million) and operates a shipyard in Lianyungang, Jiangsu. It has three new berths of 220 metres each and a land area of 220,000 square metres. The yard had started its ship repair and conversion operations immediately following the date of joint venture. It has added one 80,000 dwt floating dock to bring in additional ship repair and conversion revenue. The Group expects this new yard to contribute to its earnings in FY2008.

In addition, contributions from the two new Zhoushan dry docks with total capacity of 380,000 dwt (that commenced operations in the 1H FY2007) will also increase as they begin their first full-year contributions in FY2008.

On 16 January 2008, the Group announced that through Cosco (Nantong) Shipyard, it had acquired a piece of land at Qidong, Jiangsu province. When fully developed in 4 phases by 2011, it will have 8 new berths for ship repair, conversion and offshore operations.

To tackle increasing labour and steel costs, the Group will factor such rising costs in its pricing for future projects. To diversify foreign currency exposure, the Group seeks to quote future contracts in Chinese-Yuan or Euro-Dollars in addition to US Dollars. Customers would have the option of settling Yuan-denominated contracts in US Dollars at the exchange rate prevailing at the time of payment.

Barring unforeseen circumstances, the Board of Directors is confident of the Group's prospects in FY2008.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not Applicable.

### 13. Interested Person Transactions

Pursuant to Rule 907 of the Listing Manual, the following interested person transactions were entered into during the financial year:

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
<u>Between Subsidiaries and:</u>		
Chimbusco Dalian Branch		701
Cosco (HK) Shipping Co., Ltd		23,506
Cosco Bulk Carrier Co., Ltd		53,803
Cosco Container Lines Co., Ltd		4,456
Cosco Finance Co., Ltd		433,268
Cosco Nantong Steel Co., Ltd		460
Cosco Shanghai Container Shipping Agency Co., Ltd		275
Cosco Shanghai Ship Management Co., Ltd		326
Cosco Shipping Co., Ltd		405
Guangzhou Ocean Shipping Company		26,226
Han Yuan Technical Service Centre		429
Nantong Chimbusco Marine Bunker		1,460
Nantong Cosco Khi Ship Engineering Co., Ltd		301
Nantong Cosco Ship Equipment Company		1,762
Qingdao Manning Co-operation Ltd		587
Qingdao Ocean Shipping Company		26,138
Shanghai Ocean Crew Co., Ltd		1,181
Shanghai Ocean Shipping Company		2,580
Shanghai Puyuan Shipping Co., Ltd		788
Xiamen Ocean Shipping Company		355
<b>Total</b>	<b>Nil</b>	<b>579,007</b>

#### BY ORDER OF THE BOARD

Mr Ji Hai Sheng  
Vice Chairman and President  
30/04/2008

## **CONFIRMATION BY THE BOARD**

We hereby confirm on behalf of the directors of the company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the company which may render the financial period ended 31 March 2008 financial results to be false or misleading.

On behalf of the directors

Mr Ji Hai Sheng  
Vice Chairman and President

Mr Min Jian Guo  
Director

30/04/2008