

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)



Annual Report 2002

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

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This report, for which the directors of CCID Consulting Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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: i. the information contained in this report is accurate and complete in all material respects and not misleading; ii. there are no other matters the omission of which would make any statement in this report misleading; and iii. 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.



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Directors

Executive Directors

莊行方 (Zhuang Xingfang) (*Chairman*)
楊天行 (Yang Tianxing)
羅文 (Luo Wen)
黃湧 (Huang Yong)
韓海京 (Han Haijing)

Non-executive Directors

許金壽 (Xu Jinshou)
李穎 (Li Ying)
柳純錄 (Liu Chunlu)
陳大志 (Chen Dazhi)
俞兵 (Yu Bing)

Independent non-executive Directors

郭新平 (Guo Xinping)
盧邁 (Lu Mai)

Compliance Officer

莊行方 (Zhuang Xingfang)

Company Secretary

Wong Shing Mun, ACCA, AHKSA

Qualified Accountant

Wong Shing Mun, ACCA, AHKSA

Authorised Representatives

黃湧 (Huang Yong)
Wong Shing Mun, ACCA, AHKSA

Supervisors

宮承和 (Gong Chenghe)
(*Chairman of the Supervisory Committee*)
管銳 (Guan Rui)
張紅芬 (Zhang Hongfen)

Legal Address

Room 206, Block No.1
No. 13 Bai Fu Quan Road
Chang Ping Ke Ji Yuan District, Beijing
The People's Republic of China (the "PRC")

Principal Place of Business in Hong Kong

28/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

Company's Website Address

www.ccidconsulting.com

Stock Code

8235

Members of the Audit Committee

郭新平 (Guo Xinping)
(*Chairman of the committee*)
盧邁 (Lu Mai)

Auditors

Ernst & Young

Hong Kong Share Registrar and Transfer Office

Tengis Limited
G/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

Principal Banker

北京市商業銀行
(Beijing City Commercial Bank)
China Construction Bank

I am very pleased to present the first annual report of CCID Consulting Company Limited (the "Company") and its subsidiary, CCID Datasource Co., Ltd. ("CCID Data"), (collectively the "Group"), after its listing on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 December 2002.

Company Profile in Brief

The Company is an authoritative modern management consulting company with capacity and influence in China's information industry. Based on its powerful data network, rich information resources, professional consultancy team and profound industry background, the Company focuses on its three major scopes of business, i.e. market research, data information management and management consultancy, in order to provide efficient and excellent consultancy services to various enterprises, government and related organizations.

With competitive advantage in data channels, industry resources, information technology and knowledge intensity, the Group provides integrated consulting and advisory services to clients in fields ranging from fundamental data, industry planning, investment decision making, marketing, program designing, system structuring to actual implementation. Its clients encompass not only such IT business clients as in computer science, communications, network, software and information services, microelectronics and integrated circuits, consumer electronics, internet and e-commerce but also clients of traditional industries like those in finance and banking, telecommunications, energy, transportations, education, medicine and manufacturing, which are major targets for management information. At the same time, the Company also serves all levels of the government.

The Company became listed on GEM of the Hong Kong Stock Exchange on 12 December 2002, which created the first listed consulting and advising business from China. This not only provided source of funds for the Company's galloping progress but also shown to the world our first solid step towards globalization. It has as well upgraded the Group's brand name for consulting and advising in China and the world, and gradually standardized the Company's management models in surveys, research, production, marketing and service.

Financial Results

I am very pleased to present the Group's annual results for the year ended 31 December 2002. The Group recorded an turnover of RMB54,134,854, net profit of RMB15,086,673, earnings per share of RMB0.029 and proposed final dividends of RMB0.01 per ordinary share.



Future Developments

In the year 2003, the Group will strengthen and improve the present product mix, start the new technology product research and service, and actively promote services in management consultancy and data information management through establishing and improving the professional subdivided market research data banks and building simulated information presentation platforms. In terms of the market, we will try to fully encompass the Chinese market, enhancing both penetration and coverage in order to build up a leading brand name that commands authority. In terms of management and operations, we will bring in professional consulting talents and strengthen our professional and international ability so as to increase efficiency in management and operations and lower costs in management and operations. In 2003, the Company will offer more excellent services to our customers and more outstanding results for the patronage of the Shareholders.

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.

Zhuang Xingfang

Chairman

Beijing, The People's Republic of China

10th March, 2003

Comparison of Business Objectives with Actual Business Progress

As this annual report covers activities up to 31 December, 2002, no further update is applicable for all business objectives stated in the section headed “Business Objectives” in the prospectus of the Company dated 29 November, 2002 in connection with the placing of shares of the Company on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Use of Proceeds

The H shares of the Company have been listed on the GEM of the Stock Exchange since 12 December 2002. The net proceeds from the share placing were transferred to the Company’s domestic bank account on 18 December 2002. The Company has applied the fund since January 2003 according to the schedule as mentioned under the section of “Use of proceeds” in the prospectus dated 29 November 2002. The Company currently deposits the unused funds in banks to generate interest income.



Industry Overview

Before reforms and openness to the outside world, China carried out a traditional planned economy system. Production and sales were arranged according to plans without any requirement for market research and management consultations. Thus at that time there was no consulting service industry in information science and technology. After that, with vigorous market economy reforms, changing environment, rapid change in customer demand, fast progress of technical innovations and constant shortening of product life cycles, market competition is becoming more and more intense. Meanwhile, information technology, as foundation of the knowledge economy, has become a key point for promotion of economic growth and enhancement of business competitiveness. As the Internet expands so quickly, development of the present information consulting service lags behind the national economic and social development. Only through continuous growth of information products can we possess a promising future of the information consulting service industry.

Joining the WTO may have a positive impact upon development of China's information consulting service industry. With more foreign companies entering the Chinese market and demand for the service increasing rapidly, the Group may experience many great market opportunities in its business promotion. Also, integration of the Chinese information consulting service industry may well facilitate the Group's upgrade of business standards and its level of internationalization. However, the management expects more foreign information consulting businesses to enter China as the information consulting service industry opens wider to the outside world, thus making competition more intense and exerting certain pressure on the Group.

Turnover Analysis

For the year ended 31 December 2002, the turnover by operations can be classified as follows:

	Turnover <i>in RMB</i>	Percentage
Market Research	32,175,721	59%
Data Information Management	17,852,762	33%
Management Consultancy	4,106,371	8%
Total	54,134,854	100%

Business Review

In the year of 2002, based on the integration of all resources and mutual promotion of the above-mentioned three kinds of businesses, and through further product research and development, the Group improved the established sales network, enhanced its market promotions and publicity and successfully got listed on GEM of the Stock Exchange. This has strengthened the penetration of its target markets and has greatly enhanced recognition of the Group's products.

In terms of market research, as at 31 December 2002, the Group had issued 67 annual research papers, 68 trend and feature research papers, and it also had completed 9 monthly monitoring reports, 28 quarterly analysis reports and more than 100 special reports, covering 15 technical areas and 50 sub-divided markets, thus realizing a revenue of RMB32,175,721 for the year ended 31 December 2002, which constituted approximately 59% of the Group's turnover.

In terms of data information management, relying on the self-developed and constantly revising 35 data banks and supporting the above mentioned market research, the Group had possessed a customer base of 160 as at 31 December 2002, for this service through advanced data obtaining techniques, club membership and customers' subscription to certain data to obtain data service. 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 RMB17,852,762 for the year ended 31 December 2002, which constituted approximately 33% of the Group's turnover.

In terms of management consultancy service, the Group formally commenced this kind of business from February 2002. 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. 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, which is business information and e-government through advanced information techniques. Through one year's efforts, the Group had developed from zero to a rewarding result. The Group had earned RMB4,106,371 for the year ended 31 December 2002 in management consultancy services, which constituted approximately 8% of the Group's turnover.

Market Promotions and Publicity

In the year 2002, the Group enhanced efforts in market promotions and publicity. By upgrading the brand name and reputation, the Group had experienced rapid development. During the year the Group hosted or co-sponsored about 30 research meetings including "China's IT Market 2002 Annual Conference", "China's Telecommunications Management 2002 International Forum", "China's IT Development Trends 2002 (HK)", "China's IT Users 2002 Annual Conference", "China's IT Economy Annual Conference". Articles published through various media amounted to over 1,200 with a total of approximately 1.5 million words.

Human Resources

The Group had employed 184 full-time staff members as at 31 December 2002, categorized by the following principal functions:

Management	15
Sales and Marketing	23
Research, Development and Production	127
Administration	11
Accounting and Finance	5
Human Resources Management	3
<hr/>	
Total	184



The Group adopts a flexible but stable policy. Whenever there is a shortage of staff in a department in the process of business expansion, staff of other departments are allocated herein first before hiring someone outside to increase efficiency and lower costs. Wages and salaries are determined based upon the market condition, performance of the employee, his or her qualifications and experience.

Liquidity and Financial Resources

Due to the proceeds raised from listing on the Stock Exchange and growth of the Group's gains, the Group held cash and bank deposits of HK\$34,439,686 and RMB14,159,094 as at 31 December 2002. Management believes that the Group has adequate operating funds for its present needs.

Capital Structure

The capital structure as at 31 December 2002 is summarised below:

	RMB	Percentage
Capital and Reserves	104,866,971	98%
Minority Interests	2,517,422	2%
Total	107,384,393	100%

Capital Expenditure Commitment and Contingent Liability

As at 31 December 2002, the Group had no significant capital expenditure commitment and contingent liability.

Pledge of Assets

As at 31 December 2002, the Group did not have any pledged assets.

Gearing Ratio

As at 31 December 2002, the Group's gearing ratio was about 25%, calculated by dividing total liability by total net asset for the year.

Exchange Risk

The bulk of bank deposits is the amount in Hong Kong dollars raised through listing on the Stock Exchange and it has been converted into Renminbi at the exchange rate of HK\$1=RMB1.06. In the process of pursuing business objectives, the above funds may have to be changed into Renminbi or other currencies, subject to exchange gain or loss as well as risks.

Executive Directors

Mr. Zhuang Xingfang (莊行方), aged 54, is currently the chairman of the board of Directors of the Company. He is responsible for formulating the policy and overall planning of the Group. Mr. Zhuang graduated from enterprise management department of Hangzhou Electronic Industry Institute with a master degree. He held a number of positions such as deputy Head of the 877 Factory of the Ministry of Electronics Industry, director of Electronics Industry Ministry's Economic Coordination Office, deputy director of Research Centre. He is currently the deputy superintendent of CCID. He has over 30 years of management experience. He joined the Group and was appointed as a Director with effect from 15 March 2002.

Mr. Yang Tianxing (楊天行), aged 67, is currently an Executive Director and president of the Company. He is responsible for the overall planning of the Group. Mr. Yang graduated from computer department of Tsinghua University with a bachelor degree. He held a number of positions such as superintendent of Beijing Information Engineering Institute, deputy director and chief engineer of National Computer Industry Administration, as well as director of the computer division of the Ministry of Electronics Industry. He has over 40 years of management experience in electronic information research. He is currently director of National Information Technology Standardization Committee. He was a director of CCID Information Consulting (the predecessor company of the Company) with effect from 14 March 2001 and was appointed as a Director with effect from 15 March 2002.

Mr. Luo Wen (羅文), aged 38, is currently an Executive Director and Chief Executive Officer of the Company. He is responsible for overall management and administration of the Group. Mr. Luo graduated from Wuhan University's philosophy department with a bachelor degree. He held a number of positions such as assistant to director of the Research Centre, general manager of Online Centre and chief editor of "Computer Market" Magazine. He is currently the coordinator between the Company and the Expert Group and director of China 3C Union Industry Working Committee. He has over 10 years of experience in the field of IT education and management. He was a director of CCID Information Consulting (the predecessor company of the Company) with effect from 14 March 2001 and was appointed as a Director with effect from 15 March 2002.

Mr. Huang Yong (黃湧), aged 36, is currently an Executive Director and senior vice-president of the Company. He is responsible for consultancy and research work of the Group. Mr. Huang graduated from computer department of Chongqing University with a bachelor degree in computer engineering. He held a number of positions such as manager of the 24th Research Institute Applied Technology Development Division of Ministry of Electronic Industry's, chief research representative of Dataquest Company in China and vice-president of Computer Information Service Group. He has over 15 years of experience in the field of IT R&D and information consulting. He joined the Group in July 2001 and was appointed as a Director with effect from 25 May 2002.

Biographical Details of Directors, Supervisors and Senior Management



Mr. Han Haijing (韓海京), aged 29, is currently an Executive Director and senior vice-president of the Company. Mr. Han is responsible for several research departments of the Group. Mr. Han graduated from Beijing Industrial University's mechanical specialty and computer department of California University in U.S. with a master degree. He worked for a number of consultancy companies and has over 7 years of experience in the IT industry. He joined the Group in January 2002 and was appointed as a Director with effect from 25 May 2002.

Non-executive Directors

Mr. Xu Jinshou (許金壽), aged 59, is currently a Non-executive Director of the Company. Mr. Xu graduated from mechanics department of Shanghai Communication University specializing in casting and equipment technology. Mr. Xu holds a bachelor degree. He held a number of positions such as director of First Division of the Ministry of Electronics and publisher and secretary of Party Committee of China Electronics Newspaper. He is currently the secretary of Party Committee of CCID. He has over 38 years of experience in the field of data information, R&D and management. He was appointed as a Director with effect from 15 March 2002.

Ms. Li Ying (李穎), aged 42, is currently a Non-executive Director of the Company. Ms. Li graduated from No. 1 branch electronic technology of Qinghua University with a bachelor degree. She held a number of positions such as deputy publisher of China Information World Newspaper, deputy director of Research Centre and publisher of China Information World Newspaper. She is currently deputy superintendent of CCID and chairman of Beijing CCID Media Investment Co. Ltd.. She has over 20 years of experience in the field of data information. She was appointed as a Director with effect from 15 March 2002.

Mr. Liu Chunlu (柳純錄), aged 56, is currently a Non-executive Director of the Company. Mr. Liu graduated from mathematics and mechanics department of Beijing University and software specialty of computer department of Beijing University with a master degree. He held a number of positions such as deputy professor in Beijing University, director of the Ministry of Electronics Industry (E & M Division), Group leader of State Council Information Steering Group's Office, as well as deputy director of Research Centre. He is currently deputy superintendent of CCID. He has over 30 years of experience in the field of IT R&D management and data information. He was appointed as a Director with effect from 15 March 2002.

Mr. Chen Dazhi (陳大志), aged 36, is currently a Non-executive Director of the Company. Mr. Chen graduated from computer software specialty of Nanjing Polytechnic University and China's People University journalism department both with a bachelor degree in science and a master degree in arts. He held a number of positions such as standing deputy publisher of China Information World Newspaper, and assistant to director of Research Centre. He is currently the president of CCID Venture Capital Co. Ltd.. He has over 15 years' experience in the field of IT R&D and data information. He was appointed as a Director with effect from 25 May 2002.

Mr. Yu Bing (俞兵), aged 37, is currently a Non-executive Director of the Company. Mr. Yu graduated from automation department of Beijing Technology University with a bachelor degree. He is currently a senior vice-president of Legend Holdings Co. Ltd. in charge of IT service business. He has over 12 years of experience in the field of IT operation and management. He was appointed as a Non-executive Director with effect from 25 October 2002.

Independent non-executive Directors

Mr. Guo Xinping (郭新平), aged 39, is currently an Independent Non-executive Director of the Company. Mr. Guo graduated from Zhong Nan Financial University with a bachelor degree in 1985. Mr. Guo had held position in the Ministry of Finance's reform office for tax system. He is currently the deputy chairman of Beijing UFSOFT Co. Ltd.. He has over 13 years' experience in the field of IT software development and enterprise management. He was appointed as an Independent Non-executive Director with effect from 25 May 2002.

Mr. Lu Mai (盧邁), aged 55, is currently an Independent Non-executive Director of the Company. Mr. Lu graduated from 北京經濟學院 (Beijing Institute of Economics) with a bachelor degree in 1982. He then obtained a master degree at Harvard University in 1991. Mr. Lu held a number of positions, such as deputy researcher for International Development Institute of Harvard University and senior researcher for China Commerce Centre of Hong Kong Polytechnic University. Mr. Lu is currently a researcher of 國務院發展研究中心 (the State Council's Development and Research Centre) and the secretary for 中國發展研究基金會 (China Development and Research Fund). He has 20 years of experience in the field of economic research. He was appointed as an Independent Non-executive Director with effect from 25 October 2002.

Supervisors

Mr. Gong Chenghe (宮承和), aged 48, is currently a supervisor of the Company. Mr. Gong graduated from economic management specialty of Central Party School Correspondence Institute with a bachelor degree. He held a number of positions such as deputy director of planning technology division and office director of Research Centre. He is currently the office director of CCID. He has over 16 years of experience in the field of enterprise and science research management. He was elected and appointed as a Supervisor with effect from 15 March 2002.

Ms. Guan Rui (管銳), aged 53, is currently a supervisor of the Company. Ms. Guan graduated from news photography specialty of Beijing Industrial University with a bachelor degree. She held a number of positions such as deputy director of the communication and liaison division of China Information World Newspaper, deputy director of Hainan Special Zone Newspaper journalist division, and deputy director of the Party division of Research Centre. She is currently the director of the Party division of CCID. She has over 18 years of experience in the field of data information and enterprise management. She was elected and appointed as a Supervisor with effect from 15 March 2002.

Biographical Details of Directors, Supervisors and Senior Management



Ms. Zhang Hongfen (張紅芬), aged 33, is currently a supervisor of the Company. Ms. Zhang graduated from electronic engineering specialty of Beijing Polytechnic University with a doctor degree. She's currently in charge of the Group's several research departments. She has over 7 years of experience in the field of scientific research and market analysis. She was elected and appointed as a Supervisor with effect from 15 March 2002.

Senior Management

Mr. Ma Hui (馬翬), aged 32, is currently the Company's senior vice-president. Mr. Ma graduated from economics department of Central Nationality University with a master degree in world economy. He has 10 years of experience in the field of IT data information and, since November 2001, Mr. Ma has been in charge of enterprise planning, overseas development and editing and publishing departments of the Company.

Mr. Xu Mutu (徐木土), aged 60, is currently the Company's senior vice-president. Mr. Xu graduated from Signalman Communication College with a post-secondary qualification in radio communication. He held a number of positions such as director of communication division of Post and Telecommunications Ministry's, director of Telecommunication Business Market Administration, director of Telecommunication Market Administration of MII. He has 30 years of experience in the field of IT scientific research management and data information and, since March 2001, has been in charge of communications research department and network research department in the Company.

Mr. Tang Dejun (湯得軍), aged 34, has been the secretary to the Board since 15 March 2002. Mr. Tang graduated from Hangzhou Electronic Industry Institute (Finance and Accounting specialty) with a bachelor degree. He held a number of positions such as deputy director of finance division of China Electronic Equipment Corporation, director of finance division of Research Centre, as well as director of finance division of CCID. He has 13 years of experience in the field of IT enterprise management.

Mr. Wu Fan (吳凡), aged 29, is currently Chief Executive Officer of CCID Data. He is responsible for the overall business management and administration of CCID Data. Mr. Wu is a degree holder graduated from the Faculty of Electrical Engineering of Hunan University. He is now a postgraduate student of the Finance School of the People's University of China. Mr. Wu held a number of positions including deputy director of the Market Information Centre of the Research Centre, marketing director of and general manager of IT Investment Department of the Company. He has 6 years of experience in the field of IT industry and investment research, market analysis and data information. He joined the Group since 14 March 2001.

Mr. Luo Junrui (駱俊瑞), aged 51, is currently the senior vice-president of CCID Data. He is a degree holder graduated from the Faculty of Automated Control of 北京工業學院 (Beijing Technical Institute). He held a number of positions including deputy director of the Market Information Centre of Research Centre. He has 18 years of experience in the field of IT scientific research, management and information consultancy. He joined the Group in June 2002.



Biographical Details of Directors, Supervisors and Senior Management

Ms. Du Aizhen (杜愛貞), aged 53, is currently the vice-president of CCID Data. Ms. Du is a degree holder graduated from the Electronic Science University with computer science major. Ms. Du held a number of positions including deputy director and director of the Economy Operation Department of the Ministry of Machinery and Electronics Industry, deputy mayor of Maanshan city of Anhui Province, chief officer of the Office of Import Examination of the Ministry of Machinery and Electronics Industry, and deputy director of the Electronic Information Centre. She has 26 years of experience in the field of IT economic administration and data information. She oversees the Government Service Department, Industry Monitoring Department, Mobile Communication Data Centre and Editorial and Publication Department of CCID Data. She joined the Group in April 2001.



The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

Reorganisation and basis of presentation

The Company was incorporated on 14 March 2001 in Beijing, the People's Republic of China (the "PRC"), and as part of the reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited, the Company was transformed into a joint stock limited liability company on 5 March 2002. Pursuant to the Reorganisation, the Company acquired information consulting service business from Beijing Online Investment Consulting Centre, a related company of the Company. Further details of the Reorganisation, together with the details of the business acquired pursuant thereto, are set out in Note 1 to the financial statements and in the prospectus of the Company dated 29 November 2002 (the "Prospectus").

The shares of the Company were listed on the GEM on 12 December 2002.

Principal activities

The Company is principally engaged in the provision of market research and management consultancy services. The principal activity of the subsidiary comprises the provision of data information management services. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's profit for the year ended 31 December 2002 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 25 to 60.

The directors recommend the payment of a final dividend of RMB0.01 per ordinary share in respect of the year (2001: profit distributions of RMB368,019) to shareholders on the register of members on 14 April 2003. This recommendation has been incorporated in the financial statements as an allocation of retained earning within capital and reserves in the balance sheet. Further details of this accounting treatment are set out in Note 12 to the financial statements.

Use of proceeds from the Company's placement of new shares

The proceeds from the Company's issue of new shares at the time of its listing on the GEM in December 2002, after deduction of related issuance expenses, amounted to approximately HK\$35.1 million. None of these proceeds have yet been applied up to 31 December 2002.

Summary financial information

A summary of the published results and the assets and liabilities of the Group prepared on the basis set out in the note below is as follows:

RESULTS

	Year ended 31 December		
	2000 RMB (Note)	2001 RMB (Note)	2002 RMB
TURNOVER	5,929,150	20,800,326	54,134,854
Cost of sales	(3,223,870)	(7,840,799)	(23,579,743)
Gross profit	2,705,280	12,959,527	30,555,111
Other revenue	2,398	19,491	41,225
Selling and distribution costs	(810,531)	(4,555,547)	(5,867,032)
Administrative expenses	(1,315,972)	(4,908,277)	(8,362,020)
Other operating expenses	–	–	(1,024,568)
PROFIT FROM OPERATING ACTIVITIES	581,175	3,515,194	15,342,716
Share of loss of an associate	–	(960,148)	–
PROFIT BEFORE TAX	581,175	2,555,046	15,342,716
Tax	(87,176)	(2,817)	–
PROFIT BEFORE MINORITY INTERESTS	493,999	2,552,229	15,342,716
Minority interests	–	2,089	(256,043)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	493,999	2,554,318	15,086,673

ASSETS, LIABILITIES AND MINORITY INTERESTS

	31 December		
	2000 RMB (Note)	2001 RMB	2002 RMB
TOTAL ASSETS	1,693,069	63,132,831	133,182,067
TOTAL LIABILITIES	(1,199,070)	(8,191,154)	(25,797,674)
MINORITY INTERESTS	–	(2,261,379)	(2,517,422)
	493,999	52,680,298	104,866,971

Note: The results of the Group for each of the two years ended 31 December 2001 and 2000 and the assets and liabilities of the Group as at 31 December 2000 have been prepared on a pro forma combined basis as if the current Group structure had been in existence since 1 January 2000.



Property and equipment

Details of movements in the property and equipment of the Company and the Group during the year are set out in Note 14 to the financial statements.

Share capital and share options

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in Note 21 to the financial statements.

The Company adopted a share option scheme on 20 November 2002, pursuant to which the board of directors of the Company may, at its discretion, grant options to any full-time employees of the Group to subscribe for shares in the Company, to a maximum of 30% of the Company's H shares in issue from time to time. The exercise price will be determined by the board of directors, and will not be less than the highest of: (a) the closing price of the H shares as stated in the GEM's daily quotations sheet on the date of offer, which must be a business day; (b) the average closing prices of the H shares as stated in the GEM's daily quotation sheets for the five business days immediately preceding the date of offer; and (c) the nominal value of an H share. However, employees who are Chinese nationals in Mainland China shall not be entitled to exercise the option until the current restrictions on these persons for subscribing or dealing in H shares imposed by the laws and regulations in Mainland China have been amended or removed. For the year ended 31 December 2002, no options were granted to the Group's employees.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's articles of association or the Company Law of the PRC which oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, redemption or sale of listed securities of the Company

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

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 22 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 December 2002, in accordance with the PRC Company Law, an amount of approximately RMB18 million standing to the credit of the Company's capital reserve account, as determined under the PRC accounting standards and regulations, was available for distribution by way of a future capitalisation issue. In addition, the Company had, as detailed in Note 22 to the financial statements, retained profits of approximately RMB3 million and proposed dividend of RMB7 million available for distribution as dividends.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 38% of the total sales for the year and sales to the largest customer included therein amounted to 18%. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

The Group has provided certain consulting services to the companies with the same ultimate shareholders of the Company, details of which are set forth in the note "Connected Transactions" below. Save as aforesaid, none of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Directors

The directors of the Company during the year were:

Executive directors:

Zhuang Xingfang	(appointed on 15 March 2002)
Yang Tianxing	(appointed on 15 March 2002)
Luo Wen	(appointed on 15 March 2002)
Huang Yong	(appointed on 25 May 2002)
Han Haijing	(appointed on 25 May 2002)

Non-executive directors:

Xu Jinshou	(appointed on 15 March 2002)
Li Ying	(appointed on 15 March 2002)
Liu Chunlu	(appointed on 15 March 2002)
Chen Dazhi	(appointed on 25 May 2002)
Yu Bing	(appointed on 25 October 2002)

Independent non-executive directors:

Guo Xinping	(appointed on 25 May 2002)
Lu Mai	(appointed on 25 October 2002)

In accordance with the Company's articles of association, all directors are elected to a term of three years and may serve consecutive terms upon re-election.

Directors' and senior management's biographies

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 9 to 13 of the Annual Report.



Directors' service contracts

Each of the directors, officers and supervisors is required to enter into a service contract with the Company for an initial term of three years which is subject to termination by either party giving not less than three months' written notice.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' interests in contracts

None of the directors had a material interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company, its holding Company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Contracts of significance

The Group has entered into certain contracts with related companies of the Group. The contract terms have been reviewed by the independent non-executive directors, who confirm that the transactions were entered into: (i) by the Group in the ordinary and usual course of its business; (ii) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; (iii) on normal commercial terms or, where there is no available comparison, on terms no less favourable than those available from or to (as appropriate) independent third parties, and (iv) in accordance with the terms of the agreements governing such transactions. Further details of the transactions undertaken in connection with these contracts during the year are included in note 27 to the financial statements.

Directors' interests in shares

As at 31 December 2002, the interests of the directors in the share capital and warrants of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

1. Yang Tianxing personally held 1,020,000 legal person shares of the Company.
2. Luo Wen personally held 1,020,000 legal person shares of the Company.

Save as disclosed above, none of the directors, supervisors, or their associates had any personal, family, corporate or other interests in any equity or debt securities of the Company or any of its associated corporations as defined in the SDI ordinance.

Directors' rights to acquire shares

Apart from as disclosed under the headings "Directors' interests in shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director 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 subsidiary or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial shareholders

As at 31 December 2002, Research Centre of Computer and Microelectronics Development (MII) ("MIICMD") and Beijing CCID Riyue Science & Technology Co., Ltd. held 392,610,000 and 93,290,000 State legal person shares respectively representing 56.1% and 13.3% of the issued share capital of the Company recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests in shares" above, had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

Sponsor's interests

As at 31 December 2002, the associates (as referred in Note 3 to Rule 6.35 of the GEM Listing Rules) of Kingsway Capital Limited (the "Sponsor") held 20,000,000 shares in the Company. Save as disclosed herein, neither the Sponsor nor any of its respective directors or employees had any interest in the share capital of the Company or of any members of the Group, or had any right to subscribe for or to nominate persons to subscribe for the share capital of the Company or of any members of the Group.

Pursuant to the agreement dated 29 November 2002 between the Company and the Sponsor, the Sponsor is entitled to receive a fee for acting as the Company's sponsor for the period from 12 December 2002 to 31 December 2004.

Connected transactions

Upon the listing of the H Shares of the Company on the GEM on 12 December 2002, transactions between the Group and its connected persons or their respective associates (as the respective terms are defined by the GEM Listing Rules) are governed by and are required to comply with the requirements of the GEM Listing Rules. During the year ended 31 December 2002, the Group had the following connected transactions as recorded in the profit and loss account for the year ended 31 December 2002:



Connected transactions (continued)

Consolidated
for the year ended
31 December
2002
RMB

(I) Connected transactions pursuant to the “Co-operation Agreement” as described in the Company’s prospectus dated 29 November 2002:		
(a) Provision of services by the CCID Group to the Company:		
(i) Supply of information and data		–
(ii) Provision of promotional services (including advertising services, and website and hyperlink services):		
Advertising and promotional expenses charged by Beijing CCID Advertising Co., Ltd. (“CCID Advertising”)	2,043,979	
Promotional expenses charged by Beijing CCID Net IT Co., Ltd. (“CCID Net”)	207,492	
Website maintenance fee charged by CCID Advertising	150,000	
Conference service fee charged by CCID Hotel	65,855	
Translation fee charged by CCID Trans Tech Co., Ltd.	65,000	
Promotional expenses charged by Beijing Kanjinzhao File & TV Culture Communication Co., Ltd.	1,000	
		2,533,326
(b) Gross revenue earned before sales surtaxes from the provision of services by the Company to the CCID Group:		
Provision of consulting services by the Company to:		
China Centre of Information Industry Development (“CCID”)	2,575,000	
China Computer Users	920,000	
China Federation of IT Promotion (formerly known as “Expert Group of China IT Dynamic Market Information” and “Expert Group of China IT Market”)	470,000	
Beijing CIW Investments Co., Ltd.	100,000	
CCID Net	1,020	
		4,066,020
(II) Connected transactions pursuant to the “CCID Data Co-operation Agreement” as described in the Company’s prospectus dated 29 November 2002:		
(a) Provision of services by the CCID Group to CCID Data:		
(i) Supply of information and data		–
(ii) Provision of promotional services (including advertising services, and website and hyperlink services):		
Advertising and promotional expenses charged by CCID Advertising	400,000	
Promotional expenses charged by Beijing Kanjinzhao File & TV Culture Communication Co., Ltd.	9,100	
		409,100

Connected transactions (continued)

(b) Gross revenue earned before sales surtaxes from services provided by CCID Data to the CCID Group:	
(i) Provision of services in relation to the development and exploration of technology systems of data banks and operation and manipulation of data:	
CCID	7,800,750
MIICMD	5,000,000
Electronic Information Centre, MII	1,700,000
	14,500,750
(ii) Provision of all other ancillary services	
CCID Exposition Co., Ltd.	19,200
CCID Advertising	1,000
	20,200
(III) Other expenses	
Operating lease expenses in respect of land and buildings charged by MIICMD to the Company	1,225,008
Operating lease expenses in respect of land and buildings charged by MIICMD to the Company's subsidiary	960,282
	2,185,290
(IV) Purchases of assets	
Purchase of property from MIICMD by the Company	31,556,590
	31,556,590

For items (I) and (II) above, a waiver has been granted by the Stock Exchange to the Group from strict compliance with the requirements of the connected transaction rules of the GEM Listing Rules in respect of the connected transactions set out above. Description of the general purpose, nature and terms of the connected transactions were disclosed in the Company's prospectus dated 29 November 2002.

Items (III) and (IV) above were all incurred prior to the listing of the Company's shares on the GEM.

The independent non-executive directors have reviewed the above transactions and have confirmed that:

1. the transactions were entered into by the Group in the ordinary and usual course of its business;
2. the transactions were entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
3. the transactions were entered into on normal commercial terms or, where there is no available comparison, on terms no less favourable than those available from or to (as appropriate) independent third parties; and
4. the transactions were entered into in accordance with the terms of the agreements governing such transactions.

The independent non-executive directors have further opined that the Group should continue with the "Co-operation Agreement" and the "CCID Data Co-operation Agreement".



Connected transactions (continued)

The auditors of the Company have reviewed such transactions and have provided a letter to the Company stating that:

1. the transactions were approved by the Company's Board of Directors;
2. the transactions were entered into in accordance with the terms of the agreements governing the transactions;
3. the transactions involving provision of services by the Group were in accordance with the pricing policy of the Group, which is on a cost plus a reasonable profit margin basis; and
4. the annual aggregate value of each category of connected transactions did not exceed the relevant annual limit as agreed with the Stock Exchange.

Audit Committee

The Company has an audit committee which was established in compliance with Rules 5.23 to 5.25 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 has two members comprising the two independent non-executive directors of the Company. Since its establishment, an audit committee meeting was held to review the Group's annual report and provide advice and recommendations to the board of directors.

Compliance with Rules 5.28 to 5.39 of the GEM Listing Rules

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules since the listing of the Company's shares on the GEM on 12 December 2002.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Zhuang Xingfang

Director

Beijing, The People's Republic of China

10 March 2003

To: All Shareholders

The Supervisory Committee of CCID Consulting Company Limited (the “Supervisory Committee”), in accordance with the Company Law of the PRC, requirements of the relevant laws and regulations of Hong Kong and the Articles of Association of the Company during the year ended 31 December 2002, exercised conscientiously its authority, safeguarded the interests of the shareholders and the Company, followed the principle of honesty and trustworthiness and worked cautiously and diligently.

During the year, Supervisory Committee had reviewed cautiously the use of proceeds of the issue of shares in accordance with the Prospectus of the Company. It provided reasonable suggestions and opinions to the Board of Directors in respect of the operation and development plans of the Company. It also strictly and effectively monitored and supervised the Company’s management in making significant policies and decisions to ensure that they are in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of its shareholders.

We have reviewed and agreed to the report of the Directors and audited financial statements for the presentation at the forthcoming annual general meeting. We are of the opinion that the Directors, the general manager and other senior management of the Company were able to strictly observe their fiduciary duty, to act diligently and to exercise their authority faithfully in the best interests of the Company. Up till now, none of the Directors, general manager and senior management staff had been found abusing their authority, damaging the interests of the Company and infringing upon the interests of its shareholders and employees. And none of them were found to be in breach of any laws and regulations or the Articles of Association of the Company.

The Supervisory Committee is satisfied with the achievement and cost-effectiveness of the Company in year 2002 and has great confidence in the future of the Company.

By Order of the Supervisory Committee

Gong Chenghe

Chairman

Beijing, The People’s Republic of China

10 March 2003



安永會計師事務所

To the members

CCID Consulting Company Limited

(Incorporated in the People's Republic of China with limited liability)

We have audited the financial statements on pages 25 to 60 which have been prepared in accordance with the accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

Hong Kong

10 March 2003

Consolidated Profit and Loss Account

Year ended 31 December 2002

	Notes	Consolidated for the year ended 31 December 2002 RMB	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
TURNOVER	6	54,134,854	18,450,601	20,800,326
Cost of sales		(23,579,743)	(6,843,475)	(7,840,799)
Gross profit		30,555,111	11,607,126	12,959,527
Other revenue		41,225	19,491	19,491
Selling and distribution costs		(5,867,032)	(4,036,704)	(4,555,547)
Administrative expenses		(8,362,020)	(4,093,502)	(4,908,277)
Other operating expenses		(1,024,568)	–	–
PROFIT FROM OPERATING ACTIVITIES	7	15,342,716	3,496,411	3,515,194
Share of loss of an associate		–	(960,148)	(960,148)
PROFIT BEFORE TAX		15,342,716	2,536,263	2,555,046
Tax	10	–	–	(2,817)
PROFIT BEFORE MINORITY INTERESTS		15,342,716	2,536,263	2,552,229
Minority interests		(256,043)	2,089	2,089
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	11	15,086,673	2,538,352	2,554,318
Proposed final dividends/Profit distributions	12	7,000,000	368,019	368,019
EARNINGS PER SHARE				
Basic (cents)	13	2.9	0.5	N/A
Pro forma – basic (cents)	13	N/A	N/A	0.5

Consolidated Balance Sheet

31 December 2002

	Notes	Consolidated 2002 RMB	Consolidated 2001 RMB
PROPERTY AND EQUIPMENT	14	35,741,930	3,897,839
INFORMATION DATABASE	15	33,420,895	37,056,374
CURRENT ASSETS			
Accounts receivable	17	10,929,232	3,361,922
Due from related parties	18	636,709	2,573,214
Prepayments, deposits and other receivables		1,786,345	482,931
Cash and bank balances		50,666,956	15,760,551
		64,019,242	22,178,618
CURRENT LIABILITIES			
Salary and welfare payables		2,283,751	1,286,835
Accrued liabilities and other payables	19	8,717,316	4,864,649
Due to related parties	18	142,250	956,913
Due to the immediate holding company	20	5,187,380	645,926
Tax payable		–	68,812
Provision for profit distributions		–	368,019
		16,330,697	8,191,154
NET CURRENT ASSETS		47,688,545	13,987,464
TOTAL ASSETS LESS CURRENT LIABILITIES		116,851,370	54,941,677
NON-CURRENT LIABILITY			
Due to the immediate holding company	20	9,466,977	–
		9,466,977	–
MINORITY INTERESTS		2,517,422	2,261,379
		104,866,971	52,680,298
CAPITAL AND RESERVES			
Issued capital	21	70,000,000	51,000,000
Reserves		27,866,971	1,680,298
Proposed final dividend		7,000,000	–
		104,866,971	52,680,298

Zhuang Xingfang
Director

Yang Tianxing
Director

Consolidated Statement of Changes in Equity

31 December 2002

	Share capital RMB	Capital reserve account RMB	Statutory reserve funds RMB	Discretionary reserve fund RMB	Proposed final dividend RMB	Retained profits RMB	Total RMB
Capital contributions	50,000,000	509,965	-	-	-	-	50,509,965
Profit for the period	-	-	-	-	-	2,538,352	2,538,352
Transfer to statutory reserve funds and discretionary reserve fund	-	-	380,753	126,918	-	(507,671)	-
Transfer to issued capital	1,000,000	-	(205,203)	(68,401)	-	(726,396)	-
Profit distributions	-	-	-	-	-	(368,019)	(368,019)
As at 31 December 2001 and 1 January 2002	51,000,000	509,965	175,550	58,517	-	936,266	52,680,298
Profit for the year	-	-	-	-	-	15,086,673	15,086,673
Proposed final dividend	-	-	-	-	7,000,000	(7,000,000)	-
Transfer to statutory reserve funds	-	-	2,263,001	-	-	(2,263,001)	-
Issue of shares	19,000,000	31,350,000	-	-	-	-	50,350,000
Share issue expenses	-	(13,250,000)	-	-	-	-	(13,250,000)
As at 31 December 2002	70,000,000	18,609,965	2,438,551	58,517	7,000,000	6,759,938	104,866,971

Consolidated Cash Flow Statements

Year ended 31 December 2002

	Notes	Consolidated for the year ended 31 December 2002 RMB	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined year ended 31 December 2001 RMB (Note 1)
OPERATING ACTIVITIES				
Profit from operating activities		15,342,716	3,496,411	3,515,194
Provision for doubtful debts		1,024,568	–	–
Depreciation of property and equipment		1,499,712	236,165	263,019
Amortisation of an information database		3,635,479	605,913	605,913
Operating profit before working capital changes		21,502,475	4,338,489	4,384,126
Increase in accounts receivable		(8,591,878)	(3,289,372)	(2,526,318)
Decrease in amounts due from related parties		1,936,505	4,102,175	2,938,950
Increase in prepayments, deposits and other receivables		(1,303,414)	(175,097)	(379,224)
Increase in salary and welfare payables		996,916	876,921	943,139
Increase in accrued liabilities and other payables		2,590,403	2,624,627	2,661,113
(Decrease)/increase in amounts due to related parties		(814,663)	958,758	888,758
(Decrease)/increase in an amount due to the immediate holding company		(645,926)	645,926	645,926
Cash generated from operations		15,670,418	10,082,427	9,556,470
Tax paid:				
PRC corporate income tax paid		(68,812)	–	(16,411)
Net cash inflow from operating activities		15,601,606	10,082,427	9,540,059
INVESTING ACTIVITIES				
Capital contribution to an associate		–	(10,000,000)	(10,000,000)
Purchase of property and equipment		(17,427,182)	(1,127,614)	(1,127,614)
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	23(a)	–	(33,194,262)	(33,194,262)
Net cash outflow from investing activities		(17,427,182)	(44,321,876)	(44,321,876)

Consolidated Cash Flow Statements

Year ended 31 December 2002

		Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001	Pro forma combined year ended 31 December 2001
	Notes	Consolidated for the year ended 31 December 2002 RMB	RMB RMB (Note 1)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(1,825,576)	(34,239,449) (34,781,817)
FINANCING ACTIVITIES			
Proceeds from issue of share capital/capital contributions	21	50,350,000	50,000,000 50,000,000
Share issue expenses	22	(13,250,000)	– –
Settlement of profit distributions		(368,019)	– –
Net cash inflow from financing activities		36,731,981	50,000,000 50,000,000
INCREASE IN CASH AND CASH EQUIVALENTS		34,906,405	15,760,551 15,218,183
Cash and cash equivalents at beginning of year/period		15,760,551	– 542,368
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		50,666,956	15,760,551 15,760,551
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		50,666,956	15,760,551 15,760,551

Balance Sheet

31 December 2002

	Notes	2002 RMB	2001 RMB
PROPERTY AND EQUIPMENT	14	33,783,524	1,455,635
INTEREST IN A SUBSIDIARY	16	35,455,088	43,952,021
CURRENT ASSETS			
Accounts receivable	17	9,129,232	3,290,922
Due from related parties	18	636,709	384,754
Prepayments, deposits and other receivables		1,209,775	379,240
Cash and bank balances		42,531,423	8,173,267
		53,507,139	12,228,183
CURRENT LIABILITIES			
Salary and welfare payables		1,440,103	772,734
Accrued liabilities and other payables	19	6,159,262	2,200,725
Due to related parties	18	–	936,093
Due to the immediate holding company	20	5,187,380	188,090
Provision for profit distributions		–	368,019
		12,786,745	4,465,661
NET CURRENT ASSETS		40,720,394	7,762,522
TOTAL ASSETS LESS CURRENT LIABILITIES		109,959,006	53,170,178
NON-CURRENT LIABILITY			
Due to the immediate holding company	20	9,466,977	–
		9,466,977	–
		100,492,029	53,170,178
CAPITAL AND RESERVES			
Issued capital	21	70,000,000	51,000,000
Reserves	22	23,492,029	2,170,178
Proposed final dividend	22	7,000,000	–
		100,492,029	53,170,178

Zhuang Xingfang
Director

Yang Tianxing
Director

1. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

CCID Consulting Company Limited (the “Company”) was incorporated by the Research Centre of Computer and Microelectronics Development (MI) (“MIICMD”) 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. The name of the Company upon establishment was CCID Information Consulting Company Limited. 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 and the name of the Company was changed to CCID Consulting Company Limited. Prior to the establishment of the Company, the businesses and operations (hereinafter collectively referred to as the “Predecessor Business”) now undertaken by the Company were carried out by Beijing Online Investment Consulting Centre (hereinafter referred to as “Online Centre”).

Pursuant to a reorganisation scheme (the “Reorganisation”) to rationalise the structure of the Group in preparation for the public listing of the Company’s shares on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), a transfer agreement was entered into between the Company and Online Centre. According to this transfer agreement, the Predecessor Business and the equipment and employees of Online Centre were transferred to the Company with effect from 14 March 2001 at a cash consideration of RMB290,793 which was determined with reference to the net book value of the equipment of Online Centre as at that date. All the Predecessor Business was transferred to the Company.

Further details of the Reorganisation are set out in the Company’s prospectus dated 29 November 2002 (the “Prospectus”) issued in respect of the listing of the Company’s shares on the GEM of the Stock Exchange.

The Group’s financial statements are presented using the following bases:

- i. The consolidated profit and loss account includes the results of the Company and its subsidiary for the year ended 31 December 2002. The comparative consolidated profit and loss account includes the results of the Company for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 and the post-acquisition results of its subsidiary, CCID Datasource Co., Ltd., for the period from 1 November 2001 to 31 December 2001.
- ii. For information purposes, the pro forma combined profit and loss account for the year ended 31 December 2001 has been prepared which includes the results of the Predecessor Business of Online Centre and the companies now comprising the Group as if the current Group structure had been in existence throughout the year ended 31 December 2001, or from the respective dates of establishment where this is a shorter period. In particular, the Predecessor Business of Online Centre has been included in the pro forma combined profit and loss account on a carve out basis as if the Predecessor Business was transferred to the Group from Online Centre as of 1 January 2001.
- iii. The consolidated balance sheets as at 31 December 2001 and 2002 are prepared based on the current Group structure which was in place at these dates.

1. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

- iv. The consolidated cash flow statement includes the cash flows of the Company and its subsidiary for the year ended 31 December 2002. The comparative consolidated cash flow statement includes the cash flow of the Company for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 and the post-acquisition cash flows of its subsidiary for the period from 1 November 2001 to 31 December 2001.
- v. For information purposes, the pro forma combined cash flow statement for the year ended 31 December 2001 has been prepared on the basis as set forth in note (ii) above.

Although the reorganised Group structure did not legally exist until 14 March 2001, the directors consider that it is appropriate to present a pro forma combined profit and loss account, and a pro forma combined cash flow statement on the bases as set out in notes (ii) and (v) above since the principal activities of the Group were carried out by Online Centre prior to the Reorganisation. Subsequent to the Reorganisation, all the Predecessor Business was transferred to the Company.

In the opinion of the directors, the Company's ultimate holding company is China Centre of Information Industry Development ("CCID") which is established in the PRC.

2. CORPORATE INFORMATION

The Group's principal activities were the provision of market research, data information management and management consultancy services for the year ended 31 December 2002 and 31 December 2001.

3. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following recently-issued and revised SSAPs and Interpretation are effective for the first time for the current year's financial statements:

SSAP 1 (Revised)	:	"Presentation of financial statements"
SSAP 11 (Revised)	:	"Foreign currency translation"
SSAP 15 (Revised)	:	"Cash flow statements"
SSAP 34	:	"Employee benefits"
Interpretation 19	:	"Intangible assets - Web site costs"

3. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE (“SSAPs”) (continued)

These SSAPs and interpretation prescribe new accounting measurement and disclosure practices. The major effects on the Group’s accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs and interpretation are summarised as follows:

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The principal impact of the revision to this SSAP is that a consolidated statement of changes in equity is now presented on page 27 of the financial statements in place of the consolidated statement of recognised gains and losses that was previously required and in place of the Group reserves note.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries are now translated to RMB at the exchange rates at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.

SSAP 15 (Revised) prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, cash flows from overseas subsidiaries arising during the year are now translated to RMB at the exchange rates at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates at the balance sheet date, and the definition of cash equivalents for the purpose of the cash flow statement has been altered slightly. The adoption of the revised SSAP 15 has had no material effect on the financial statements.

SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no change to the previously adopted accounting treatments for employee benefits. In addition, disclosures are now required in respect of the company’s share option scheme, as details in note 21 to the financial statements. These share option scheme disclosures are similar to the Listing Rules disclosures previously included in the Report of the Directors, which are now required to be included in the notes to the financial statements as a consequence of the SSAP.

Interpretation 19 prescribes the accounting treatment for web site costs. The interpretation requires the web site costs to be expensed when incurred unless in rare circumstances the expenditures are directly attributed, or allocated on a reasonable and consistent basis, to prepare the web site for its intended use, and the web site meets the recognition criteria under SSAP 29. The adoption of the interpretation has had no material effect on the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the group are eliminated on consolidation.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is a company, not being a subsidiary or a joint venture, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss accounts and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheets at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's investments in associates are treated as long term assets and are stated at cost less any impairment losses.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercises significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Property and equipment, and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The estimated useful lives of property and equipment have been taken as follows:

Buildings	30 years
Equipment	5 years

The gain or loss on disposal or retirement of a property and equipment recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant assets.

Information database

The information database is stored in computer systems and provides data for the provision of consulting services. It is stated at cost less any impairment losses and accumulated amortisation and is amortised on the straight-line basis over the estimated useful life of 10 years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development costs

All research costs are charged to the profit and loss account as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction.

When the outcome of a contract cannot be estimated reliably, contract revenues are recognised only to the extent of contract costs incurred that are probable of recovery, and contract costs are recognised as an expense in the period in which they are incurred.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

Where progress billings exceed contract costs incurred to date, plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, less bank overdrafts. For the purpose of consolidated balance sheet classification, cash and bank balances represent assets, which are not restricted as to use.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) from the rendering of data information management and management consultancy services, on the basis as set out under the heading "Contract for services" above;
- (ii) from the rendering of market research services, when the research reports are delivered to customers; and
- (iii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Revenue is recorded net of sales surtaxes, where applicable.

Dividends

Final dividends proposed by the board of directors are classified as a separate allocation of retained earnings within capital and reserves in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The books and records of the Group are maintained in Renminbi ("RMB"). Transactions in other currencies during the year are translated into RMB at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into RMB at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

During the year, substantially all the transactions were denominated in RMB. Accordingly, exchange differences recorded during the year were minimal.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Retirement benefits scheme

Companies of the Group which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute 19% of its payroll costs to the central pension scheme, and the contributions are charged to the profit and loss account of the Group as they become payable in accordance with the rules of the scheme.

5. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that provides services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the market research segment provides two kinds of services: standard research on specific sectors and tailor-made research;
- (b) the data information management segment mainly includes the supply and provision of data information products and services, government data information management solutions and total enterprise information management solutions; and
- (c) the management consultancy segment provides services involving the application and implementation of enterprise management information digitalisation. This incorporates the functions of business process reengineering, enterprise resource planning, customer relationship management, supply chain management, call centre and other electronic business pattern designs.

5. SEGMENT INFORMATION (continued)

(a) Business segments

The following table presents revenue, profit and certain assets, liabilities and expenditure information for the Group's business segments:

Group	Market Research Services			Data Information Management Services			Management Consultancy Services			Total		
	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2002 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2002 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
REVENUE												
Sales to external customers	32,175,721	15,344,392	17,694,117	17,852,762	3,106,209	3,106,209	4,106,371	-	-	54,134,854	18,450,601	20,800,326
RESULTS												
Segment results	19,106,614	3,520,349	3,539,132	5,107,810	(43,429)	(43,429)	1,407,723	-	-	25,622,147	3,476,920	3,495,703
Unallocated expenses										(10,320,656)	-	-
Share of loss of an associate	-	-	-	-	(960,148)	(960,148)	-	-	-	-	(960,148)	(960,148)
Interest income										41,225	19,491	19,491
Profit before tax										15,342,716	2,536,263	2,555,046
Tax										-	-	(2,817)
Profit before minority interests										15,342,716	2,536,263	2,552,229
Minority interests										(256,043)	2,089	2,089
Net profit from ordinary activities attributable to shareholders										15,086,673	2,538,352	2,554,318

Notes to the Financial Statements

31 December 2002

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group

	Market Research Services		Data Information Management Services		Management Consultancy Services		Total	
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2002	2001	2002	2001	2002	2001	2002	2001
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
ASSETS								
Segment assets	33,450,203	15,121,170	53,878,373	48,011,661	9,007,848	-	96,336,424	63,132,831
Less: Intersegment assets	-	-	(8,496,933)	-	-	-	(8,496,933)	-
Unallocated corporate assets							45,342,576	-
Total assets	33,450,203	15,121,170	45,381,440	48,011,661	9,007,848	-	133,182,067	63,132,831
LIABILITIES								
Segment liabilities	242,313	5,407,068	3,529,933	2,784,086	75,000	-	3,847,246	8,191,154
Unallocated corporate liabilities							21,950,428	-
Total liabilities	242,313	5,407,068	3,529,933	2,784,086	75,000	-	25,797,674	8,191,154
OTHER INFORMATION								
Capital expenditure	25,598,706	1,620,765	10,619	3,030,833	7,220,148	-	32,829,473	4,651,598
Unallocated capital expenditure							514,330	-
Depreciation for property and equipment	430,664	191,983	494,418	71,036	115,740	-	1,040,822	263,019
Unallocated depreciation for property and equipment							458,890	-
Amortisation of an information database	-	-	3,635,479	605,913	-	-	3,635,479	605,913
Provision for doubtful debts	1,024,568	-	-	-	-	-	1,024,568	-

(b) Geographical segments

No further analysis of geographical segment information is presented as substantially all the assets, operations and customers of the Group are located in the PRC, which is considered as one geographic location in an economic environment with similar risks and returns.

6. TURNOVER

Turnover represents the net invoiced value of services rendered, net of sales surtaxes. All significant intra-group transactions have been eliminated on consolidation.

7. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Consolidated for the year ended 31 December 2002 RMB	Group	
		Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
Cost of services provided	23,579,743	6,843,475	7,840,799
Auditors' remuneration	450,000	100,000	100,000
Staff costs (excluding directors' remuneration)	14,543,889	6,505,824	7,525,638
Depreciation of property and equipment	1,499,712	236,165	263,019
Amortisation of an information database	3,635,479	605,913	605,913
Operating lease rentals in respect of land and buildings	2,198,250	948,760	948,760
Provision for doubtful debts	1,024,568	–	–
Interest income	(41,225)	(19,491)	(19,491)
Cost of services provided included:			
Staff costs	9,330,082	3,017,907	3,461,371
Depreciation of property and equipment	1,006,222	125,602	139,884
Amortisation of an information database	3,635,479	605,913	605,913
Operating lease rentals in respect of land and buildings	261,581	388,206	388,206
Staff costs included:			
Research and development costs	2,709,732	950,576	1,090,258
Pension scheme contributions *	1,358,000	686,000	792,000

* At 31 December 2002, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2001: Nil).

Notes to the Financial Statements

31 December 2002

8. DIRECTORS' REMUNERATION

Director's remuneration disclosed pursuant to the GEM Listing Rules and Section 161 of the Companies Ordinance is as follows:

	Consolidated for the year ended 31 December 2002 RMB	Group	
		Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
Fees	21,000	–	–
Basic salaries, housing benefits, other allowances and benefits in kind	784,209	249,378	269,622
Bonuses	54,200	4,000	15,638
Pension scheme contributions	35,121	18,682	20,176
	894,530	272,060	305,436

Each of the five executive directors of the Company received emoluments of approximately RMB3,000, RMB124,760, RMB187,075, RMB271,705 and RMB205,781 for the year ended 31 December 2002, and approximately RMB108,693, RMB107,921, RMB55,446, nil and nil for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001, and approximately RMB108,693, RMB141,297, RMB55,446, nil and nil for the year ended 31 December 2001 on pro forma combined basis (Note 1).

Each of the five non-executive directors and two independent non-executive directors of the Company received fees of RMB3,000 each for the year ended 31 December 2002 (2001: All nil).

Each of the three supervisors of the Company received emoluments of approximately RMB75,209, RMB3,000 and RMB3,000 for the year ended 31 December 2002 (2001: All nil).

Fees include RMB21,000 (2001: Nil) payable to the non-executive directors and independent non-executive directors. There were no other emolument payable to the non-executive directors and independent non-executive directors during the year (2001: Nil).

8. DIRECTORS' REMUNERATION (continued)

The remuneration of each of the directors during the year and 2001 fell within the band of nil to RMB1,000,000.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

There was no emolument paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2001: one) executive directors, details of their remuneration are set out in Note 8 above. Details of the remuneration of the remaining two (2001: four) non-director, highest paid employees are as follows:

	Consolidated for the year ended 31 December 2002 RMB	Group	
		Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
Basic salaries, housing benefits, other allowances and benefits in kind	465,482	465,270	465,270
Bonuses	6,000	234,000	234,000
Pension scheme contributions	8,967	14,945	14,945
	480,449	714,215	714,215

The remuneration of each of the non-director, highest paid employees during the year and 2001 fell within the band of nil to RMB1,000,000.

There was no emolument paid by the Group to the employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

10. TAX

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the year (2001: 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 year.

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 corporate income tax at a rate of 15%. However, in accordance with an approval document issued by the relevant tax bureau, the Company has been granted income tax exemption in the period between 1 April 2001 and 31 December 2003. The Company can further apply for a 50% reduction in corporate income tax three months before the maturity of the tax exemption period.

CCID Datasource Co., Ltd. ("CCID Data"), 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 Data is subject to corporate income tax at a rate of 15%. However, in accordance with an approval document issued by the relevant tax bureau, CCID Data has been granted income tax exemption in the period between 1 January 2002 and 31 December 2004. CCID Data can further apply for a 50% reduction in corporate income tax three months before the maturity of the tax exemption period. As CCID Data was in a loss position for fiscal 2001, no provision for corporate income tax was made in 2001.

The income tax of the pro forma combined profit and loss account for the year ended 31 December 2001 wholly represented income tax on the assessable profits of the information consulting services of Online Centre for that year. Online Centre was subject to corporate income tax at a rate of 15%.

There was no unprovided deferred tax in respect of the year (2001: Nil).

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 31 December 2002 dealt with in the financial statements of the Company was RMB10,221,851 (for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001: RMB3,538,197).

12. PROPOSED FINAL DIVIDENDS/PROFIT DISTRIBUTIONS

	Consolidated for the year ended 31 December 2002 RMB	Group	
		Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
Profit distributions	–	368,019	368,019
Proposed final – RMB0.01 (2001: Nil) per ordinary share	7,000,000	–	–
	7,000,000	368,019	368,019

Under the PRC Company Law and the Company's articles of association, net profit after tax as reported in the PRC financial statements can only be distributed as dividends after allowance has been made for the following:

- (i) Making up prior years' cumulative losses, if any.
- (ii) Allocations to the statutory common reserve fund of at least 10% of profit after tax, until the fund aggregates 50% of the Company's registered capital. For the purpose of calculating the transfer to reserves, the profit after tax shall be the amount determined under PRC accounting principles. The transfer to this reserve must be made before any distribution of dividends to shareholders.

The statutory common reserve fund can be used to offset prior years' losses, if any, and part of the statutory common reserve fund can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the registered capital of the Company.

- (iii) Allocations of 5% to 10% of profit after tax, as determined under PRC accounting principles and regulations, to the Company's statutory public welfare fund, which will be established for the purpose of providing collective welfare benefits to the Company's employees such as the construction of dormitories, canteens and other staff welfare facilities. The fund forms part of the shareholders' equity as individual employees can only use these facilities, while the title of which will remain with the Company. The transfer to this fund must be made before any distribution of dividends to shareholders.
- (iv) Allocations to the discretionary reserve fund if approved by the shareholders. Discretionary reserve fund can be used to offset prior years' losses, if any, and capitalised as the Company's share capital.

12. PROPOSED FINAL DIVIDENDS/PROFIT DISTRIBUTIONS (continued)

In accordance with the articles of association of the Company, the net profit after tax of the Company for the purpose of profit distributions/dividends will be deemed to be the lesser of (i) the net profit determined in accordance with PRC accounting principles and financial regulations; and (ii) the net profit determined in accordance with Hong Kong accounting standards.

Pursuant to a resolution passed at the director's meeting on 10 March 2003, the directors proposed a final dividend of RMB0.01 per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but is classified as a separate allocation of retained earnings within capital and reserves in the balance sheet.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year ended 31 December 2002 of RMB15,086,673 (2001: RMB2,538,352) and the weighted average of approximately 520,410,959 shares (2001: on the assumption that 510,000,000 shares, which were in issue at the date of the Prospectus, had been in issue throughout 2001) deemed to have been in issue during the year.

The weighted average number of shares used to calculate both the current and prior period's earnings per share includes the issued share capital of the Company of 510,000,000 shares, based on the assumption above. The weighted average number of shares used in the current year's earnings per share calculation also includes the 190,000,000 new shares issued by way of placing in connection with the public listing of the Company's shares on 12 December 2002.

The calculation of pro forma basic earnings per share is based on the pro forma net profit from ordinary activities attributable to shareholders for the year ended 31 December 2001 of RMB2,554,318 and the pro forma weighted average number of shares in issue of 510,000,000 during that year.

Diluted earnings per share amounts for the years ended 31 December 2002 and 2001 have not been calculated because no diluting events existed during these years.

14. PROPERTY AND EQUIPMENT

Group	Buildings RMB	Equipment RMB	Total RMB
Cost:			
At 1 January 2002	–	4,215,498	4,215,498
Additions	32,818,854	524,949	33,343,803
At 31 December 2002	32,818,854	4,740,447	37,559,301
Accumulated depreciation:			
At 1 January 2002	–	317,659	317,659
Depreciation provided during the year	692,842	806,870	1,499,712
At 31 December 2002	692,842	1,124,529	1,817,371
Net book value:			
At 31 December 2002	32,126,012	3,615,918	35,741,930
At 31 December 2001	–	3,897,839	3,897,839
Company			
	Buildings RMB	Equipment RMB	Total RMB
Cost:			
At 1 January 2002	–	1,620,765	1,620,765
Additions	32,818,854	514,330	33,333,184
At 31 December 2002	32,818,854	2,135,095	34,953,949
Accumulated depreciation:			
At 1 January 2002	–	165,130	165,130
Depreciation provided during the year	692,842	312,453	1,005,295
At 31 December 2002	692,842	477,583	1,170,425
Net book value:			
At 31 December 2002	32,126,012	1,657,512	33,783,524
At 31 December 2001	–	1,455,635	1,455,635

On 25 April 2002, the Company signed a sale and purchase agreement (the "S&P Agreement") with its holding company, MIICMD, to purchase the 9th and 10th floors of the CCID Plaza in Beijing at a total consideration of RMB32,818,854, including deed tax of RMB1,262,264.

14. PROPERTY AND EQUIPMENT (continued)

MIICMD has obtained a mortgage loan facility from a PRC commercial bank (the "Mortgaged Bank") by pledging the entire block of CCID Plaza with the Mortgaged Bank. The Mortgaged Bank was advised of the above sale by MIICMD and a written consent was obtained from the Mortgaged Bank. Although the administrative procedures of applying for the ownership certificates of the CCID Plaza from relevant government authorities by MIICMD are in progress, according to the PRC legal opinion obtained from the Company's legal counsel, there is not expected to be any legal obstacle for MIICMD to obtain good title over the CCID Plaza. Pursuant to the S&P Agreement, MIICMD has committed to make all necessary arrangements for the transfer of the ownership certificate of the 9th and 10th floors to the Company once its title over the CCID Plaza and the Mortgaged Bank's approval of the transfer are obtained or upon the settlement of all outstanding principal and interest by MIICMD of the mortgage loan relating to the said floors of the CCID Plaza. However, if MIICMD is in default of the terms as set out in the respective mortgage loan agreement with the Mortgaged Bank, the Mortgaged Bank has the right to sell the CCID Plaza and apply the proceeds to settle all outstanding amounts due to the Mortgaged Bank by MIICMD. Should this event occur, pursuant to the S&P Agreement, MIICMD has committed to repay to the Company the consideration received from the Company in respect of the purchase within seven days without interest (the "MIICMD Undertaking"). In addition, pursuant to an undertaking letter dated 30 September 2002, and supplemented by a confirmation, and executed by CCID, the ultimate holding company of MIICMD and the Company, CCID has undertaken to utilise its own financial resources and procure members of the CCID Group to utilise their respective financial resources to honour the MIICMD Undertaking should MIICMD fail to honour such an undertaking itself. As at 31 December 2002, the Company had settled a total sum of RMB16,902,233 to MIICMD relating to the purchase of the 9th and 10th floors of the CCID Plaza. The 9th and 10th floors of the CCID Plaza are currently being occupied by the Group as offices and for other ancillary purposes.

15. INFORMATION DATABASE

An information database is stored in computer systems and provides data for the provision of consulting service.

Group

	<i>RMB</i>
Cost:	
At 1 January 2002 and 31 December 2002	38,268,201
Accumulated amortisation:	
At 1 January 2002	1,211,827
Provided during the year	3,635,479
At 31 December 2002	4,847,306
Net book value:	
At 31 December 2002	33,420,895
At 31 December 2001	37,056,374

16. INTEREST IN A SUBSIDIARY

	Company	
	31 December 2002 RMB	31 December 2001 RMB
Equity interests, at cost	43,952,021	43,952,021
Due to a subsidiary	(8,496,933)	–
	35,455,088	43,952,021

The amount due to a subsidiary at 31 December 2002 was interest-free, unsecured and did not have fixed repayment terms.

The Company has one subsidiary, the particulars of which are as follows:

Name	Place of incorporation and operations	Nominal value of registered capital RMB	Percentage of equity directly attributable to the Company	Principal activities
CCID Datasource Co., Ltd. ("CCID Data")	Beijing, PRC	50,000,000	95	Provision for data services and establishment of information database services

CCID Data was an associate formed by the Company on 1 August 2001. The registered capital was fully paid up on 31 July 2001. Upon its establishment, 20%, equivalent to RMB10,000,000, and 80%, equivalent to RMB40,000,000 of the registered capital of CCID Data, were contributed by the Company and Electronic Information Centre, MII ("EIC"), respectively. In October 2001, EIC transferred its entire 80% interest in CCID Data to CCID Information Industry (Group) Company Limited ("CCID Information Industry") for a consideration of RMB40,000,000, representing 80% of the then registered capital of CCID Data. On 31 October 2001, the Company further acquired from CCID Information Industry a 75% equity interest in CCID Data for a consideration of RMB33,952,022 determined with reference to the net asset value of CCID Data at 31 October 2001. Subsequent to this acquisition, the Company has a 95% direct equity interest in CCID Data.

Notes to the Financial Statements

31 December 2002

17. ACCOUNTS RECEIVABLE

The ageing of accounts receivable is analysed as follows:

Group

	Consolidated 31 December 2002 RMB	Consolidated 31 December 2001 RMB
Outstanding balances with ages:		
Within 180 days	10,229,183	3,291,922
181 days – 365 days	864,084	70,000
Over 365 days	860,533	–
	11,953,800	3,361,922
Less: Provision for doubtful debts	(1,024,568)	–
	10,929,232	3,361,922

Included in the balance of the Group's accounts receivable at 31 December 2002 was an amount due from contract customers of RMB1,800,000 (2001: RMB1,000).

The general credit terms of the Group range from 60 to 180 days.

18. BALANCES WITH RELATED PARTIES

The balances with related parties at 31 December 2002 were interest-free, unsecured and had no fixed repayment terms.

Included in the amounts due from related parties at 31 December 2001 was an amount resulted from a contract services provided of RMB1,025,235 (2002: Nil).

19. ACCRUED LIABILITIES AND OTHER PAYABLES

Included in the balance of the Group's accrued liabilities and other payables at 31 December 2002 was an amount due to contract customers of RMB199,532 (2001: RMB243,164).

In addition, included in the balance of the Group's accrued liabilities and other payables at 31 December 2002 were provisions for social insurance fee and public housing fund of RMB4,544,991 (2001: RMB3,209,876).

20. DUE TO THE IMMEDIATE HOLDING COMPANY

The amount due to the immediate holding company at 31 December 2002 solely consisted of the amount payable to MIICMD, the immediate holding company of the Company, for the acquisition of the 9th and 10th floors of CCID Plaza (see Note 14 above). The amount payable is interest-free and repayable according to the following schedule in accordance with the terms of the relevant property purchase agreement:

	<i>RMB</i>
Current	
By 31 March 2003	5,187,380
Non-current	
By 31 March 2004	4,733,487
By 31 March 2005	1,577,830
By 31 March 2006	1,577,830
Within 10 days from the date the ownership certificate of the 9th and 10th floors of the CCID Plaza is transferred to the Company	1,577,830
	9,466,977

The amount due to the immediate holding company as at 31 December 2001 was unsecured, interest-free and had no fixed repayment terms.

Notes to the Financial Statements

31 December 2002

21. ISSUED CAPITAL

Shares

	2002	2001
	RMB	RMB
Registered, issued and fully paid:		
485,900,000 State legal person shares of RMB0.10 each (2001: 50,490,000 State legal person shares of RMB1.00 each)	48,590,000	50,490,000
5,100,000 legal person shares of RMB0.10 each (2001: 510,000 legal person shares of RMB1.00 each)	510,000	510,000
209,000,000 (2001: Nil) H shares of RMB0.10 each	20,900,000	–
	70,000,000	51,000,000

The Company was established on 14 March 2001 with registered capital of RMB50,000,000. According to an approval document dated 5 March 2002, issued by The State Economic and Trade Commission, the Company became a into a joint stock limited company. As a result, all the registered capital of the Company as at 30 November 2001 was converted into share capital of RMB50,000,000 of RMB1.00 each.

In addition, according to the aforesaid approval document, the statutory reserve funds, discretionary reserve fund and retained profits of the Company at 30 November 2001 of RMB205,203, RMB68,401 and RMB726,396, respectively, were transferred to share capital on a 1:1 basis. Accordingly, at 31 December 2001, the Company had share capital of RMB51,000,000 divided into 51,000,000 shares of RMB1.00 each.

During the year, there were the following movements in share capital:

- (a) Pursuant to an approval document issued by the China Securities Regulatory Commission dated 8 October 2002, each share of the Company with a par value of RMB1.00 each in the registered capital of the Company was subdivided into 10 shares with a par value of RMB0.10 each and the amount of issued capital of the Company remained unchanged.
- (b) The Company's shares were listed on the GEM of the Stock Exchange on 12 December 2002 and 209,000,000 H shares, consisting of 190,000,000 new shares and 19,000,000 old shares, respectively, with a par value of RMB0.10 each were issued to the public by way of placement at a price of HK\$0.25 (equivalent to RMB0.265) each per share.

21. ISSUED CAPITAL (continued)

A summary of the transactions during the year with reference to the above movements of the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB
At 1 January 2002	51,000,000	51,000,000
Share split (a)	459,000,000	–
Issue of new shares (b)	190,000,000	19,000,000
At 31 December 2002	700,000,000	70,000,000

Share option scheme

The Company adopted a share option scheme on 20 November 2002, pursuant to which the board of directors of the Company may, at its discretion, grant options to any full-time employees of the Group to subscribe for shares in the Company, to a maximum of 30% of the Company's H shares in issue from time to time. The exercise price will be determined by the board of directors, and will not be less than the highest of: (a) the closing price of the H shares as stated in the GEM's daily quotations sheet on the date of offer, which must be a business day; (b) the average closing prices of the H shares as stated in the GEM's daily quotation sheets for the five business days immediately preceding the date of offer; and (c) the nominal value of an H share. However, employees who are Chinese nationals in Mainland China shall not be entitled to exercise the option until the current restrictions on these persons for subscribing or dealing in H shares imposed by the laws and regulations in Mainland China have been amended or removed. For the year ended 31 December 2002, no options were granted to the Group's employees.

Notes to the Financial Statements

31 December 2002

22. RESERVES

Company

	Capital reserve account RMB Note (iii)	Statutory reserve funds RMB	Discretionary reserve fund RMB	Retained profits RMB	Total RMB
Profit for the period	–	–	–	3,538,197	3,538,197
Transfer to statutory reserve funds and discretionary reserve fund (Note (i))	–	380,753	126,918	(507,671)	–
Transfer to issued capital	–	(205,203)	(68,401)	(726,396)	(1,000,000)
Profit distributions (Note (ii))	–	–	–	(368,019)	(368,019)
As at 31 December 2001 and 1 January 2002	–	175,550	58,517	1,936,111	2,170,178
Profit for the year	–	–	–	10,221,851	10,221,851
Proposed final dividend (Note (iv))	–	–	–	(7,000,000)	(7,000,000)
Transfer to statutory reserve funds (Note (i))	–	2,263,001	–	(2,263,001)	–
Issue of shares	31,350,000	–	–	–	31,350,000
Share issue expenses	(13,250,000)	–	–	–	(13,250,000)
As at 31 December 2002	18,100,000	2,438,551	58,517	2,894,961	23,492,029

Notes:

- (i) In accordance with the relevant PRC regulations applicable to PRC companies, the Company and CCID Data are required to transfer 15% of profit after tax, if any, to the statutory reserve funds. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve funds may be used to offset against the accumulated losses of the respective companies, capitalised as the Company's share capital and used to provide collective welfare benefits to the staff (Note 12). The Company also transferred 5% of its profit after tax to the discretionary reserve fund for 2001. This discretionary reserve fund was approved by the Company's shareholders on 10 February 2002. No discretionary reserve fund was appropriated for 2002. Discretionary reserve fund can be used to offset prior years' losses and capitalised as the Company's share capital (Note 12).
- (ii) As approved by the Company's shareholders on 30 December 2001, the Company made profit distributions of RMB368,019 out of its profit generated from 14 March 2001 (date of establishment of the Company) to 30 November 2001.
- (iii) Capital reserve account can only be used to increase share capital.
- (iv) Final dividend of RMB 0.01 per ordinary share was proposed.

23. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of a subsidiary

	Consolidated for the year ended 31 December 2002 RMB	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB <i>(Note 1)</i>
Net assets acquired:			
Equipment, net	–	2,715,597	2,715,597
Information database, net	–	37,662,287	37,662,287
Accounts receivable	–	2,550	2,550
Due from related parties	–	5,512,164	5,512,164
Prepayments, deposits and other receivables	–	103,707	103,707
Cash and bank balances	–	757,760	757,760
Salary and welfare payables	–	(255,102)	(255,102)
Accrued liabilities and other payables	–	(1,175,466)	(1,175,466)
Due to related parties	–	(68,155)	(68,155)
Minority interests	–	(2,263,468)	(2,263,468)
	–	42,991,874	42,991,874
Satisfied by:			
Reclassification to interest in a subsidiary from interest in an associate	–	9,039,852	9,039,852
Cash and cash equivalents	–	33,952,022	33,952,022
	–	42,991,874	42,991,874

Notes to the Financial Statements

31 December 2002

23. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	Consolidated for the year ended 31 December 2002 RMB	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
Cash and bank balances acquired and net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	–	(33,194,262)	(33,194,262)

(b) Non-cash transaction

	Consolidated for the year ended 31 December 2002 RMB	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
Acquisition of building (see Note 14 above)	15,916,621	–	–

24. CONTINGENT LIABILITIES

At the balance sheet date, neither the Group, nor the Company had any significant contingent liabilities.

25. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for one year.

As at 31 December 2002, the Group had total future minimum lease payments of RMB12,960 under non-cancellable operating leases falling due within one year.

On 25 April 2002, the Company signed the S&P Agreement with MIICMD to purchase the 9th and 10th floors of the CCID Plaza (see Note 14 above). Accordingly, the rental agreements previously signed by the Group with MIICMD were terminated.

As at 31 December 2002, the Company did not have any future lease payments under non-cancellable operating leases.

26. COMMITMENTS

At the balance sheet date, neither the Group, nor the Company had any significant capital commitments.

Notes to the Financial Statements

31 December 2002

27. RELATED PARTY TRANSACTIONS

The following companies mentioned are within the organisation of CCID, the ultimate holding company of the Company, which include its subsidiaries, associates, institutions and agents under its control (the "CCID Group"). In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	Consolidated for the year ended 31 December 2002 RMB	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
Gross revenue earned before sales surtaxes				
Provision for consulting services to:				
CCID	(a)	10,375,750	1,500,000	1,500,000
MIICMD	(a)	5,000,000	–	–
EIC	(a)	1,700,000	2,900,000	2,900,000
China Computer Users	(a)	920,000	550,000	550,000
China Federation of IT Promotion (formerly known as "Expert Group of China IT Dynamic Market Information" and "Expert Group of China IT Market")	(a)	470,000	–	–
Beijing CIW Investments Co., Ltd.	(a)	100,000	–	200,000
CCID Exposition Co., Ltd.	(a)	19,200	–	–
Beijing CCID Net IT Co., Ltd. ("CCID Net")	(a)	1,020	80,640	80,640
Beijing CCID Media Investments Co., Ltd.	(a)	–	70,000	70,000
Beijing CCID Net Video Advertising Co., Ltd.	(a)	–	60,000	60,000
China Electronic News	(a)	–	29,074	29,074
Beijing CCID Advertising Co., Ltd. ("CCID Advertising")	(a)	1,000	4,000	4,000
Beijing YingXinDa Data Technology Co., Ltd.	(a)	–	150	150
		18,586,970	5,193,864	5,393,864

27. RELATED PARTY TRANSACTIONS (continued)

	Notes	Consolidated for the year ended 31 December 2002 RMB	Consolidated for the period from 14 March 2001 (date of establishment of the Company) to 31 December 2001 RMB	Pro forma combined for the year ended 31 December 2001 RMB (Note 1)
Promotional expenses (including advertising services, and website and hyperlink services)				
Advertising and promotional expenses charged by				
CCID Advertising	(a)	2,443,979	–	–
Promotional expenses charged by CCID Net	(a)	207,492	–	–
Website maintenance fee charged by CCID Advertising	(a)	150,000	–	–
Conference service fee charged by CCID Hotel	(a)	65,855	–	–
Translation fee charged by CCID Trans Tech Co., Ltd.	(a)	65,000	–	–
Promotional expenses charged by Beijing Kanjinzhao File & TV Culture Communication Co., Ltd.	(a)	10,100	–	–
		2,942,426	–	–
Other expenses				
Operating lease expenses in respect of land and buildings charged by MIICMD	(a),(c)	2,185,290	948,760	948,760
Agency fee charged by Beijing CCID City Information Consulting Limited	(a)	–	89,920	89,920
Decoration expense charged by CCID Guangtong Si Co., Ltd.	(a)	–	17,320	17,320
Consulting fee charged by CCID Venture Capital Co., Ltd.	(a)	–	8,095	8,095
		2,185,290	1,064,095	1,064,095
Purchases of assets				
Purchase of property from MIICMD	(a)	31,556,590	–	–
Purchase of equipment from MIICMD	(a)	–	188,090	188,090
Purchases of equipment and business from Online Centre	(a)	–	290,793	–
		31,556,590	478,883	188,090
Purchase of equity interests				
Purchase of equity interests from CCID Information Industry	(a),(b)	–	33,952,021	33,952,021

Notes to the Financial Statements

31 December 2002

27. RELATED PARTY TRANSACTIONS (continued)

Notes:

- (a) The Company and the related companies are within the CCID Group and are under common control of the same ultimate shareholder.
- (b) With effect from 31 October 2001, the Company acquired a 75% equity interest in CCID Data from CCID Information Industry for a consideration of RMB33,952,021 determined with reference to the net asset value of CCID Data at 31 October 2001.
- (c) During the period from 1 January 2001 to 14 March 2001, Online Centre leased the Enfei Building as its office premises and incurred rental expenses of RMB50,187 and these rental expenses were settled by MIICMD, the immediate holding company of the Company, for Online Centre. MIICMD confirmed that the above rental expenses would not be re-charged to Online Centre.

During the period from 1 July 2001 to 30 September 2001, the Group used the CCID Plaza, which is owned by MIICMD, as its office premises. As per the rental agreement dated 1 October 2001 signed between MIICMD and the Company, no rental expenses would be retrospectively charged to the Group for the use of the CCID Plaza for the three months ended 30 September 2001. The Company leased the CCID Plaza from MIICMD as its office premises for a period of two years from 1 October 2001 at a monthly rental of RMB206,000. The Company incurred rental expenses in this respect of RMB618,000 from 1 October 2001 to 31 December 2001.

On 25 April 2002, the Company signed an S&P Agreement with MIICMD to purchase the 9th and 10th floors of the CCID plaza (see Note 14 above). Accordingly, the rental agreements previously signed by the Group with MIICMD were terminated.

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the usual course of business and charged at cost incurred plus a reasonable profit margin.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 10 March 2003.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of CCID Consulting Company Limited (the “Company”) will be held at the 2nd Floor of CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, The People's Republic of China on Thursday, 15 May 2003 at 2:00 p.m. for the following purposes:

1. To consider and approve the report of the Directors of the Company for the year 2002;
2. To consider and approve the report of the Supervisory Committee of the Company for the year 2002;
3. To consider and approve the audited financial statements of the Company and the report of the Company's auditors for the financial year ended 31 December 2002;
4. To consider and approve the Company's profit distribution proposal for the financial year ended 31 December 2002 (Note 1);
5. To consider and approve the re-appointment of Ernst & Young as auditors of the Company for the financial year ending 31st December, 2003, and to authorize the Board of Directors of the Company to determine their remuneration;
6. To authorize the Board of Directors of the Company to determine the remuneration of the Company's Directors for the financial year ending 31st December, 2003;
7. To review, consider and, if thought fit, pass (with or without modifications) the following resolution upon the terms set out below which will be proposed as an ordinary resolution (Note 2):

“THAT:–

- (a) the continuing connected transactions (the “Transactions”) in respect of the provision of value-added services by CCID Datasource Co., Ltd (“CCID Data”), a subsidiary of the Company, to China Center of Information Industry Development (“CCID”) and its subsidiaries, and associates, institutions, organizations, departments, agencies and other entities under its control but excluding the Group (collectively, the “CCID Group”) in relation to the development and exploration of technology systems of data banks and operation, collaborating, editing, processing and disseminating data pursuant to and as provided for and contemplated under a co-operation agreement dated 28 November 2002 (the “CCID Data Co-operation Agreement”) entered into between CCID Data and CCID (for itself and on behalf of all other members of the CCID Group); and



- (b) the annual cap amounts of RMB16,050,000, RMB17,655,000 and RMB19,450,000 in respect of the Transactions for the Group's financial year ended 31st December, 2002 and the two financial years ending 31st December, 2003 and 2004, respectively,

be and are hereby re-approved", and

8. To consider and approve any motion as may, in accordance with the Company's Articles of Association, be proposed by any shareholder(s) holding more than 5% of the Company's shares with voting rights at general meetings.

By order of the Board of Directors of
CCID Consulting Company Limited*
Zhuang Xingfang
Chairman

Beijing, The People's Republic of China
17 March 2003

Notes:

1. The Board of Directors of the Company recommended payment of a final dividend of RMB0.01 per share for the financial year ended 31 December 2002. Such proposed dividend will be payable on or before 31 July 2003 to shareholders whose names appear on the Company's register of shareholders at the close of business on Monday, 14 May 2003. The Company's H share register of shareholders will be closed from Tuesday, 15 April 2003 to Wednesday, 14 May 2003 (both days inclusive), during which period no transfer of H shares will be effected. Shareholders of H shares of the Company who wish to be entitled to the proposed final dividend are required to lodge their respective instrument(s) of transfer and the relevant share certificate(s) to the H share registrar of the Company, Tengis Limited, by 4:00 p.m. on Monday, 14 April 2003.
2. As disclosed in the section headed "Waivers from compliance with the GEM Listing Rules" in the prospectus dated 29th November, 2002 (the "Prospectus") issued by the Company, each of the transactions contemplated under the CCID Data Co-operation Agreement (i.e., including the Transactions) constitutes a non-exempt continuing connected transaction of the Company under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and, except for a waiver granted by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), is normally subject to the reporting requirements set out in Rule 20.34, the announcement requirements set out in Rule 20.35 and the shareholders' approval requirements set out in Rule 20.36, of the GEM Listing Rules.

As the Transactions were, and will continue to be, entered into in the ordinary and usual course of business of CCID Data on a continuing basis, the Directors of the Company consider that disclosure in relation to, and shareholders' approval of, each of such Transactions in full compliance with the requirements set out in the GEM Listing Rules would be impracticable and unduly burdensome, and would add unnecessary administrative costs to the Company.



Notice of Annual General Meeting

Accordingly, the Company has applied for, and the Stock Exchange has granted to the Company, a conditional waiver from strict compliance with the normal disclosure and shareholders' approval requirements as required under Rules 20.35 and 20.36 of the GEM Listing Rules in respect of, among other transactions, the Transactions. The waiver was granted on the condition that, among other things:

- (a) the annual cap regarding the annual sum receivable by CCID Data from the CCID Group in respect of the Transactions will not exceed RMB16,050,000, RMB17,655,000 and RMB19,450,000 for the Company's financial year ended 31st December, 2002 and the two financial years ending 31st December, 2003 and 2004, respectively; and
- (b) as each of the annual cap amounts set out in paragraph (a) above exceeds HK\$10 million, as required by Rule 20.30 of the GEM Listing Rules, the Transactions and the annual cap amounts set out in paragraph (a) above will be subject to review and re-approval by independent shareholders of the Company at the Annual General Meeting and at each subsequent annual general meeting in respect of each of the three financial years ending 31st December, 2004 so long as the Transactions continue.

Based on above, pursuant to Rule 20.30 of the GEM Listing Rules, the Transactions and each of the annual cap amounts set out in paragraph (a) above are subject to review and re-approval by independent shareholders (i.e., shareholders of the Company other than members of the CCID Group) at the Annual General Meeting.

3. Shareholders whose names appear on the Company's register of shareholders at the close of business on Monday, 14 April 2003 will be entitled to attend and vote at the Annual General Meeting.
4. The H share register of shareholders of the Company will be closed from Tuesday, 15 April 2003 to Wednesday, 14 May 2003 (both days inclusive), during which period no transfer of H shares will be effected. Shareholders of H shares of the Company who intend to attend the Annual General Meeting are required to lodge their respective instrument(s) of transfer and the relevant share certificate(s) to the H share registrar of the Company, Tengis Limited, by 4:00 p.m. on Monday, 14 April 2003.
5. Any holder of the Company's shares entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint in written form one or more proxies to attend and vote at the Annual General Meeting on his behalf. A proxy need not be a shareholder of the Company.
6. A proxy form for the Annual General Meeting is enclosed. In order to be valid, the instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or, if the appointor is a corporation or a legal person, it shall be under seal or under the hand of a director or an attorney duly authorized in writing.
7. The instrument appointing a proxy shall be deposited to the Company's H share registrar, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 24 hours before the time designated for holding the Annual General Meeting or any adjournment thereof.
8. Shareholders of the Company who intend to attend the Annual General Meeting should notify (in the case of H share shareholders) the Company's H share registrar, Tengis Limited, or (in the case of holders of domestic shares) the Company, in writing of their intention of attend the Annual General Meeting on or before Thursday, 24 April 2003. The written notification may be delivered by hand, by post or by fax.



9. Shareholders who attend the Annual General Meeting shall bear their own traveling and accommodation expenses.

10. The Company's place of business is situated at:

10th Floor, CCID Plaza
No.66 Zizhuyuan Road
Haidian District
Beijing
The People's Republic of China
Tel No.: 8610-88558512
Fax No.: 8610-88559009

The address and contact details of Tengis Limited are set out as follows:

Ground Floor, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong
Tel No.: 852- 29801333
Fax No.: 852- 28108185

* *for identification purposes only*