

# 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)*



First Quarterly Report 2003

## **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 (the “Directors”) of CCID Consulting Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. 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.*

## **HIGHLIGHTS**

- Turnover for the three months ended 31 March 2003 amounted to approximately RMB10.3 million, representing an increase of approximately 4.8% compared to the corresponding period in 2002.
- Net profit from ordinary activities attributable to shareholders increased by approximately 65.8% compared to the corresponding period in 2002 to approximately RMB1.7 million for the three months ended 31 March 2003.
- Earnings per share was approximately RMB0.24 cents.
- The directors do not recommend payment of a dividend for the three months ended 31 March 2003.

The board of directors (the “Board”) of CCID Consulting Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiary (the “Group”) for the three months ended 31 March 2003, together with the comparative unaudited figures for the corresponding period of last year as follows:

		<b>Unaudited</b>	
		<b>For the three months</b>	
		<b>ended 31 March</b>	
		<b>2003</b>	2002
	<i>Note</i>	<b>RMB</b>	<i>RMB</i>
Turnover	2	<b>10,348,385</b>	9,871,430
Cost of sales		<b><u>(4,577,479)</u></b>	<u>(4,455,278)</u>
Gross profit		<b>5,770,906</b>	5,416,152
Other revenue		<b>24,818</b>	3,112
Selling and distribution costs		<b>(2,016,897)</b>	(1,343,588)
Administrative expenses		<b>(2,231,772)</b>	(3,085,714)
Other operating income		<b>90,200</b>	–
Profit before tax		<b>1,637,255</b>	989,962
Tax	3	<b><u>–</u></b>	<u>–</u>
Profit before minority interests		<b>1,637,255</b>	989,962
Minority interests		<b>58,486</b>	33,052
Net profit from ordinary activities attributable to shareholders		<b><u>1,695,741</u></b>	<u>1,023,014</u>
Earnings per share			
– Basic (cents)	4	<b><u>0.24</u></b>	<u>0.20</u>
Dividends	6	<b><u>–</u></b>	<u>–</u>

*Notes:*

## 1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

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

The Group's unaudited consolidated results have been prepared in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and generally accepted accounting principles in Hong Kong.

The principal accounting policies adopted in preparing the accounts are consistent with those used in the annual financial statements for the year ended 31 December 2002 of the Group.

## **2. TURNOVER**

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.

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

## **3. TAXATION**

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the three months ended 31 March 2003 (three months ended 31 March 2002: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

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

There was no unprovided deferred tax in respect of the three months ended 31 March 2003 (three months ended 31 March 2002: Nil).

## **4. EARNINGS PER SHARE**

The calculation of basic earnings per share for the three months ended 31 March 2003 was based on the net profit from ordinary activities attributable to shareholders of RMB1,695,741 (three months ended 31 March 2002: RMB1,023,014) and the weighted average of 700,000,000 (three months ended 31 March 2002: 510,000,000) ordinary shares in issue during the period.

Diluted earnings per share for the three months ended 31 March 2003 and 2002 have not been calculated because no diluting events existed during these periods.

## 5. RESERVE

	Capital reserve account <i>RMB</i>	Statutory reserve funds <i>RMB</i>	Discretionary reserve fund <i>RMB</i>	Proposed final dividend <i>RMB</i>	Retained profits <i>RMB</i>	Total <i>RMB</i>
As at 1 January 2002	509,965	175,550	58,517	–	936,266	1,680,298
Profit for the period	–	–	–	–	1,023,014	1,023,014
As at 31 March 2002	<u>509,965</u>	<u>175,550</u>	<u>58,517</u>	<u>–</u>	<u>1,959,280</u>	<u>2,703,312</u>
As at 1 January 2003	18,609,965	2,438,551	58,517	7,000,000	6,759,938	34,866,971
Profit for the period	–	–	–	–	1,695,741	1,695,741
As at 31 March 2003	<u>18,609,965</u>	<u>2,438,551</u>	<u>58,517</u>	<u>7,000,000</u>	<u>8,455,679</u>	<u>36,562,712</u>

## 6. DIVIDEND

The Board does not recommend payment of a dividend for the three months ended 31 March 2003 (three months ended 31 March 2002: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Turnover Analysis

For the three months ended 31 March 2003, the turnover by operations can be classified as follows:

	Turnover <i>RMB</i>	Percentage
Market Research	8,593,774	83%
Data Information Management	1,356,778	13%
Management Consultancy	397,833	4%
Total	<u>10,348,385</u>	<u>100%</u>

## **Business Review**

For the three months ended 31 March 2003, 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 further improved the established sales network, enhanced its market promotions and publicity. This has strengthened the penetration into target markets and has greatly enhanced recognition of the Group's products.

In terms of market research, as at 31 March 2003, the Group had issued 118 annual research reports, 20 trend and feature research reports, and it also had completed 12 monthly monitoring reports, 36 quarterly analysis reports and more than 20 special reports, covering 15 technical areas and 60 sub-divided markets, thus realizing a revenue of RMB8,593,774 for the three months ended 31 March 2003, which constituted approximately 83% of the Group's turnover.

In terms of data information management, relying on 35 constantly revising and advanced data-mining technique data banks, the Group had provided membership and data subscription service to nearly 200 customers for the three months ended 31 March 2003. 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 RMB1,356,778 for the three months ended 31 March 2003, which constituted approximately 13% of the Group's turnover.

In terms of management consultancy service, the Group had accumulated many customer resources and possessed established channels and technical support in management consultancy with its understanding and follow-up and recent trends grasp of the IT market since its formal commencement of this kind of business from early 2002. Therefore, the position of the Group in respect of this kind of business can be enhanced by its strengths to promote management efficiency of enterprises and governments, i.e. enterprise digitalization and e-government, through advanced information techniques. Through continuous efforts since commencement of this business, the Group had obtained satisfactory result in respect of this business. The Group had earned RMB397,833 for the three months ended 31 March 2003 in management consultancy service, which constituted approximately 4% of the Group's turnover.

## **Market Promotions and Publicity**

For the three months ended 31 March 2003, the Group enhanced efforts in market promotions and publicity. By upgrading the brand name and reputation, the Group had experienced rapid development. During the period the Group hosted or co-sponsored

research meetings, including “China’s IT Market 2003 Annual Conference”, “China’s Telecommunication Market 2003 Annual Conference”, “China’s Consumer Electronics 2003 Annual Conference”, “China’s Data Management Technology 2003 Annual Conference”, “China’s Information Industry Development Trend”, “Press Conference for Customer Satisfaction Report on Mobile Phone in China”, in Beijing, Shanghai and Guangzhou. For the three months ended 31 March 2003, the Group published over 300 articles through various media with a total of approximately 580,000 words.

## **Prospect**

The Group will continue to 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. Management believe the Group will continue to offer more excellent services to our customers and more outstanding results for the patronage of the Shareholders.

## **DIRECTORS’ AND SUPERVISORS’ INTERESTS IN SHARES**

As at 31 March 2003, the interests of the directors and supervisors 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:

<b>Name of director</b>	<b>Name of company</b>	<b>Type of interests</b>	<b>Number of shares</b>
Yang Tianxing	The Company	Personal	1,020,000 domestic shares
	Beijing CCID Info Tech Inc. (note)	Personal	100,000 domestic shares
Luo Wen	The Company	Personal	1,020,000 domestic shares

*Note:* Beijing CCID Info Tech Inc. is an associated corporation (within the meaning of the SDI Ordinance) 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' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES**

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

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 20 November 2002. A summary of principle terms and conditions of the share option scheme are set out in the section headed "Summary of principle terms of the share option scheme" in Appendix IV of the prospectus of the Company dated 29 November 2002. Up to 31 March 2003, no option has been granted pursuant to such share option scheme.

## **SUBSTANTIAL SHAREHOLDERS**

As at 31 March 2003, according to the register required to be kept under Section 16(1) of the SDI Ordinance, shareholders with interests of 10% or more in the issued share capital of the Company were as follows:

<b>Name</b>	<b>Number of shares</b>	<b>Approximate percentage of issued share capital</b>
China Center of Information Industry Development ("CCID") ( <i>note</i> )	485,900,000	69.4%
Research Centre of Computer and Microelectronics Development, MII ("Research Centre")	392,610,000	56.1%
Beijing CCID Riyue Investment Co., Ltd.	93,290,000	13.3%

*Note:* CCID, through Research Centre (which is controlled by, and under the supervision of, CCID) and Beijing CCID Riyue Investment Co., Ltd. (which is, directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 93,290,000 domestic shares held directly by Beijing CCID Riyue Investment Co., Ltd., representing approximately 56.1% and 13.3% of the issued share capital of the Company.

Apart from the aforesaid, no other person is recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance as having an interest in 10% or more of the issued share capital of the Company.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

## **SPONSOR'S INTERESTS**

As at 31 March 2003, an associate (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.

## **COMPETING INTEREST**

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

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rules 5.23 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, namely Guo Xinping and Lu Mai and Guo Xinping is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited consolidated results for the three months ended 31 March 2003 and was of the view that the compilation of the results has complied with all applicable accounting standard and relevant regulations and laws, and made sufficient disclosure.

## 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 throughout the period.

By order of the Board  
**Zhuang Xingfang**  
*Chairman*

Beijing, The People's Republic of China  
28 April 2003