



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)*

The **3**<sup>rd</sup> Quarterly Report 2003

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

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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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.*

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 and the nine months ended 30 September 2003, together with the comparative unaudited figures for the corresponding period of last year as follows:

		Unaudited		Unaudited	
		For the three months		For the nine months	
		ended 30 September		ended 30 September	
		2003	2002	2003	2002
	Note	RMB	RMB	RMB	RMB
Turnover	2	<b>10,326,285</b>	15,012,795	<b>35,463,547</b>	44,856,520
Cost of sales		<b>(5,216,966)</b>	(7,825,937)	<b>(15,101,970)</b>	(18,781,317)
Gross profit		<b>5,109,319</b>	7,186,858	<b>20,361,577</b>	26,075,203
Other revenue		<b>40,292</b>	20,898	<b>96,189</b>	34,143
Selling and distribution costs		<b>(1,425,070)</b>	(1,859,264)	<b>(4,501,025)</b>	(4,278,883)
Administrative expenses		<b>(2,790,801)</b>	(1,990,518)	<b>(8,014,021)</b>	(7,963,735)
Other operating income		<b>–</b>	–	<b>170,200</b>	–
Profit before tax		<b>933,740</b>	3,357,974	<b>8,112,920</b>	13,866,728
Tax	3	<b>–</b>	–	<b>–</b>	–
Profit before minority interests		<b>933,740</b>	3,357,974	<b>8,112,920</b>	13,866,728
Minority interests		<b>2,547</b>	(77,799)	<b>(145,695)</b>	(274,685)
Net profit from ordinary activities attributable to shareholders		<b>936,287</b>	3,280,175	<b>7,967,225</b>	13,592,043
Earning per share					
– Basic (cents)	4	<b>0.13</b>	0.64	<b>1.14</b>	2.67
Dividends	6	<b>–</b>	–	<b>–</b>	–

*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 accounting policies and basis of preparation of the unaudited consolidated results are consistent with those used in the annual financial statements for the year ended 31 December 2002, except for the Group’s adoption of SSAP 35 “Government Grants and Disclosure of Government Assistance” and SSAP 12 “Income Taxes” issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 July 2002 and 1 January 2003, respectively.

The changes to the Group’s accounting policies and the effect of adopting these new policies are set out below:

### **(a) Government grants**

A government grant is recognised, when there is a reasonable assurance that the Group will comply with the conditions attaching with it and that the grant will be received.

Grants relating to income are deferred and recognised in the profit and loss account over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of fixed assets are included in non-current liabilities as deferred income and are credited to the profit and loss account on a straight-line basis over the expected lives of the related assets.

The adoption of the SSAP 35 has had no material effect on the financial statements.

### **(b) Deferred taxation**

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The adoption of the SSAP 12 has had no material effect on the financial statements.

## **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 nine months ended 30 September 2003 (nine months ended 30 September 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 nine months ended 30 September 2003 (nine months ended 30 September 2002: Nil).

## **4. EARNINGS PER SHARE**

The calculation of basic earnings per share for the three months and the nine months ended 30 September 2003 was based on the net profit from ordinary activities attributable to shareholders of RMB936,287 and RMB7,967,225 respectively (three months and nine months ended 30 September 2002: RMB3,280,175 and RMB13,592,043 respectively) and the weighted average of 700,000,000 (three months and nine months ended 30 September 2002: 510,000,000) ordinary shares in issue during the period.

Diluted earnings per share amounts for the nine months ended 30 September 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	-	-	-	-	13,592,043	13,592,043
As at 30 September 2002	<u>509,965</u>	<u>175,550</u>	<u>58,517</u>	<u>-</u>	<u>14,528,309</u>	<u>15,272,341</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	-	-	-	-	7,967,225	7,967,225
Dividend	-	-	-	(7,000,000)	-	(7,000,000)
As at 30 September 2003	<u>18,609,965</u>	<u>2,438,551</u>	<u>58,517</u>	<u>-</u>	<u>14,727,163</u>	<u>35,834,196</u>

## 6. DIVIDEND

The Board does not recommend payment of a dividend for the nine months ended 30 September 2003 (nine months ended 30 September 2002: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Turnover Analysis

For the nine months ended 30 September 2003, the turnover by operations can be classified as follows:

	For the nine months ended 30 September 2003		For the nine months ended 30 September 2002	
	Turnover <i>RMB</i> (approximately)	Percentage	Turnover <i>RMB</i> (approximately)	Percentage
Market Research	<b>21,702,206</b>	<b>61%</b>	26,919,678	60%
Data Information Management	<b>9,634,780</b>	<b>27%</b>	15,347,737	34%
Management Consultancy	<b>4,126,561</b>	<b>12%</b>	2,589,105	6%
Total	<u><b>35,463,547</b></u>	<u><b>100%</b></u>	<u>44,856,520</u>	<u>100%</u>

## **Business Review**

For the nine months ended 30 September 2003, the turnover and gross profit of the Group amounted to RMB35,463,547 and RMB20,361,577 respectively, representing decreases of approximately 21% and 22% respectively as comparing with that of the corresponding period in 2002. The decrease in turnover was mainly as a result of the decrease in revenue generated from data information management in relation to the provision of data information management solutions to government and enterprise.

In terms of market research, as at 30 September 2003, the Group had issued 142 annual research reports, 72 trend and feature research reports, and it also had completed 85 monthly monitoring reports and 73 quarterly analysis reports, thus realizing a revenue of RMB21,702,206 for the nine months ended 30 September 2003, which constituted approximately 61% 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 nine months ended 30 September 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 RMB9,634,780 for the nine months ended 30 September 2003, which constituted approximately 27% 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. 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 RMB4,126,561 for the nine months ended 30 September 2003 in management consultancy service, which constituted approximately 12% of the Group's turnover.

## **Market Promotions and Publicity**

For the nine months ended 30 September 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 Consumer Electronics 2003 Annual Conference", "China's IT Capital 2003 Annual Conference", "China's Telecommunication Market 2003 Annual Conference", "China's VSAT Telecommunication Market Development 2003 Forum", "China's IT Market 2003 Annual Conference", "IT Market Trend in China 2003 Forum", "China's Network Application 2003 Annual Conference", "China's Online Game 2003 Forum", "Conference for Issue of 2003 Second Quarterly Market Analysis Report" in Beijing, Shanghai and Guangzhou.

## 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

At 30 September 2003, the interests and short positions of the directors and supervisors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.40 of the GEM Listing Rules were as follows:

### Long positions in shares

Name of director	Company/associated corporations	Nature of interests	Number and class of shares	Approximate percentage of issued share capital
Yang Tianxing	The Company	Personal	1,020,000 domestic shares	0.15%
	Beijing CCID Info Tech Inc. (note)	Personal	100,000 domestic shares	0.01%
Luo Wen	The Company	Personal	1,020,000 domestic shares	0.15%

*Note:* Beijing CCID Info Tech Inc. is an associated corporation (within the meaning of Part XV of the SFO) of the Company.

Save as disclosed above, none of the directors, supervisors, or their associates had any personal, family, corporate or other interests and short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.



## **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 director 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 30 September 2003, no option has been granted pursuant to such share option scheme.

## **INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER**

At 30 September 2003, the following persons (other than the directors and supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## Long positions in shares

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
China Center of Information Industry Development (“CCID”) <i>(note 1)</i>	Interest of controlled corporation	Corporate	485,900,000 domestic shares	98.96%	69.41%
Research Centre of Computer and Microelectronics Development, MII (“Research Centre”) <i>(note 1)</i>	Beneficial owner	Corporate	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd. <i>(note 1)</i>	Beneficial owner	Corporate	93,290,000 domestic shares	19.00%	13.32%
Employees’ Shareholding Society of Legend Holdings Ltd <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Holdings Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Group Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Holdings (BVI) Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited <i>(note 2)</i>	Beneficial owner	Corporate	20,000,000 H shares	9.57%	2.86%
J.P. Morgan Chase & Co. <i>(note 4)</i>	Investment manager and other	Corporate	20,200,000 H shares	9.67%	2.89%
J.P. Morgan Fleming Asset Management Holdings Inc. <i>(note 3)</i>	Investment manager	Corporate	15,000,000 H shares	7.18%	2.14%

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
J.P. Morgan Fleming Asset Management (Asia) Inc. <i>(note 3)</i>	Investment manager	Corporate	15,000,000 H shares	7.18%	2.14%
JF Asset Management Limited <i>(note 3)</i>	Investment manager	Corporate	10,700,000 H shares	5.12%	1.53%
Choi Koon Shum Jonathan <i>(note 5)</i>	Interest of controlled corporation	Personal	20,000,000 H shares	9.57%	2.86%
Kingsway International Holdings Limited <i>(note 5)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Kingsway Securities Holdings Limited <i>(note 5)</i>	Beneficial owner	Corporate	20,000,000 H shares	9.57%	2.86%

*Notes:*

1. CCID, through Research Centre (which is controlled by, and under the supervision of, CCID) and Beijing CCID Riyue Investment Co., Ltd. (which is, directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 93,290,000 domestic shares held directly by Beijing CCID Riyue Investment Co., Ltd.
2. Grade Win International Limited holds 20,000,000 H shares of the company. Grade Win International Limited is a wholly owned subsidiary of Legend Express Agency & Services Limited; Legend Express Agency & Services Limited is a wholly owned subsidiary of Legend Holdings (BVI) Limited; Legend Holdings (BVI) Limited is a wholly owned subsidiary of Legend Group Limited; Legend Holdings Limited holds 57.76% equity interests in Legend Group Limited; Employees' Shareholding Society of Legend Holdings Ltd holds 35.00% equity interests in Legend Holdings Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.
3. JF Asset Management Limited holds 10,700,000 H shares of the Company. JF International Management Inc. holds 4,300,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. holds 99.99% and 100% equity interests in JF Asset Management Limited and JF International Management Inc. respectively. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc., J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

4. J.P. Morgan Chase Bank holds 5,200,000 H shares of the Company. J.P. Morgan Chase Bank and J.P. Morgan Fleming Asset Management Holdings Inc. are wholly owned subsidiaries of J.P. Morgan Chase & Co. J.P. Morgan Chase & Co. is deemed to be interested in 20,200,000 H shares of the Company.
5. Kingsway Securities Holdings Limited holds 20,000,000 H shares of the Company. Kingsway Securities Holdings Limited is a wholly owned subsidiary of Kingsway International Holdings Limited. Choi Koon Shum Jonathan beneficially owns or controls 48.18% equity interests in Kingsway International Holdings Limited, and is deemed to be interested in 20,000,000 H shares 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 30 September 2003, 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 director or employee had any interest in the share capital of the Company or of any member 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 member 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 nine months ended 30 September 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

4 November 2003