

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 *1st* Quarterly Report
2004

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.

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 2004, together with the comparative unaudited figures for the corresponding period of last year as follows:

		Unaudited	
		For the three months ended	
		31 March	
		2004	2003
	<i>Note</i>	RMB	RMB
Turnover	2	11,402,968	10,348,385
Cost of sales		(6,108,449)	(4,577,479)
Gross profit		5,294,519	5,770,906
Other revenue		46,221	24,818
Selling and distribution costs		(850,790)	(2,016,897)
Administrative expenses		(2,661,816)	(2,231,772)
Other operating income		–	90,200
Profit before tax		1,828,134	1,637,255
Tax	3	(201,398)	–
Profit before minority interests		1,626,736	1,637,255
Minority interests		42,859	58,486
Net profit from ordinary activities attributable to shareholders		<u>1,669,595</u>	<u>1,695,741</u>
Earning per share			
– Basic (<i>cents</i>)	4	<u>0.24</u>	<u>0.24</u>
Dividends	6	<u>–</u>	<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 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 2003.

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

	Unaudited	
	For the three months	
	ended 31 March	
	2004	2003
	RMB	RMB
PRC corporate income tax	<u>201,398</u>	<u>–</u>

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 2004 (three months ended 31 March 2003: 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 and could further apply for a 50% reduction in corporate income tax three months before the maturity of the tax exemption period. The Company is now in the progress of obtaining approval from the relevant tax bureau for a 50% reduction in corporate income tax.

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 2004 (three months ended 31 March 2003: Nil).

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months 31 March 2004 was based on the net profit from ordinary activities attributable to shareholders of RMB1,669,595 (three months ended 31 March 2003: RMB1,695,741) and the weighted average of 700,000,000 (three months ended 31 March 2003: 700,000,000) ordinary shares in issue during the period.

Diluted earnings per share amounts for the three months ended 31 March 2004 and 2003 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 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>
As at 1 January 2004	18,609,965	4,311,588	58,517	—	16,863,846	39,843,916
Profit for the period	—	—	—	—	1,669,595	1,669,595
As at 31 March 2004	<u>18,609,965</u>	<u>4,311,588</u>	<u>58,517</u>	<u>—</u>	<u>18,533,441</u>	<u>41,513,511</u>

6. DIVIDEND

The Board does not recommend payment of a dividend for the three months ended 31 March 2004 (three months ended 31 March 2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

TURNOVER ANALYSIS

For the three months ended 31 March 2004, the turnover by operations can be classified as follows:

	For the three months ended 31 March 2004		For the three months ended 31 March 2003	
	Turnover <i>RMB</i>	Percentage (approximately)	Turnover <i>RMB</i>	Percentage (approximately)
Market Research	9,752,561	86%	8,593,774	83%
Data Information Management	1,493,990	13%	1,356,778	13%
Management Consultancy	156,417	1%	397,833	4%
Total	<u>11,402,968</u>	<u>100%</u>	<u>10,348,385</u>	<u>100%</u>

BUSINESS REVIEW

For the three months ended 31 March 2004, the turnover and gross profit of the Group amounted to RMB11,402,968 and RMB5,294,519 respectively.

In terms of market research, as at 31 March 2004, the Group had issued 140 annual research reports, 20 trend and feature research reports, and it also had completed 18 monthly monitoring reports and 33 quarterly analysis reports, thus realizing a revenue of RMB9,752,561 for the three months ended 31 March 2004, which constituted approximately 86% 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 possessed a customer base of over 200 as at 31 March 2004. 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 RMB1,493,990 for the three months ended 31 March 2004, 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. Therefore, the position of the Group in respect of this kind of business can be enhanced by its strengths to promote management efficiency of enterprises and governments, i.e. enterprise digitalization and e-government, through advanced information techniques. The Group had earned RMB156,417 for the three months ended 31 March 2004 in management consultancy service, which constituted approximately 1% of the Group's turnover.

Market Promotions and Publicity

For the three months ended 31 March 2004, 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 2004 Annual Conference", "China's Semiconductor Market 2004 Annual Conference", "China's Telecommunication Market 2004 Annual Conference", "China's Consumer Electronics 2004 Annual Conference" and "China's Computer Software 2004 Annual Conference" in Beijing and Shanghai.

Prospect

The Group will put its greatest effort on promoting our management consultancy services. By bringing in professional consulting talents and training up top project managers, we will provide quality professional services to our customers and thus build up a credible professional consultant image in the management consultancy industry. The Group will keep on strengthening its market research activities through improving the present product mix and starting new technology product research and service.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

At 31 March 2004, 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. (<i>note</i>)	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 31 March 2004, no option has been granted pursuant to such share option scheme.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER

At 31 March 2004, 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	15,970,000 H shares	7.64%	2.28%
Kingsway International Holdings Limited <i>(note 5)</i>	Interest of controlled corporation	Corporate	15,970,000 H shares	7.64%	2.28%
Kingsway Securities Holdings Limited <i>(note 5)</i>	Interest of controlled corporation	Corporate	15,970,000 H shares	7.64%	2.28%
Kingsway Financial Services Limited <i>(note 5)</i>	Beneficial owner	Corporate	15,970,000 H shares	7.64%	2.28%

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 Financial Services Limited holds 15,970,000 H shares of the Company. Kingsway Financial Services Limited is a wholly owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly owned subsidiary of Kingsway International Holdings Limited. Choi Koon Shum Jonathan beneficially owns or controls approximately 47% equity interests in Kingsway International Holdings Limited, and is deemed to be interested in 15,970,000 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 31 March 2004, the associates (as referred in Note 3 to Rule 6.35 of the GEM Listing Rules) of Kingsway Capital Limited (the "Sponsor") held 15,970,000 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 three months ended 31 March 2004 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

30 April 2004