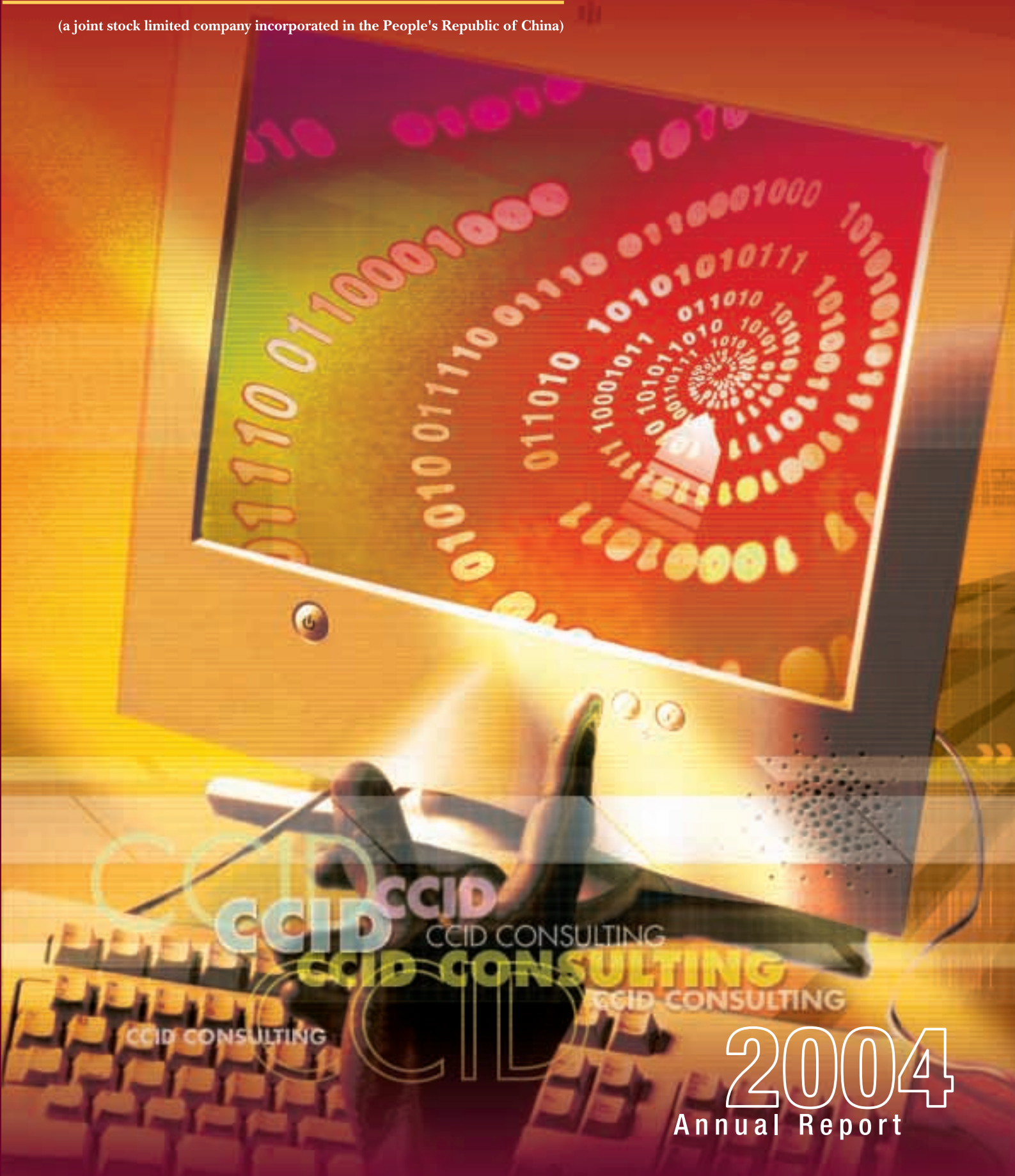


賽迪顧問股份有限公司 CCID Consulting Company Limited

(a joint stock limited company incorporated in the People's Republic of China)



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2004
Annual Report

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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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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Corporate Information

Directors

Executive Directors

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

Non-executive Directors

許金壽 (Xu Jinshow)
李穎 (Li Ying)
柳純錄 (Liu Chunlu)
俞兵 (Yu Bing)
張旭明 (Zhang Xuming)

Independent non-executive Directors

郭新平 (Guo Xingping)
盧邁 (Lu Mai)
韓複齡 (Han Fuling)

Compliance Officer

莊行方 (Zhuang Xingfang)

Company Secretary

Woo Wai Yiu, *ACCA, CPA*

Qualified Accountant

Woo Wai Yiu, *ACCA, CPA*

Authorised representatives

黃湧 (Huang Yong)
Woo Wai Yiu

Supervisors

宮承和 (Gong Chenghe)
管銳 (Guan Rui)
張紅芬 (Zhang Hong Fen)

Legal Address

Room 210
No. 12 Huo Ju Jia Road
Chang Ping 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 Xingping) (*Chairman of the committee*)
盧邁 (Lu Mai)
韓複齡 (Han Fuling)

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

Chairman's Statement

I am very pleased to present the third annual report of CCID Consulting Company Limited (the "Company") and its subsidiaries, (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 2004. The Group recorded turnover of RMB56,283,777, net profit of RMB8,158,591, and earnings per share of RMB1.2 cents per ordinary share.

Future Developments

In the year 2005, the Group will strengthen and improve the present product mix, start the new technology product research and service, through establishing and improving the professional subdivided market research data banks, to actively promote its market research services and data information management services. The Group will also keep on bringing in professional consulting talents and to provide quality management consultancy services to our customers. The Group will continue to build on the brand name image of CCID Consulting as an international consultancy company with emphasis on both management consultancy and market consultancy.

Chairman's Statement

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

24 March, 2005

Review of Business Objectives

From 1st January 2004 to 31st December 2004

Comparison of Business Objectives with Actual Business Progress

Set out below is a comparison between the Group's actual business progress for the year ended 31st December 2004 and its business objectives as stated in the prospectus of the Company dated 20 November 2002.

Business objectives

– *Development of new products*

Providing 60 kinds of Monthly Monitoring Report

Providing 95 kinds of Quarterly Analysis Report

Management consultancy operations new products

ERP – Fully upgrade knowledge data bank, continue to enhance consultancy quality, provide high standard overall consultancy services; continue to maintain and renew knowledge data bank, expand product range, continue to enhance consultancy quality

CRM – Fully upgrade knowledge data bank, continue to enhance consultancy quality, provide high standard overall consultancy services; continue to maintain and renew knowledge data bank, expand product range, continue to enhance consultancy quality

Actual business progress

Providing 178 kinds of Monthly Monitoring Report

Providing 156 kinds of Quarterly Analysis Report

No achievement with respect to this business objective in 2004

No achievement with respect to this business objective in 2004

Review of Business Objectives

Business objectives

e-Government – Fully upgrade data bank, continue to enhance consultancy quality, provide high standard overall consultancy services; continue to maintain and renew data bank, continue to enhance consultancy quality

Science park industrial planning – Maintain relationship with existing clients and attract more clients

Data information management services

Industry data bank data information services (for such industries as computer, software, communication, network, electronics, etc) – Continue to maintain and enrich the database and further expand the scale of database service

Product data bank data information services (for such products as television, video recorder, microwave and refrigerator) – Continue to maintain and enrich the database and further expand the scale of database service

Local area data bank data information services (for such regions as Beijing, Shanghai, Guangdong, Dalian and Sichuan) – Continue to maintain and enrich the database and further expand the scale of database service

Actual business progress

The Group provided consultancy services to 5 customers in Beijing, Shanghai, Heilongjiang and Qingdao

No new project was performed in 2004

Since the relevant new data bank has not completed yet, there is no achievement with respect to this business objective in 2004

Since the relevant new data bank has not completed yet, there is no achievement with respect to this business objective in 2004

Since the relevant new data bank has not completed yet, there is no achievement with respect to this business objective in 2004

Review of Business Objectives

Business objectives

– *Setting up data banks, simulation information platforms and demonstration centers in PRC*

Knowledge data bank

Industry data bank (for such industries as computer, software, communications, network, electronics, etc) – Incorporate more tailor-made and user friendly features

Local area data bank (for such products as television, video recorder, microwave and refrigerator) – Incorporate more tailor-made and user friendly features

Product data bank (for such regions as Beijing, Shanghai, Guangdong, Dalian and Sichuan) – Incorporate more tailor-made and user friendly features

– *Expansion of sales network*

Set up branches in PRC – Set up Shenyang branch

Overseas development of agency business – set up two more agents

– *Enhancing the Group's marketing and brand-name establishment*

Brand-name establishment – Set up the brand name image of CCID Consulting as an international consultancy company; set up the brand name image of CCID Consulting as international consultancy company with emphasis on both management consultancy and market consultancy

Actual business progress

The Group is considering and looking for a way to build up a more economically efficient knowledge data bank

The Group is considering and looking for a way to build up a more economically efficient knowledge data bank

The Group is considering and looking for a way to build up a more economically efficient knowledge data bank

There is no achievement with respect to this business objective in 2004

The Group signed an co-operation agreement with a new agent in the United States

Through continuing increase in the number of overseas agent and holding a series of market conferences and forums in the PRC, the Group was gradually building up a brand name image of CCID Consulting as an international consultancy company with emphasis on both management consultancy and market consultancy

Review of Business Objectives

Use of Proceeds

The actual use of proceeds as compared to the proposed amount set out in the section “Use of proceeds” in the prospectus of the Company dated 29 November 2002 are as follows:

	Notes	For the year ended 31 December 2004		From the date listed on GEM on 12 December 2002 to 31 December 2004	
		Proposed HKD	Actual HKD	Proposed HKD	Actual HKD
Development of new product and services		4,377,358	4,520,557	8,000,000	8,000,000
Setting up					
– databank for different industries	(a)	–	–	4,000,000	–
– simulated information platforms and demonstration centres	(b)	1,207,547	–	7,200,000	–
Expanding sales network		2,620,755	2,615,904	4,300,000	3,800,488
Marketing and brand name establishment		4,301,887	2,656,741	6,000,000	3,981,758
		<u>12,507,547</u>	<u>9,793,202</u>	<u>29,500,000</u>	<u>15,782,246</u>

Notes:

- (a) The Group is considering and looking for a way to build up a more economically efficient knowledge data bank.
- (b) The Group is considering and looking for a way to build up more economically efficient simulated information platforms and demonstration centres.
- (c) The Company currently deposits the unused funds in banks to generate interest income.

Management Discussion and Analysis

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 2004 the turnover by operations can be classified as follows:

	Turnover in RMB	Percentage
Market Research	31,725,620	56%
Data Information Management	14,689,590	26%
Management Consultancy	9,868,567	18%
Total	<u>56,283,777</u>	<u>100%</u>

Business Review

In the year of 2004 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 2004 the Group had issued 331 annual research papers, 106 trend and feature research papers, and it also had completed 178 monthly monitoring reports and 156 quarterly analysis reports, thus realizing a revenue of RMB31,725,620 for the year ended 31 December 2004, which constituted approximately 56% of the Group's turnover.

Management Discussion and Analysis

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 over 200 as at 31 December 2004, 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 RMB14,689,590 for the year ended 31 December 2004, which constituted approximately 26% 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. 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. The revenue in management consultancy service was RMB9,868,567 for the year ended 31 December 2004, which constituted approximately 18% of the Group's turnover.

Market Promotions and Publicity

In the year 2004, the Group enhanced efforts in market promotions and publicity. By improving its brand name and reputation, the Group had experienced rapid development in sales. During the year, 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", "China's Computer Software 2004 Forum", "China's Automobile Electronics Development 2004 Forum", "China's e-Government Application 2004 Annual Conference", "Trend of Telecommunication in China 2004 Forum", "Marketing of Automobile in China 2004 Forum", "China's IT Channel 2004 Annual Conference", "China's Information Technology Economy 2004 Annual Conference" and "China's Network Application 2004 Annual Conference" in Beijing, Shanghai, Tianjin and Shenzhen.

Human Resources

The Group had employed 233 full-time staff members as at 31 December 2004, categorized by the following principal functions:

Management	17
Sales and Marketing	25
Research, Development and Production	171
Administration	10
Accounting and Finance	6
Human Resources Management	4
	<hr/>
Total	<u>233</u>

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.

Management Discussion and Analysis

Liquidity and Financial Resources

The Group held cash and bank deposits of HK\$27,373,217, RMB16,341,109 and USD107,706 as at 31 December 2004. During the year, the Group's primary source of funds was cash provided by operating activities and the proceeds raised from listing in 2002. Management believes that the Group has adequate operating funds for its present needs.

Capital Structure

The capital structure as at 31 December 2004 is summarised as below:

	RMB	Percentage
Capital and Reserves	118,002,507	98%
Minority Interests	2,865,139	2%
Total	<u>120,867,646</u>	<u>100%</u>

Capital Expenditure Commitment and Contingent Liability

As at 31 December 2004, the Group had no significant capital expenditure commitment and contingent liability.

Pledge of Assets

As at 31 December 2004, the Group did not have any pledged assets.

Gearing Ratio

As at 31 December 2004, the Group's gearing ratio was about 15%, 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=RMB1.0655. 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.

Biographical Details of Directors, Supervisors and Senior Management

Executive Directors

Mr. Zhuang Xingfang (莊行方), aged 56, 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 and 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 69, 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, director of the computer division of the Ministry of Electronics Industry, as well as chairman of China Software Association. 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 40, 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, the director of China 3C Union Industry Working Committee and the deputy superintendent of CCID. He has over 12 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 38, 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 17 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.

Non-executive Directors

Mr. Xu Jinshou (許金壽), aged 61, 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, chief editor of China Electronics Newspaper as well as the secretary of its Party Committee and the secretary of the Party Committee of CCID. He has over 40 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.

Biographical Details of Directors, Supervisors and Senior Management

Ms. Li Ying (李穎), aged 44, 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 22 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 58, 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 the chief engineer 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. Yu Bing (俞兵), aged 39, 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 14 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.

Mr. Zhang Xuming (張旭明), aged 38, is currently a Non-executive Director of the Company. Mr. Zhang graduated from Shanghai Communication University, specialized in electronic engineering, and the Electronic Science University, specialized in engineering management, with a master degree. He is now pursuing a doctoral degree in finance and economics at the Renmin University of China. He held a number of positions such as chief accountant and chairman of China Communications System Co. Ltd. and deputy director of the Economic System Reform and Economic Operation Department of the Ministry of Information Industry of the PRC. He is currently a superintendent of CCID. He has over 11 years of experience in the field of IT management. He was appointed as a Non-executive Director with effect from 29 August 2003.

Independent Non-executive Directors

Mr. Guo Xinping (郭新平), aged 41, 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 and the audit committee member of Beijing UFSOFT Co. Ltd.. He has over 15 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 57, 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 22 years of experience in the field of economic research. He was appointed as an Independent Non-executive Director with effect from 25 October 2002.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Han Fuling (韓複齡), aged 41, is currently an Independent Non-executive Director of the Company. Mr. Han graduated from management department of Beijing Technology University, specialized in engineering management, and the economics department of Silesian Technical University, with a doctor degree. Mr. Han held a number of positions including the deputy head of the economics department of Beijing Technology University and analyst of the China Securities Market Research Centre. Mr. Han is currently the deputy head and professor of the economics department of the Central Financial University. He was appointed as an Independent Non-executive Director with effect from 17 March 2005.

Supervisors

Mr. Gong Chenghe (宮承和), aged 50, 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, office director of Research Centre and CCID. He is currently the secretary of Discipline Committee of CCID. He has over 18 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 55, 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 20 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.

Ms. Zhang Hongfen (張紅芬), aged 35, 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 9 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 (馬暉), aged 34, 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 12 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 62, 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 over 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 36, 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 15 years of experience in the field of IT enterprise management.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Wu Fan (吳凡), aged 31, 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 8 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 53, 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 20 years of experience in the field of IT scientific research, management and information consultancy. He joined the Group in June 2002.

Mr. Woo Wai Yiu (胡偉耀), aged 27, is currently the qualified accountant and the company secretary of the Company. Mr. Woo is an associate member of Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. He has over 6 years of auditing and accounting experience. He joined the Group in August 2002.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2004.

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 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 30 to 56.

The directors do not recommend any payment of final dividend for the year.

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	2003 RMB	2004 RMB
TURNOVER	5,929,150	20,800,326	54,134,854	48,831,071	56,283,777
Cost of sales	(3,223,870)	(7,840,799)	(23,579,743)	(22,969,966)	(31,091,844)
Gross profit	2,705,280	12,959,527	30,555,111	25,861,105	25,191,933
Other revenue	2,398	19,491	41,225	124,663	189,440
Selling and distribution costs	(810,531)	(4,555,547)	(5,867,032)	(3,256,688)	(4,451,221)
Administrative expenses	(1,315,972)	(4,908,277)	(8,362,020)	(9,824,179)	(11,235,250)
Other operating expenses	–	–	(1,024,568)	(794,983)	(654,375)
PROFIT FROM OPERATING ACTIVITIES	581,175	3,515,194	15,342,716	12,109,918	9,040,527
Share of loss of an associate	–	(960,148)	–	–	–
PROFIT BEFORE TAX	581,175	2,555,046	15,342,716	12,109,918	9,040,527
Tax	(87,176)	(2,817)	–	–	(667,193)
PROFIT BEFORE MINORITY INTERESTS	493,999	2,552,229	15,342,716	12,109,918	8,373,334
Minority interests	–	2,089	(256,043)	(132,973)	(214,743)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>493,999</u>	<u>2,554,318</u>	<u>15,086,673</u>	<u>11,976,945</u>	<u>8,158,591</u>

Report of the Directors

ASSETS, LIABILITIES AND MINORITY INTERESTS

	31 December				
	2000	2001	2002	2003	2004
	RMB	RMB	RMB	RMB	RMB
	(Note)	(Note)			
TOTAL ASSETS	1,693,069	63,132,831	133,182,067	133,201,205	137,595,683
TOTAL LIABILITIES	(1,199,070)	(8,191,154)	(25,797,674)	(20,706,894)	(16,728,037)
MINORITY INTERESTS	–	(2,261,379)	(2,517,422)	(2,650,395)	(2,865,139)
	<u>493,999</u>	<u>52,680,298</u>	<u>104,866,971</u>	<u>109,843,916</u>	<u>118,002,507</u>

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

Property, equipment and vehicle

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

Share capital

There were no movements in either the Company's authorised or issued share capital during the year.

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 23 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 December 2004, 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 23 to the financial statements, retained profits of approximately RMB14 million available for distribution as dividends.

Report of the Directors

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 22% of the total sales for the year and sales to the largest customer included therein amounted to 12%. Purchases from the Group's five largest suppliers accounted for less than 31% of the total purchases for the year.

The Group has provided certain consulting services to companies under the control of the ultimate holding company 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
Yang Tianxing
Luo Wen
Huang Yong

Non-executive directors:

Xu Jinshou
Li Ying
Liu Chunlu
Yu Bing
Zhang Xuming
Chen Dazhi (resigned on 25 January 2005)

Independent non-executive directors:

Guo Xinping
Lu Mai
Han Fuling (appointed on 17 March 2005)

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

The Company has received annual confirmations of independence from Guo Xinping, and Lu Mai, and as at 31 December 2004 still considers them to be independent.

Report of the Directors

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 12 to 15 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' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

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' and supervisors' interests and short positions in shares and underlying shares

At 31 December 2004, the interests of the directors in the share capital and warrants of the Company or 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 by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies Rule 5.46 of the GEM Listing Rules, were as follows:

Report of the Directors

Long positions in ordinary shares of the Company:

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 registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies Rule 5.46 of the GEM Listing Rules.

Directors' and supervisors' rights to acquire shares

Save as disclosed under the heading "Directors' and supervisors' interests and short positions in shares and underlying 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 minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Report of the Directors

Substantial shareholders' and other persons' interests in shares and underlying shares

As at 31 December 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 Centre of Information Industry Development ("CCID") (note 1)	Interest of controlled corporation	Corporate	485,900,000 domestic shares	98.96	69.41
Research Centre of Computer and Microelectronics Development, MII ("Research Centre") (note 1)	Beneficial owner	Corporate	392,610,000 domestic shares	79.96	56.09
Beijing CCID Riyue Investment Co., Ltd. (note 1)	Beneficial owner	Corporate	93,290,000 domestic shares	19.00	13.32
Employees' Shareholding Society of Legend Holdings Ltd. (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Legend Holdings Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Legend Group Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Legend Holdings (BVI) Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Legend Express Agency & Services Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Grade Win International Limited (note 2)	Beneficial owner	Corporate	20,000,000 H shares	9.57	2.86
J.P. Morgan Chase & Co. (note 3)	Investment manager and other	Corporate	14,900,000 H shares	7.13	2.13
J.P. Morgan Fleming Asset Management Holdings Inc. (note 3)	Investment manager	Corporate	14,900,000 H shares	7.13	2.13

Report of the Directors

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	14,900,000 H shares	7.13	2.13
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 4)</i>	Interest of controlled corporation	Personal	14,710,000 H shares	7.04	2.10
Lam William Ka Chung <i>(note 4)</i>	Interest of controlled corporation	Personal	14,710,000 H shares	7.04	2.10
Lam Wong Yuk Sin Mary <i>(note 4)</i>	Interest of controlled corporation	Personal	14,710,000 H shares	7.04	2.10
Kingsway International Holdings Limited <i>(note 4)</i>	Interest of controlled corporation	Corporate	14,710,000 H shares	7.04	2.10
Kingsway Securities Holdings Limited <i>(note 4)</i>	Interest of controlled corporation	Corporate	14,710,000 H shares	7.04	2.10
Kingsway Financial Services Limited <i>(note 4)</i>	Beneficial owner	Corporate	14,710,000 H shares	7.04	2.10

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.

Report of the Directors

3. JF Asset Management Limited holds 10,700,000 H shares of the Company. JF International Management Inc. holds 4,200,000 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 Holdings Inc. is a wholly-owned subsidiary of J.P. Morgan Chase & Co.. J.P. Morgan Fleming Asset Management (Asia) Inc., J.P. Morgan Fleming Asset Management Holdings Inc. and J.P. Morgan Chase & Co. are deemed to be interested in 14,900,000 H shares of the Company.
4. Kingsway Financial Services Limited holds 14,710,000 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. Mr. Choi Koon Shum Jonathan beneficially owns or controls 48.18% equity interests in Kingsway International Holdings Limited. Mr. Lam William Ka Chung and his spouse, Lam Wong Yuk Sin Mary beneficially own or control approximately 40% equity interests in Kingsway International Holdings Limited. Mr. Choi Koon Shum Joanthan, Mr. Lam William Ka Chung and Mrs. Lam Wong Yuk Sin Mary are deemed to be interested in 14,710,000 H shares of the Company.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' and supervisors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Sponsor's interests

As at 31 December 2004, the associates (as referred in note 3 to Rule 6.35 of the GEM Listing Rules) of Kingsway Capital Limited (the "Sponsor") held 14,710,000 H 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.

Report of the Directors

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 2004, the Company had the following connected transactions as recorded in the profit and loss account for the year ended 31 December 2004:

(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: *RMB*

(i)	Supply of information and data	–
<hr style="border-top: 3px double #000;"/>		
(ii)	Provision of promotional services (including advertising services, and website and hyperlink services):	
	Translation, advertising and promotional expenses charged by Beijing China Electronics News Technology Development Co., Ltd.	613,092
	Promotional expenses charged by Beijing CCID Net IT Co., Ltd. (“CCID Net”)	200,466
	Promotional expenses charged by Beijing CCID Call Centre Co., Ltd. (“CCID Call Centre”)	185,150
	Advertising and promotional expenses charged by Beijing CCID Jingwei Culture Communication Co., Ltd.	72,800
	Promotional expenses charged by Training Center, CCID	45,000
	Advertising expenses charged by CCID Printing Co., Ltd.	44,985
	Promotional expenses charged by CCID Public Relationship Co., Ltd.	35,193
	Conference services expenses charged by CCID Hotel	16,647
	Advertising expenses charged by CCID Film & TV Culture Communication Co., Ltd.	12,000
		<hr style="border-top: 1px solid #000;"/>
		1,225,333
		<hr style="border-top: 3px double #000;"/>

(b) Gross revenue earned before sales surtaxes from services provided by the Company to the CCID Group: *RMB*

Provision of consulting services by the Company to:		
	Electronic Information Centre, MII (“EIC”)	600,000
	Beijing Information Engineering Institution	400,000
	Vocation Training Centre, EIC, MII	350,000
	CCID Marketing Consulting Co., Ltd.	350,000
	CCID Net	214,934
	CCID	85,050
	Beijing China Electronics News Technology Development Co., Ltd.	2,000
		<hr style="border-top: 1px solid #000;"/>
		2,001,984
		<hr style="border-top: 3px double #000;"/>

Report of the Directors

(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:	RMB
	(i) Supply of information and data	<u>—</u>
	(ii) Provision of promotional services (including advertising services and website and hyperlink services):	
	Advertising and promotional expenses charged by Beijing CCID Jingwei Culture Communication Co., Ltd.	<u>11,000</u>
(b)	Gross revenue earned before sales surtaxes from services provided by CCID Data to the CCID Group:	
		RMB
	(i) Provision of services in relation to the development and exploration of technology systems of data banks and operation and manipulation of data	
	CCID	6,503,000
	EIC	<u>200,000</u>
		<u>6,703,000</u>
	(ii) Provision of all other ancillary services	
	CCID Net	<u>110,800</u>

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.

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”.

Report of the Directors

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;
and
3. the annual aggregate value of each category of connected transactions did not exceed the relevant annual limit as agreed with the Stock Exchange.

Employees and emolument policy

As at 31 December 2004, the Group had around 233 (2003: 192) employees. The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employee benefits include retirement benefit scheme, insurance and medical cover. The remuneration of director is from time to time determined by the board of directors of the Company by reference to their duties and responsibilities.

Code of conduct regarding securities transactions by directors

The Company had adopted the rules set out in Rule 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the directors (the "Code"). Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the Code.

Audit Committee

The Company has an audit committee which was established in compliance with Rule 5.28 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 three members comprising the three independent non-executive directors of the Company. The audit committee held four meetings during the year ended 31 December 2004. The Group's audited results for the year ended 31 December 2004 have been reviewed by the audit committee, who was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

Compliance with Rules 5.28 to 5.45 of the GEM Listing Rules

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.45 of the GEM Listing Rules since the listing of the Company's shares on the GEM on 12 December 2002.

Report of the Directors

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
24 March 2005

Report of the Supervisory Committee

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 2004, 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 2004 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

24 March 2005

Report of the Auditors



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 30 to 56 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 financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public 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 judgements 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 2004 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
24 March 2005

Consolidated Profit and Loss Account

Year ended 31 December 2004

	Notes	2004 RMB	2003 RMB
TURNOVER	6	56,283,777	48,831,071
Cost of sales		<u>(31,091,844)</u>	<u>(22,969,966)</u>
Gross profit		25,191,933	25,861,105
Other revenue		189,440	124,663
Selling and distribution costs		(4,451,221)	(3,256,688)
Administrative expenses		(11,235,250)	(9,824,179)
Other operating expenses		<u>(654,375)</u>	<u>(794,983)</u>
PROFIT BEFORE TAX	7	9,040,527	12,109,918
Tax	10	<u>(667,193)</u>	<u>—</u>
PROFIT BEFORE MINORITY INTERESTS		8,373,334	12,109,918
Minority interests		<u>(214,743)</u>	<u>(132,973)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	11	<u>8,158,591</u>	<u>11,976,945</u>
Proposed final dividends	12	<u>—</u>	<u>—</u>
EARNINGS PER SHARE			
Basic (cents)	13	<u>1.2</u>	<u>1.7</u>

Consolidated Balance Sheet

31 December 2004

	Notes	2004 RMB	2003 RMB
PROPERTY, EQUIPMENT AND VEHICLE	14	33,795,422	34,876,893
INFORMATION DATABASE	15	26,149,937	29,785,416
DEFERRED TAX ASSETS	10	97,229	—
CURRENT ASSETS			
Accounts receivable	17	14,213,088	7,186,860
Due from related parties	18	15,934,245	10,451,453
Prepayments, deposits and other receivables		1,007,354	639,079
Time deposits	19	—	1,500,000
Cash and bank balances	19	46,398,408	48,761,504
		<u>77,553,095</u>	<u>68,538,896</u>
CURRENT LIABILITIES			
Salary and welfare payables		377,123	1,032,476
Accrued liabilities and other payables	20	10,973,099	8,838,893
Due to related parties	18	5,000	178,931
Due to the immediate holding company	21	1,882,597	5,923,104
Tax payable		334,559	—
		<u>13,572,378</u>	<u>15,973,404</u>
NET CURRENT ASSETS		<u>63,980,717</u>	<u>52,565,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>124,023,305</u>	<u>117,227,801</u>
NON-CURRENT LIABILITIES			
Due to the immediate holding company	21	3,155,659	4,733,490
MINORITY INTERESTS		<u>2,865,139</u>	<u>2,650,395</u>
		<u>118,002,507</u>	<u>109,843,916</u>
CAPITAL AND RESERVES			
Issued capital	22	70,000,000	70,000,000
Reserves		48,002,507	39,843,916
		<u>118,002,507</u>	<u>109,843,916</u>

Zhuang Xingfang
Director

Yang Tianxing
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2004

	Issued share capital RMB	Capital reserve account RMB	Statutory reserve funds RMB	Dis- cretionary reserve fund RMB	Proposed final dividend RMB	Retained profits RMB	Total RMB
As at 1 January 2003	70,000,000	18,609,965	2,438,551	58,517	7,000,000	6,759,938	104,866,971
Profit for the year	–	–	–	–	–	11,976,945	11,976,945
Settlement of dividend	–	–	–	–	(7,000,000)	–	(7,000,000)
Transfer to statutory reserve funds	–	–	1,873,037	–	–	(1,873,037)	–
As at 31 December 2003 and 1 January 2004	70,000,000	18,609,965	4,311,588	58,517	–	16,863,846	109,843,916
Profit for the year	–	–	–	–	–	8,158,591	8,158,591
Transfer to statutory reserve funds	–	–	1,209,232	–	–	(1,209,232)	–
As at 31 December 2004	<u>70,000,000</u>	<u>18,609,965*</u>	<u>5,520,820*</u>	<u>58,517*</u>	<u>–*</u>	<u>23,813,205*</u>	<u>118,002,507</u>

* These reserve accounts comprise the consolidated reserves of RMB48,002,507 (2003: RMB39,843,916) in the consolidated balance sheet.

Consolidated Cash Flow Statement

Year ended 31 December 2004

	Note	2004 RMB	2003 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9,040,527	12,109,918
Adjustment for:			
Interest income		(189,440)	(124,663)
Provision for doubtful debts		843,375	585,018
Recovery of doubtful debts		(189,000)	(300,000)
Depreciation of property, equipment and vehicle		2,166,935	2,011,178
Amortisation of an information database		3,635,479	3,635,479
Operating profit before working capital changes		15,307,876	17,916,930
(Increase)/decrease in accounts receivable		(7,680,603)	3,457,354
Increase in amounts due from related parties		(5,482,792)	(9,814,744)
(Increase)/decrease in prepayments, deposits and other receivables		(368,275)	1,147,266
Decrease in salary and welfare payables		(655,353)	(1,251,275)
Increase in accrued liabilities and other payables		2,134,206	121,577
(Decrease)/increase in amounts due to related parties		(173,931)	36,681
(Decrease)/increase in an amount due to the immediate holding company		(5,618,338)	1,189,617
Cash generated from operations		(2,537,210)	12,803,406
PRC corporate income tax paid		(429,862)	-
Net cash (outflow)/inflow from operating activities		(2,967,072)	12,803,406
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		189,440	124,663
Purchases of property, equipment and vehicle		(1,085,464)	(1,146,141)
Decrease/(increase) in time deposits with original maturity of more than three months when acquired		1,500,000	(1,500,000)
Net cash inflow/(outflow) from investing activities		603,976	(2,521,478)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING ACTIVITIES		(2,363,096)	10,281,928
CASH FLOWS FROM FINANCING ACTIVITIES			
Settlement of dividend		-	(7,000,000)
Payment of an amount due to the immediate holding company for acquisition of building		-	(5,187,380)
Net cash outflow from financing activities		-	(12,187,380)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,363,096)	(1,905,452)
Cash and cash equivalents at beginning of year		48,761,504	50,666,956
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	46,398,408	48,761,504

Balance Sheet

31 December 2004

	Notes	2004 RMB	2003 RMB
PROPERTY, EQUIPMENT AND VEHICLE	14	32,502,490	33,113,504
INTEREST IN SUBSIDIARIES	16	31,041,294	30,401,294
DEFERRED TAX ASSETS	10	97,229	–
CURRENT ASSETS			
Accounts receivable		10,793,341	6,922,324
Due from related parties	18	1,934,245	2,951,453
Prepayments, deposits and other receivables		886,374	561,242
Time deposits	19	–	1,500,000
Cash and bank balances	19	43,634,952	45,459,642
		57,248,912	57,394,661
CURRENT LIABILITIES			
Salary and welfare payables		431,571	666,265
Accrued liabilities and other payables		7,536,134	6,134,148
Due to the immediate holding company	21	1,882,597	5,923,104
Tax payable		334,559	–
		10,184,861	12,723,517
NET CURRENT ASSETS		47,064,051	44,671,144
TOTAL ASSETS LESS CURRENT LIABILITIES		110,705,064	108,185,942
NON-CURRENT LIABILITIES			
Due to the immediate holding company	21	3,155,659	4,733,490
		107,549,405	103,452,452
CAPITAL AND RESERVES			
Issued capital	22	70,000,000	70,000,000
Reserves	23	37,549,405	33,452,452
		107,549,405	103,452,452

Zhuang Xingfang
Director

Yang Tianxing
Director

Notes to Financial Statements

31 December 2004

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 (MII) (“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.

2. CORPORATE INFORMATION

The registered office of the Company is Room 210, No. 12 Hua Ju Jia Road, Chang Ping District, Beijing, The People’s Republic of China.

The Group’s principal activities were the provision of market research, data information management and management consultancy services for the years ended 31 December 2004 and 2003.

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.

3. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) (collectively referred to as the “new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

Notes to Financial Statements

31 December 2004

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, 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 2004. 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.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

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. The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable.

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.

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.

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.

Notes to Financial Statements

31 December 2004

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, equipment, and vehicle and depreciation

Property, equipment and vehicle 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, equipment and vehicle 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, equipment and vehicle, 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, equipment and vehicle have been taken as follows:

Buildings	30 years
Equipment	5 years
Vehicle	5 years

The gain or loss on disposal or retirement of a property, equipment and vehicle 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.

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.

Notes to Financial Statements

31 December 2004

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contracts for services *(Continued)*

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 and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

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.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss accounts or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, 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.

Notes to Financial Statements

31 December 2004

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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 “Contracts 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.

Employee benefits

(1) 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.

Notes to Financial Statements

31 December 2004

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

(2) Share option scheme

The Company operates a share option scheme for the purpose of providing incentive and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancellable prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of 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.

Foreign currencies

The functional and reporting currency of the Group is 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 exchange rates 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.

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 services segment provides two kinds of services: standard research on specific sectors and tailor-made research;
- (b) the data information management services 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 services segment provides services involving the application and implementation of enterprise management information digitalisation. This incorporates the functions of business process re-engineering, enterprise resource planning, customer relationship management, supply chain management, call centre and other electronic business pattern designs.

Notes to Financial Statements

31 December 2004

5. SEGMENT INFORMATION (Continued)

(a) Business segments

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

Group

	Market Research Services		Data Information Management Services		Management Consultancy Services		Total	
	2004 RMB	2003 RMB	2004 RMB	2003 RMB	2004 RMB	2003 RMB	2004 RMB	2003 RMB
REVENUE								
Sales to external customers	<u>31,725,620</u>	<u>31,085,773</u>	<u>14,689,590</u>	<u>12,040,895</u>	<u>9,868,567</u>	<u>5,704,403</u>	<u>56,283,777</u>	<u>48,831,071</u>
RESULTS								
Segment results	15,608,870	21,093,888	7,369,814	2,634,220	2,213,249	2,132,997	25,191,933	25,861,105
Unallocated expenses							(16,340,846)	(13,875,850)
Interest income							189,440	124,663
Profit before tax							9,040,527	12,109,918
Tax							(667,193)	–
Profit before minority interests							8,373,334	12,109,918
Minority interests							(214,743)	(132,973)
Net profit from ordinary activities attributable to shareholders							<u>8,158,591</u>	<u>11,976,945</u>
ASSETS								
Segment assets	32,555,347	30,227,640	60,676,268	56,243,768	10,740,485	7,776,006	103,972,100	94,247,414
Less: Intersegment assets	–	–	(13,550,727)	(13,550,727)	–	–	(13,550,727)	(13,550,727)
Unallocated corporate assets							47,174,310	52,504,518
Total assets	<u>32,555,347</u>	<u>30,227,640</u>	<u>47,125,541</u>	<u>42,693,041</u>	<u>10,740,485</u>	<u>7,776,006</u>	<u>137,595,683</u>	<u>133,201,205</u>
LIABILITIES								
Segment liabilities	594,068	810,400	3,373,497	3,235,867	–	20,000	3,967,565	4,066,267
Unallocated corporate liabilities							12,760,472	16,640,627
Total liabilities	<u>594,068</u>	<u>810,400</u>	<u>3,373,497</u>	<u>3,235,867</u>	<u>–</u>	<u>20,000</u>	<u>16,728,037</u>	<u>20,706,894</u>
OTHER INFORMATION								
Capital expenditure	–	–	89,711	300,000	–	–	89,711	300,000
Unallocated capital expenditure							995,753	846,141
Depreciation for property, equipment and vehicle	641,540	682,315	343,330	396,771	288,228	184,540	1,273,098	1,263,566
Unallocated depreciation for property, equipment and vehicle							893,837	747,612
Amortisation of an information database	–	–	3,635,479	3,635,479	–	–	3,635,479	3,635,479
Provision for doubtful debts, net	<u>590,375</u>	<u>285,018</u>	<u>–</u>	<u>–</u>	<u>64,000</u>	<u>–</u>	<u>654,375</u>	<u>285,018</u>

Notes to Financial Statements

31 December 2004

5. SEGMENT INFORMATION *(Continued)*

(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 BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2004 RMB	2003 RMB
Auditors' remuneration	445,200	390,000
Staff costs (excluding directors' remuneration)	20,123,237	14,905,152
Depreciation of property, equipment and vehicle	2,166,935	2,011,178
Amortisation of an information database	3,635,479	3,635,479
Operating lease rentals in respect of land and buildings	1,009,159	53,265
Provision for doubtful debts	843,375	585,018
Recovery of doubtful debts	(189,000)	(300,000)
Interest income	(189,440)	(124,663)
	<u> </u>	<u> </u>
Cost of services provided included:		
Staff costs	13,336,699	9,900,139
Depreciation of property, equipment and vehicle	1,273,098	1,263,566
Amortisation of an information database	3,635,479	3,635,479
	<u> </u>	<u> </u>
Staff costs included:		
Research and development costs	4,452,153	3,137,656
Retirement benefit scheme contributions *	2,015,945	1,017,025
	<u> </u>	<u> </u>

* At 31 December 2004, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2003: Nil).

Notes to Financial Statements

31 December 2004

8. DIRECTORS' REMUNERATION

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

	Group	
	2004	2003
	RMB	RMB
Fees	42,200	26,000
Basic salaries, housing benefits, other allowances and benefits in kind	739,822	639,170
Bonuses	60,000	81,500
Retirement benefit scheme contributions	27,410	20,688
	869,432	767,358

The four (2003: five) executive directors of the Company received emoluments of approximately RMB3,550, RMB149,154, RMB288,226 and RMB400,502 for the year ended 31 December 2004, and approximately RMB2,000, RMB14,333, RMB138,460, RMB214,081 and RMB381,484 for the year ended 31 December 2003.

Six of the non-executive directors of the Company received fees of RMB3,550 each for the year ended 31 December 2004. Four of the non-executive directors of the Company received fees of RMB2,000 each and two of the non-executive directors of the Company received fees of RMB1,000 each for the year ended 31 December 2003.

The two independent non-executive directors of the Company received fees of RMB3,550 each for the year ended 31 December 2004 (2003: RMB2,000).

The three supervisors of the Company received fees of RMB1,050 each for the year ended 31 December 2004 (2003: RMB1,000).

There were no other emoluments payable to the non-executive directors and independent non-executive directors during the year (2003: Nil). There were no other emoluments payable to the supervisors during the year.

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.

Notes to Financial Statements

31 December 2004

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2003: two) executive directors, details of their remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2003: three) non-director, highest paid employees are as follows:

	Group	
	2004	2003
	RMB	RMB
Basic salaries, housing benefits, other allowances and benefits in kind	907,498	686,906
Bonuses	17,000	16,000
Retirement benefit scheme contributions	13,705	30,439
	<u>938,203</u>	<u>733,345</u>

The remuneration of each of the non-director, highest paid employees during the year and 2003 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

	2004	2003
	RMB	RMB
Group:		
Current – Hong Kong		
Charge for the year	–	–
Current – Mainland China		
Charge for the year	764,422	–
Deferred tax	(97,229)	–
Total tax charge for the year	<u>667,193</u>	<u>–</u>

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the year (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 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 a 50% reduction in corporate income tax for the period between 1 January 2004 and 31 December 2006.

Notes to Financial Statements

31 December 2004

10. TAX (Continued)

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 an income tax exemption for the period between 1 January 2002 and 31 December 2004. CCID Data can further apply for a 50% reduction in corporate income tax for a period of three years prior to three months before the maturity of the tax exemption period.

CCID Shiji Exhibition Co., Ltd. ("CCID Exhibition") and CCID Chuangxin Marketing Co., Ltd. ("CCID Marketing"), the Company's two subsidiaries established in the PRC, were incorporated and made losses in 2004. Pursuant to the Income Tax Law in the PRC, CCID Exhibition and CCID Marketing are subject to corporate income tax at a rate of 33%. Losses can be carried forward to offset profits for five years.

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the locations in which the Company and its subsidiaries are situated to the tax expenses at the effective tax rates are as follows:

Group:	2004 RMB	2003 RMB
Profit before tax	<u>9,040,527</u>	<u>12,109,918</u>
Tax at the statutory tax rate	2,983,374	3,996,273
Lower tax rate due to high tech industry	(1,627,295)	(2,179,785)
Tax holiday	(1,061,460)	(1,816,488)
Expenses not deductible for tax	<u>372,574</u>	—
Tax charge at the Group's effective rate	<u>667,193</u>	—

The movements of the principal components of the Group's net deferred tax assets are as follows:

	Provision for bad and doubtful debts RMB	Provision for social insurance fees and public housing funds RMB	Total RMB
At 1 January 2003 and 2004	—	—	—
Deferred tax credited to the profit and loss account during the year	<u>44,090</u>	<u>53,139</u>	<u>97,229</u>
At 31 December 2004	<u>44,090</u>	<u>53,139</u>	<u>97,229</u>

Notes to Financial Statements

31 December 2004

10. TAX (Continued)

In 2003, deferred tax asset had not been provided as neither the Group, nor the Company had any significant temporary differences between the tax base or assets and liabilities and their carrying amounts for financial reporting purpose.

The Group has unrecognised deferred tax assets arising from tax losses of certain subsidiaries of approximately RMB6,000 that can be carried forward for up to five years from the incurrence of those losses, to offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the directors are of the opinion that these subsidiaries are not expected to make profits in the foreseeable future.

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 31 December 2004 dealt with in the financial statements of the Company was RMB4,096,953 (2003: RMB9,960,423).

12. DIVIDENDS

There was no dividend proposed as at 31 December 2004 (2003: Nil).

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 and financial regulations. 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 financial 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. A discretionary reserve fund can be used to offset prior years' losses, if any, and capitalised as the Company's share capital.

Notes to Financial Statements

31 December 2004

12. DIVIDENDS *(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.

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 2004 of RMB8,158,591 (2003: RMB11,976,945) and 700,000,000 (2003: 700,000,000) ordinary shares in issue during the year.

Diluted earnings per share amounts for the years ended 31 December 2004 and 2003 have not been calculated because no diluting events existed during these years.

Notes to Financial Statements

31 December 2004

14. PROPERTY, EQUIPMENT AND VEHICLE

Group

	Buildings <i>RMB</i>	Equipment <i>RMB</i>	Vehicle <i>RMB</i>	Total <i>RMB</i>
Cost:				
At 1 January 2004	32,818,854	5,886,588	–	38,705,442
Additions	–	820,497	264,967	1,085,464
At 31 December 2004	32,818,854	6,707,085	264,967	39,790,906
Accumulated depreciation:				
At 1 January 2004	1,732,568	2,095,981	–	3,828,549
Depreciation provided during the year	1,039,275	1,115,074	12,586	2,166,935
At 31 December 2004	2,771,843	3,211,055	12,586	5,995,484
Net book value:				
At 31 December 2004	30,047,011	3,496,030	252,381	33,795,422
At 31 December 2003	31,086,286	3,790,607	–	34,876,893

Company

	Buildings <i>RMB</i>	Equipment <i>RMB</i>	Vehicle <i>RMB</i>	Total <i>RMB</i>
Cost:				
At 1 January 2004	32,818,854	2,981,236	–	35,800,090
Additions	–	730,787	264,967	995,754
At 31 December 2004	32,818,854	3,712,023	264,967	36,795,844
Accumulated depreciation:				
At 1 January 2004	1,732,568	954,018	–	2,686,586
Depreciation provided during the year	1,039,275	554,907	12,586	1,606,768
At 31 December 2004	2,771,843	1,508,925	12,586	4,293,354
Net book value:				
At 31 December 2004	30,047,011	2,203,098	252,381	32,505,490
At 31 December 2003	31,086,286	2,027,218	–	33,113,504

Notes to Financial Statements

31 December 2004

14. PROPERTY, EQUIPMENT AND VEHICLE *(Continued)*

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.

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. MIICMD has obtained the ownership certificates of the CCID Plaza from relevant government authorities. 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 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, 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 2004, the Company had settled a total sum of RMB28,085,365 (2003: RMB22,089,613) to MIICMD relating to the purchase of the ninth and tenth 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 services.

Group

	<i>RMB</i>
Cost:	
At 1 January 2004 and 31 December 2004	<u>38,268,201</u>
Accumulated amortisation:	
At 1 January 2004	8,482,785
Provided during the year	<u>3,635,479</u>
At 31 December 2004	<u>12,118,264</u>
Net book value:	
At 31 December 2004	<u><u>26,149,937</u></u>
At 31 December 2003	<u><u>29,785,416</u></u>

Notes to Financial Statements

31 December 2004

16. INTEREST IN SUBSIDIARIES

	Company	
	2004 RMB	2003 RMB
Equity interests, at cost	44,592,021	43,952,021
Due to subsidiaries	(13,550,727)	(13,550,727)
	<u>31,041,294</u>	<u>30,401,294</u>

The amount due to three subsidiaries was interest-free, unsecured and had no fixed repayment terms.

The Company has three subsidiaries, 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 of data services and establishment of information database services
CCID Shiji Exhibition Co., Ltd. ("CCID Exhibition")*	Beijing, PRC	500,000	80 @	Provision for conference and exhibition services, inactive during the year
CCID Chuangxin Marketing Co, Ltd. ("CCID Marketing")*	Beijing, PRC	300,000	80 @	Provision for intermediate planning and public relation services, inactive during the year

* Incorporated during the year.

@ The remaining 20% shares equity was held by CCID Data.

Notes to Financial Statements

31 December 2004

17. ACCOUNTS RECEIVABLE

An aged analysis of the accounts receivable is as follows:

	Group	
	2004 RMB	2003 RMB
Outstanding balances aged:		
Within 180 days	11,991,386	5,645,375
181 days – 365 days	1,265,164	848,057
Over 365 days	2,511,103	1,593,619
	<u>15,767,653</u>	<u>8,087,051</u>
Less: Provision for doubtful debts	(1,554,565)	(900,191)
	<u><u>14,213,088</u></u>	<u><u>7,186,860</u></u>

Included in the balance of the Group's accounts receivable at 31 December 2004 was an amount due from database information contract customers of RMB3,419,747 (2003: RMB264,535).

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 2004 were interest-free, unsecured and had no fixed repayment terms.

19. CASH AND BANK BALANCES

	Group		Company	
	2004 RMB	2003 RMB	2004 RMB	2003 RMB
Cash and bank balances	10,589,848	18,100,504	7,826,392	14,798,642
Time deposits	35,808,560	32,161,000	35,808,560	32,161,000
	<u>46,398,408</u>	50,261,504	<u>43,634,952</u>	46,959,642
Less: Time deposits with maturity more than three months	–	1,500,000	–	1,500,000
	<u><u>46,398,408</u></u>	<u><u>48,761,504</u></u>	<u><u>43,634,952</u></u>	<u><u>45,459,642</u></u>

Notes to Financial Statements

31 December 2004

20. ACCRUED LIABILITIES AND OTHER PAYABLES

Included in the balance of the Group's accrued liabilities and other payables at 31 December 2004 was an amount due to database information contract customers of RMB41,650 (2003: RMB24,972).

In addition, included in the balance of the Group's accrued liabilities and other payables at 31 December 2004 were provisions for social insurance fees and the public housing funds of RMB6,114,086 (2003: RMB4,972,715).

21. DUE TO THE IMMEDIATE HOLDING COMPANY

The amount due to the immediate holding company at 31 December 2004 included 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 2005	<u>1,577,830</u>
Non-current	
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	<u>1,577,829</u>
	<u><u>3,155,659</u></u>

The amount due to the immediate holding company as at 31 December 2004 was unsecured, interest-free and had no fixed repayment terms.

22. ISSUED CAPITAL

Shares

	2004 <i>RMB</i>	2003 <i>RMB</i>
Registered, issued and fully paid:		
485,900,000 (2003: 485,900,000) State legal person shares of RMB0.10 each	48,590,000	48,590,000
5,100,000 (2003: 5,100,000) legal person shares of RMB0.10 each	510,000	510,000
209,000,000 (2003: 209,000,000) H shares of RMB0.10 each	20,900,000	20,900,000
	<u>70,000,000</u>	<u>70,000,000</u>

Notes to Financial Statements

31 December 2004

22. ISSUED CAPITAL (Continued)

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 2004, no options were granted to the Group's employees since the listing of the Company in the Hong Kong Stock Exchange.

23. RESERVES

Company

	Capital reserve account RMB <i>note (ii)</i>	Statutory reserve funds RMB	Discretionary reserve fund RMB	Retained profits RMB	Total RMB
As at 1 January 2003	18,100,000	2,438,551	58,517	2,894,961	23,492,029
Profit for the year	–	–	–	9,960,423	9,960,423
Transfer to statutory reserve funds (<i>note (i)</i>)	–	1,873,037	–	(1,873,037)	–
As at 31 December 2003 and 1 January 2004	18,100,000	4,311,588	58,517	10,982,347	33,452,452
Profit for the year	–	–	–	4,096,953	4,096,953
Transfer to statutory reserve funds (<i>note (i)</i>)	–	1,209,232	–	(1,209,232)	–
As at 31 December 2004	18,100,000	5,520,820	58,517	13,870,068	37,549,405

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. No discretionary reserve fund was appropriated for 2004 (2003: Nil).
- (ii) The capital reserve account can only be used to increase share capital.

Notes to Financial Statements

31 December 2004

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 2004, the Group had total future minimum lease payments of RMB53,826 (2003: RMB52,494) under non-cancellable operating leases falling due within one year.

As at 31 December 2004, the Company had total future minimum lease payments of RMB43,566 (2003: RMB42,234) under non-cancellable operating leases falling due within one year.

26. COMMITMENTS

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

Notes to Financial Statements

31 December 2004

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:

	2004 RMB	2003 RMB
Gross revenue earned before sales surtaxes		
Provision for consulting services to:		
EIC	600,000	120,000
Beijing Information Engineering Institution	400,000	-
Vocation Training Centre, EIC, MII	350,000	-
CCID Market Consulting Co., Ltd.	350,000	-
CCID Net	214,934	-
CCID	85,050	4,000,000
Beijing China Electronics News Technology Development Co., Ltd.	2,000	293,921
CCID Information Industry (Group) Co., Ltd.	-	1,500,000
Information Technology Training Centre, EIC, MII	-	1,000,000
	<u>2,001,984</u>	<u>6,913,921</u>
Provision for data management services to:		
CCID	6,503,000	3,000
EIC	200,000	7,970,000
CCID Net	110,800	164,500
China Electronics News	-	16,000
	<u>6,813,800</u>	<u>8,153,500</u>

Notes to Financial Statements

31 December 2004

27. RELATED PARTY TRANSACTIONS (Continued)

	2004 RMB	2003 RMB
Promotional expenses (including advertising services, and website and hyperlink services)		
Translation, advertising and promotional expenses charged by Beijing China Electronics News Technology Development Co., Ltd.	613,092	340,564
Promotional expenses charged by CCID Net	200,466	368,576
Promotional expenses charged by CCID Call Centre	185,150	190,676
Advertising and promotional expenses charged by Beijing CCID Jingwei Culture Communication Co., Ltd.	83,800	—
Promotional expenses charged by Training Centre, CCID	45,000	—
Advertising expenses charged by CCID Printing Co., Ltd.	44,985	—
Promotional expenses charged by CCID Public Relationship Co., Ltd.	35,193	—
Conference service fee charged by CCID Hotel	16,647	—
Advertising expenses charged by CCID Film & TV Culture Communication Co., Ltd.	12,000	—
Advertising and promotional expenses charged by CCID Advertising Co., Ltd.	—	531,980
Promotional expenses charged by Beijing Kanjinzhaoh File & TV Culture Communication Co., Ltd.	—	25,000
	<u>1,236,333</u>	<u>1,456,796</u>

The Company and the related companies are within the CCID Group and are under common control of the same ultimate shareholder.

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. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2005.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Shareholders of CCID Consulting Company Limited (the “Company”) will be held at the 10th Floor CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, The People’s Republic of China on Wednesday, 18 May 2005 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 2004;
2. To consider and approve the report of the Supervisory Committee of the Company for the year 2004;
3. To consider and approve the audited financial statements and the report of auditors for the year ended 31 December 2004;
4. To consider and approve the proposal of re-appointing Ernst & Young as auditors of the Company and authorise the Board of Directors to fix their remuneration;
5. To re-elect a retiring Director (*note 1*) and to authorise the Board of Directors to fix Directors’ remuneration;
6. To consider and approve any motion proposed by any shareholders holding 5% or more of the shares with voting rights at such meeting, if any.

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

Beijing, the People’s Republic of China
30 March 2004

Notes:

1. Mr. Han Fuling (韓複齡), aged 41, is the director to be re-elected in the Annual General Meeting. The biographical details of Mr. Han is set out in page 14 of the annual report. Mr. Han was appointed as an independent non-executive director of the Company from 17 March 2005 to the date of the coming annual general meeting. Mr. Han does not have any interests in the Company (pursuant to SFO Part XV) and he is not connected with any directors, senior management, management shareholders, substantial shareholders or controlling shareholder of the Company.
2. Shareholders whose names appear on the Company’s register of shareholders at the close of business on Friday, 15th April, 2005 will be entitled to attend and vote at the Annual General Meeting.
3. The H share register of shareholders of the Company will be closed from Monday, 18th April, 2005 to Tuesday, 17th May, 2005 (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 Friday, 15th April, 2005.
4. 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 from 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.

Notice of Annual General Meeting

5. 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 appointer or his attorney duly authorised in writing or, if the appointer is a corporation or a legal person, it shall be under seal or under the hand of a director or an attorney duly authorised in writing.
6. 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.
7. Shareholders of the Company who intend to attend the Annual General Meeting should notify (in the case of H shares 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 attendance on or before Wednesday, 27th April, 2005. The written notification may be delivered by hand, by post or by fax.
8. Shareholders who attend the Annual General Meeting shall bear their own traveling and accommodation expenses.
9. 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 Center
56 Gloucester Road
Wanchai
Hong Kong
Tel No.: 852-29801333
Fax No.: 852-28108185

* *for identification purposes only*