

CCID

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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1st Quarterly Report
2005

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

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

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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.

The board of directors (the “Board”) of CCID Consulting Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiary (the “Group”) for the three months ended 31 March 2005, together with the comparative unaudited figures for the corresponding period of last year as follows:

		Unaudited	
		For the three months ended	
		31 March	
		2005	2004
	<i>Note</i>	<i>RMB</i>	<i>RMB</i>
Turnover	2	12,272,379	11,402,968
Cost of sales		(7,275,572)	(6,108,449)
Gross profit		4,996,807	5,294,519
Other revenue		16,887	46,221
Selling and distribution costs		(1,261,392)	(850,790)
Administrative expenses		(2,725,864)	(2,661,816)
Profit before tax		1,026,438	1,828,134
Tax	3	(207,249)	(201,398)
Profit before minority interests		819,189	1,626,736
Minority interests		69,116	42,859
Net profit from ordinary activities attributable to shareholders		888,305	1,669,595
Earning per share			
– Basic (cents)	4	0.13	0.24
Dividends	6	–	–

Notes:

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

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

The Group’s unaudited consolidated results have been prepared in accordance with accounting standards issued by the Hong Kong Institute of Certified Public Accountants and generally accepted accounting principles in Hong Kong.

The accounting policies and basis of preparation of the unaudited consolidated results are consistent with those used in the annual financial statements for the year ended 31 December 2004.

2. TURNOVER

The Company is principally engaged in the provision of market research and management consultancy services. The principal activity of the subsidiary comprises the provision of data information management services.

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

3. TAXATION

	Unaudited	
	For the three months ended	
	31 March	
	2005	2004
	RMB	RMB
PRC corporate income tax	<u><u>207,249</u></u>	<u><u>201,398</u></u>

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the three months ended 31 March 2005 (three months ended 31 March 2004: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

The Company is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the Company is subject to corporate income tax at a rate of 15%. However, in accordance with an approval document issued by the relevant tax bureau, the Company has been granted a 50% reduction in corporate income tax for the period between January 2004 and 31 December 2006.

CCID Datasource Co., Ltd. ("CCID Data"), the Company's subsidiary established in the PRC, is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, CCID Data is subject to corporate income tax at a rate of 15%. However, in accordance with an approval document issued by the relevant tax bureau, CCID Data has been granted income tax exemption in the period between 1 January 2002 and 31 December 2004 and could 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 Data is now in the progress of obtaining approval from the relevant tax bureau for a 50% reduction in corporate income tax.

There was no material unprovided deferred tax in respect of the three months ended 31 March 2005 (three months ended 31 March 2004: Nil).

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months 31 March 2005 was based on the net profit from ordinary activities attributable to shareholders of RMB888,305 (three months ended 31 March 2004: RMB1,669,595) and 700,000,000 (three months ended 31 March 2004: 700,000,000) ordinary shares in issue during the period.

Diluted earnings per share amounts for the three months ended 31 March 2005 and 2004 have not been calculated because no diluting events existed during these periods.

5. RESERVE

	Capital reserve account <i>RMB</i>	Statutory reserve funds <i>RMB</i>	Discretionary reserve fund <i>RMB</i>	Retained profits <i>RMB</i>	Total <i>RMB</i>
As at 1 January 2004	18,609,965	4,311,588	58,517	16,863,846	39,843,916
Profit for the period	–	–	–	1,669,595	1,669,595
As at 31 March 2004	<u>18,609,965</u>	<u>4,311,588</u>	<u>58,517</u>	<u>18,533,441</u>	<u>41,513,511</u>
As at 1 January 2005	18,609,965	5,520,820	58,517	23,813,205	48,002,507
Profit for the period	–	–	–	888,305	888,305
As at 31 March 2005	<u>18,609,965</u>	<u>5,520,820</u>	<u>58,517</u>	<u>24,701,510</u>	<u>48,890,812</u>

6. DIVIDEND

The Board does not recommend payment of a dividend for the three months ended 31 March 2005 (three months ended 31 March 2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the three months ended 31 March 2005, the turnover by operations can be classified as follows:

	For the three months ended 31 March 2005		For the three months ended 31 March 2004	
	Turnover RMB	Percentage (approximately)	Turnover RMB	Percentage (approximately)
Market Research	9,866,404	80%	9,752,561	86%
Data Information Management	1,071,724	9%	1,493,990	13%
Management Consultancy	1,334,251	11%	156,417	1%
Total	<u>12,272,379</u>	<u>100%</u>	<u>11,402,968</u>	<u>100%</u>

Business Review

For the three months ended 31 March 2005, the turnover and gross profit of the Group amounted to RMB12,272,379 and RMB4,996,807 respectively.

In terms of market research, as at 31 March 2005, the Group had issued 350 annual research reports, and it also had completed 13 monthly monitoring reports and 29 quarterly analysis reports, thus realizing a revenue of RMB9,866,404 for the three months ended 31 March 2005, which constituted approximately 80% of the Group's turnover.

In terms of data information management, relying on 35 constantly revising and advanced data-mining technique data banks, the Group had possessed a customer base of over 200 as at 31 March 2005. On the other hand, based on the rich experience in setting up and developing data banks and the R&D team, it provided data information management solutions to government and enterprise. The revenue in data information management was RMB1,071,724 for the three months ended 31 March 2005, which constituted approximately 9% of the Group's turnover.

In terms of management consultancy service, the Group had accumulated many customer resources and possessed established channels and technical support in management consultancy with its understanding and follow-up and recent trends grasp of the IT market since its formal commencement of this kind of business. Therefore, the position of the Group in respect of this kind of business can be enhanced by its strengths to promote management efficiency of enterprises and governments, i.e. enterprise digitalization and e-government, through advanced information techniques. The Group had earned RMB1,334,251 for the three months ended 31 March 2005 in management consultancy service, which constituted approximately 11% of the Group's turnover.

Market Promotions and Publicity

For the three months ended 31 March 2005, the Group enhanced efforts in market promotions and publicity. By upgrading the brand name and reputation, the Group had experienced rapid development. During the period the Group hosted or co-sponsored research meetings, including "China's Automobile Market 2005 Annual Conference", "China's IT Market 2005 Annual Conference", "China's Semiconductor Market 2005 Annual Conference", "China's Telecommunication Market 2005 Annual Conference" and "China's Consumer Electronics 2005 Annual Conference" in Beijing and Shanghai.

Prospect

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.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, 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 Issuers Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in shares

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

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

Save as disclosed above, none of the directors, supervisors or their associates had 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 Issuers Rule 5.46 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

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

SHARE OPTION SCHEME

The Company adopted a share option scheme on 20 November 2002. A summary of principle terms and conditions of the share option scheme are set out in the section headed "Summary of principle terms of the share option scheme" in Appendix IV of the prospectus of the Company dated 29 November 2002. Up to 31 March 2005, no option has been granted pursuant to such share option scheme.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, 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

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
Employees' Shareholding Society of Legend Holdings Ltd. <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Legend Holdings Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Legend Group Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Legend Holdings (BVI) Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Legend Express Agency & Services Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57	2.86
Grade Win International Limited <i>(note 2)</i>	Beneficial owner	Corporate	20,000,000 H shares	9.57	2.86
J.P. Morgan Chase & Co. <i>(note 3)</i>	Investment manager and other	Corporate	14,900,000 H Shares	7.13	2.13
J.P. Morgan Fleming Asset Management Holdings Inc. <i>(note 3)</i>	Investment manager	Corporate	14,900,000 H Shares	7.13	2.13
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

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
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.

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, as at 31 March 2005, 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPETING INTEREST

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with 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, namely Guo Xinping, Lu Mai and Han Fuling. Guo Xinping is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited consolidated results for the three months ended 31 March 2005 and was of the view that the compilation of the results has complied with all applicable accounting standards and relevant regulations and laws, and made sufficient disclosure.

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 throughout the period.

By order of the Board
Zhuang Xingfang
Chairman

The Board comprises:

Mr. Zhuang Xingfang (*Executive Director and Chairman*)
Mr. Yang Tianxing (*Executive Director*)
Mr. Luo Wen (*Executive Director*)
Mr. Huang Yong (*Executive Director*)
Mr. Xu Jinshow (*Non-executive Director*)
Ms. Li Ying (*Non-executive Director*)
Mr. Liu Chunlu (*Non-executive Director*)
Mr. Yu Bing (*Non-executive Director*)
Mr. Zhuang Xuming (*Non-executive Director*)
Mr. Guo Xinping (*Independent non-executive Director*)
Mr. Lu Mai (*Independent non-executive Director*)
Mr. Han Fuling (*Independent non-executive Director*)

Beijing, The People's Republic of China

10 May 2005