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)

(Stock Code : 8235)

ANNUAL REPORT
2005

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This report, for which the directors of CCID Consulting Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to CCID Consulting Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: i. the information contained in this report is accurate and complete in all material respects and not misleading; ii. there are no other matters the omission of which would make any statement in this report misleading; and iii. all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

Directors

Executive Directors
莊行方 (Zhuang Xingfang) *(Chairman)*
羅文 (Luo Wen)
黃湧 (Huang Yong)

Non-executive Directors
李穎 (Li Ying)

Independent non-executive Directors
郭新平 (Guo Xinping)
盧邁 (Lu Mai)
韓複齡 (Han Fuling)

Compliance Officer

莊行方 (Zhuang Xinfang)

Company Secretary

Hung Chung Wah, *ACCA, CPA*

Qualified Accountant

Hung Chung Wah, *ACCA, CPA*

Authorised representatives

黃湧 (Huang Yong)
Hung Chung Wah

Supervisors

宮承和(Gong Chenghe)
黃永金(Huang Yongjin)
趙剛(Zhao Gang)

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

Level 28
Three Pacific Place
1 Queen's Road East
Hong Kong

Company's Website Address

www.ccidconsulting.com

Stock Code

8235

Members of the audit committee

郭新平 (Guo Xinping) *(Chairman of the committee)*
盧邁 (Lu Mai)
韓複齡 (Han Fuling)

Members of the remuneration committee

郭新平 (Guo Xinping) *(Chairman of the committee)*
盧邁 (Lu Mai)
黃湧 (Huang Yong)

Auditors

CCIF CPA Limited

Hong Kong Share Registrar and Transfer Office

Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Principal Banker

北京銀行 (Bank of Beijing)
China Construction Bank

Chairman's Statement

I am hereby to present the report on the audited results of CCID Consulting Company Limited (the "Company") and its subsidiaries, (collectively the "Group"), for the year ended 31 December 2005.

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 four major scopes of business, i.e. market research, data information management, management consultancy and marketing 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.

Financial Results

For the year ended 31 December 2005, the Group recorded turnover of RMB43,069,471, net loss of RMB7,210,310, and loss per share of RMB1.0 cents per ordinary share. The turnover and gross profit of the Group were decreased by approximately 23.5% and 21% respectively, as compared to the last year. The decrease were mainly attributable to (1) IT consulting market was still depressed, (2) keen competitions existed in the industry, (3) related parties transactions were minimized and (4) unsatisfactory results of new products launched during the year. Due to productions and promotions of the new products during the year, the cost of sales and selling and distribution costs were significantly increased and the Group experienced loss during the year.

Chairman's Statement

Future Developments

In the year 2006, the Group will strengthen and improve the present product mix, enhance understanding of customers' needs, increase flexibility of the services pattern, start the new technology product research and service, through establishing and improving the professional subdivided market research data banks, to 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 and marketing 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 management and market consultancy and actively promote the marketing consultancy services to establish a new well-known brand name.

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
22 March 2006

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 has a positive impact upon development of China's information consulting service industry and the demand for information consulting services was increased gradually. Meanwhile, as the information consulting service industry opened wider to the outside world, more foreign companies entered the Chinese market and the Group has experienced keen competitions it has ever faced.

In year of 2005, demand for IT-related consulting services, the major business of the Group, was dropped as a result of depressing IT market.

Turnover Analysis

For the year ended 31 December 2005 the turnover by operations can be classified as follows:

	Turnover *in RMB*	**Percentage**
Market Research	27,654,111	64%
Data Information Management	4,567,983	11%
Management Consultancy	5,504,073	13%
Marketing Consultancy	5,343,304	12%
Total	43,069,471	100%

Management Discussion and Analysis

Business Review

In year of 2005, as resulted from depressed market demand and keen competitions, the Group experienced its first loss year since listed on GEM of the Stock Exchange. The performance of the each operation and reasons for the loss are summarized as follows:

In terms of market research, for the year ended 31 December 2005, the Group had issued 350 annual research papers, 167 trend and feature research papers, and it also had completed 21 monthly monitoring reports and 110 quarterly analysis reports, thus realizing a revenue of RMB27,654,111 for the year ended 31 December 2005, which constituted approximately 64% of the Group's turnover. The operation's turnover was decreased by approximately 13% as compared to the last year. The decrease was mainly due to the demand for regular research report was dropped under the depressing IT market and keen competitions during the year.

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 stable customer base as at 31 December 2005, 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 RMB4,567,983 for the year ended 31 December 2005, which constituted approximately 11% of the Group's turnover. The operation's turnover was decreased by approximately 69% as compared to the last year. The decrease was mainly due to the minimization of related party transactions during the year.

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 RMB5,504,073 for the year ended 31 December 2005, which constituted approximately 13% of the Group's turnover. The operation's turnover was decreased by approximately 44% as compared to the last year. The decrease was mainly due to intensification of the competitions during the year.

In terms of marketing consultancy service, relying on CCID Group's networking in media; the Group has build up a team of experienced staff and provided consultancy services on marketing, brand name promotion, public relationship and advertising since 2005. The revenue in marketing consultancy was RMB5,343,304 for the year ended 31 December 2005 which constituted approximately 12% of the Group's turnover.

Management Discussion and Analysis

Market Promotions and Publicity

In the year 2005, the Group enhanced efforts in market promotions and publicity. During the year, 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", "China's Consumer Electronics 2005 Annual Conference", "China IT Governance 2005 Annual Conference", "China VSAT Market 2005 Annual Conference", "China's Automobile Electronics Development 2005 Forum" and "China IT Users' Annual Conference 2005" in Beijing, Shanghai and Changchun.

Human Resources

The Group had employed 186 full-time staff members as at 31 December 2005, categorized by the following principal functions:

Management	12
Sales and Marketing	24
Research, Development and Production	125
Administration	18
Accounting and Finance	4
Human Resources Management	3
Total	186

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.

Liquidity and Financial Resources

The Group held cash and bank deposits of RMB56,189,739, HK$2,247,527, and USD175,788 as at 31 December 2005. 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 it's present needs.

Management Discussion and Analysis

Capital Structure

The capital structure as at 31 December 2005 is summarised as below:

	RMB	*Percentage*
Capital and Reserves	111,075,664	98%
Minority Interests	2,581,672	2%
Total	113,657,336	100%

Capital Expenditure Commitment and Contingent Liability

As at 31 December 2005, the Group had no significant capital expenditure commitment and contingent liability.

Pledge of Assets

As at 31 December 2005, the Group did not have any pledged assets.

Gearing Ratio

As at 31 December 2005, the Group's gearing ratio was about 14%, calculated by dividing total liability by total net asset for the year.

Exchange Risk

The bank deposits which are denominated in Hong Kong dollars ("HKD") are exposed to foreign exchange risk arising from the exposure of Renminbi ("RMB") against HKD. Considering the exchange rate between RMB and HKD, the Group believes the exposure to foreign exchange risk is normal. At present, the Group does not intend to seek hedge its exposure to foreign exchange risks profile, and will consider appropriate hedging measures in future as may be necessary.

Biographical Details of Directors, Supervisors and Senior Management

Executive Directors

Mr. Zhuang Xingfang (莊行方), aged 57, 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. Luo Wen (羅文), aged 41, is currently an Executive Director of the Company. He is responsible for overall planning 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 13 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 39, is currently an Executive Director, Chief Executive Officer and president of the Company. He is responsible for overall management and administration 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 18 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.

Biographical Details of Directors, Supervisors and Senior Management

Non-executive Director

Ms. Li Ying (李穎), aged 45, 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 23 years of experience in the field of data information. She was appointed as a Director with effect from 15 March 2002.

Independent Non-executive Directors

Mr. Guo Xinping (郭新平), aged 42, 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 16 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 58, 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 23 years of experience in the field of economic research. He was appointed as an Independent Non-executive Director with effect from 25 October 2002.

Mr. Han Fuling (韓複齡), aged 42, 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.

Biographical Details of Directors, Supervisors and Senior Management

Supervisors

Mr. Gong Chenghe (宮承和), aged 51, 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 19 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.

Mr. Huang Yongjin (黃永金), aged 34, is currently a supervisor of the Company. Mr. Huang graduated from economics and management department of Beijing Linye University with a bachelor degree in economics. He held a number of positions such as deputy audit manager of Haikou CPA and business manager of Hainan Congxin CPA. He is currently the deputy chief accountant of CCID and CCID Information Industry (Group) Co., Ltd.. He has over 12 years of experience in the field of audit and financial management. He was elected and appointed as a Supervisor with effect from 25 November 2005.

Mr. Zhao Gang (趙剛), aged 33, is currently a supervisor of the Company. Mr. Zhao graduated from computer integrated manufacturing system of Beihang University with a doctor degree. He is currently the general manager of IT application consulting centre of the Company. He has over 3 years of experience in the field of IT application consulting and research. He was elected and appointed as a Supervisor with effect from 25 November 2005.

Senior Management

Mr. Ma Hui (馬暈), aged 35, is currently the Company's senior vice-president and Chief Executive Officer of CCID Marketing. He is responsible for the overall business management and administration of CCID Marketing. Mr. Ma graduated from economics department of Central Nationality University with a master degree in world economy. He has 13 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. Tang Dejun (湯得軍), aged 37, 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 16 years of experience in the field of IT enterprise management.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Wu Fan (吳凡), aged 32, 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. 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 9 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 54, 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 21 years of experience in the field of IT scientific research, management and information consultancy. He joined the Group in June 2002.

Mr. Hung Chung Wah (洪從華), aged 29, is currently the qualified accountant and the company secretary of the Company. Mr. Hung 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 May 2005.

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 2005.

Principal activities

The Company is principally engaged in the provision of market research and management consultancy services. The principal activities of the subsidiaries comprise the provision of data information management services and marketing consultancy services. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's loss for the year ended 31 December 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 28 to 78.

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

Summary financial information

A summary of the published results and assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements, is set out on pages 79 to 80. This summary does not form part of the audited financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment 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.

Report of the Directors

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

Distributable reserves

At 31 December 2005, 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 29 to the financial statements, retained profits of approximately RMB11 million available for distribution as dividends.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 14% of the total sales for the year and sales to the largest customer included therein amounted to 6%. Purchases from the Group's five largest suppliers accounted for less than 17% 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.

Report of the Directors

Directors

The directors of the Company during the year were:

Executive directors:

Zhuang Xingfang	
Yang Tianxing	*(retired on 25 November 2005)*
Luo Wen	
Huang Yong	

Non-executive directors:

Xu Jinshou	*(retired on 25 November 2005)*
Li Ying	
Liu Chunlu	*(retired on 25 November 2005)*
Yu Bing	*(retired on 25 November 2005)*
Zhang Xuming	*(resigned on 14 March 2006)*
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.

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 10 to 13 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.

Report of the Directors

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; and (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. Further details of the transactions undertaken in connection with these contracts during the year are indicated in note 33 to the financial statements.

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

At 31 December 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 Companies Rule 5.46 of the GEM Listing Rules, were as follows:

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
Luo Wen	The Company	Personal	1,020,000 domestic shares	0.15

Save as disclosed above, as at 31 December 2005, 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.

Report of the Directors

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.

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

As at 31 December 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
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

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
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
Deutsche Bank Aktiengesellschaft	Investment manager and other	Corporate	14,070,000 H shares	6.73	2.01
Choi Koon Shum Jonathan *(note 3)*	Interest of controlled corporation	Personal	14,600,000 H shares	6.99	2.09
Lam William Ka Chung *(note 3)*	Interest of controlled corporation	Personal	14,600,000 H shares	6.99	2.09
Lam Wong Yuk Sin Mary *(note 3)*	Interest of controlled corporation	Personal	14,600,000 H shares	6.99	2.09
Kingsway International Holdings Limited *(note 3)*	Interest of controlled corporation	Corporate	14,600,000 H shares	6.99	2.09
Kingsway Securities Holdings Limited *(note 3)*	Interest of controlled corporation	Corporate	13,510,000 H shares	6.46	1.93
Kingsway Financial Services Limited *(note 3)*	Beneficial owner	Corporate	13,510,000 H shares	6.46	1.93

Report of the Directors

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. Kingsway Financial Services Limited holds 13,510,000 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. Kingsway Lion Spur Technology Limited holds 1,090,000 H shares of the Company. Kingsway Lion Spur Technology Limited is a wholly-owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly-owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited holds 74% equity interest in SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Mr. Choi Koon Shum Jonathan beneficially owns or control approximately 46% equity interest in Kingsway International Holdings Limited. Mr. Lam William Ka Chung and his spouse, Lam Wong Yuk Sin beneficially own or control approximately 40% equity interests in Kingsway International Holdings Limited. Mr. Choi Koon Shum Jonathan, Mr. Lam William Ka Chung and Lam Wong Yuk Sin are deemed to be interested in 14,600,000 H shares of the Company.

Save as disclosed above, as at 31 December 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.

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

Details of the material related party transactions for the year are set out in note 33 to the financial statements. Save as disclosed therein, there were no other material transactions to be disclosed as connected and related party transactions in accordance with the requirements of the GEM Listing Rules and accounting principles generally accepted in Hong Kong.

Employees and emolument policy

As at 31 December 2005, the Group had around 186 (2004: 233) 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.

Auditors

On 23 September 2005, the Company announced that Messrs. Ernst & Young ("EY") had resigned as auditors of the Company with effect from 22 September 2005. Following the resignation of EY, the directors resolved to propose to the shareholders of the Company to appoint CCIF CPA Limited as the new auditors of the Company. Pursuant to an ordinary resolution passed at the extraordinary general meeting held on 25 November 2005, CCIF CPA Limited had been appointed as the auditors of the Company to fill the vacancy following the resignation of EY and to hold the office until the conclusion of the next annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting to re-appoint CCIF CPA Limited as auditors of the Company.

Corporate Governance

A report on the principle corporate governance practices adopted by the Company is set out on pages 23 to 26 of the annual report.

ON BEHALF OF THE BOARD

Zhuang Xingfang
Director

Beijing, the People's Republic of China
22 March 2006

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 2005, 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 operations and development plans of the Company and provided reasonable suggestions and opinions to the Board of Directors. 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 performance of the Company in year 2005 and has confidence in the future of the Company.

By Order of the Supervisory Committee

Gong Chenghe
Chairman

Beijing, the People's Republic of China
22 March 2006

Corporate Governance Report

Introduction

The Company has complied with all the code provisions on Corporate Governance Practices as set out in the GEM Listing Rules ("CG Code"). This report describes governance practices, explains the applications of the principles of the CG Code.

Code of conduct regarding securities transactions by directors

The Company has adopted the rules as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standards as set out in the code of conduct regarding securities transactions by the directors throughout the year ended 31 December 2005.

Board of directors and board meeting

The board of directors (the "board") currently comprises seven directors, of whom three are executive directors, one is non-executive director and three independent non-executive directors. Biographical details of the directors and their relationship are set out on pages 10 to 11 of the annual report.

Mr. Zhuang Xingfang is the chairman of the board while Mr. Huang Yong is the chief executive officer of the Company.

Each of the non-executive directors has entered into a service contract with the Company for a term of three years and is subject to termination by either party giving to the other not less than three months' prior notice in writing.

The board considers that all of the independent non-executive directors are independent and has received from each of them the annual confirmation of independence required by the GEM Listing Rules.

Corporate Governance Report

The members of the board for the year ended 31 December 2005 were:

Executive directors

Mr. Zhuang Xingfang *(chairman)*
Mr. Yang Tianxing *(retired on 25 November 2005)*
Mr. Luo Wen
Mr. Huang Yong *(chief executive officer)*

Non-executive directors

Mr. Xu Jinshou *(retired on 25 November 2005)*
Ms. Li Ying
Mr. Liu Chunlu *(retired on 25 November 2005)*
Mr. Yu Bing *(retired on 25 November 2005)*
Mr. Zhang Xuming *(resigned on 14 March 2006)*
Mr. Chen Dazhi *(resigned on 25 January 2005)*

Independent non-executive directors

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

The board is responsible for approval and monitoring of the Group's overall strategies and policies; approval of business plans; approval of the annual and interim results; evaluating the performance of the Group and oversight of the management.

The board delegates execution of the strategies and policies; preparation of annual and interim accounts for board approval before reporting and compliance with relevant statutory requirements and rules and regulations to executive directors and senior management, while reserving certain key matters for its approval. Decisions of the board are communicated to the management through executive directors who have attended at board meetings.

The board holds a board meeting for each quarter and will meet on other occasions when a board-level decision on a particular matter is required. The board held 9 meetings in 2005.

Corporate Governance Report

Details of the attendance of the board are as follows:–

Directors		Number of board meeting held during the term of directorship in 2005	Attendance
Mr. Zhuang Xingfang		9	9/9
Mr. Yang Tianxing	*(retired on 25 November 2005)*	7	5/7
Mr. Luo Wen		9	3/9
Mr. Huang Yong		9	8/9
Mr. Xu Jinshou	*(retired on 25 November 2005)*	7	4/7
Ms. Li Ying		9	8/9
Mr. Liu Chunlu	*(retired on 25 November 2005)*	7	7/7
Mr. Yu Bing	*(retired on 25 November 2005)*	7	0/7
Mr. Zhang Xuming	*(resigned on 14 March 2006)*	9	7/9
Mr. Chen Dazhi	*(resigned on 25 January 2005)*	0	0/0
Mr. Guo Xinping		9	8/9
Mr. Lu Mai		9	7/9
Mr. Han Fuling	*(appointed on 17 March 2005)*	8	7/8

Remuneration of directors

The remuneration committee was established during the year. The chairman of the committee is Mr. Guo Xinping, an independent non-executive director, and other members include Mr. Lu Mai, an independent non-executive director and Mr. Huang Yong, an executive director and chief executive officer.

The role and function of the remuneration committee included the determination of the specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board the remuneration of non-executive directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

During the year, a meeting of the remuneration committee was held.

Corporate Governance Report

Details of the attendance of the remuneration committee meeting are as follows:

Members	Attendance
Mr. Guo Xinping	1/1
Mr. Lu Mai	1/1
Mr. Huang Yong	1/1

The remuneration committee has reviewed the Company's policy and structure for all remuneration of directors and senior management and the existing terms of employment contracts of the directors and recommendations were made to the board in the meeting.

Auditors' remuneration

The audit committee of the Company is responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Group. During the year, the Group is required to pay an aggregate of approximately RMB317,000 to the external auditors for their services and there was no significant non-audit service assignment undertaken by the external auditors during the year.

Audit committee

The Company has an audit committee which was established in compliance with Rules 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 comprises three members, Mr. Guo Xinping, Mr. Lu Mai and Mr. Han Fuling. All of them are independent non-executive directors.

The audit committee held 5 meetings during the year. Details of the attendance of the audit committee meetings are as follows:

Members		Attendance
Mr. Guo Xinping		5/5
Mr. Lu Mai		5/5
Mr. Han Fuling	*(appointed on 17 March 2005)*	5/5

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2005 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Auditors' Report

CCIF

CCIF CPA LIMITED
37th Floor, Hennessy Centre
500 Hennessy Road
Causeway Bay, Hong Kong

To the Shareholders of
CCID Consulting Company Limited
(Incorporated in the People's Republic of China with limited liability)

We have audited the financial statements on pages 28 to 78 which have been prepared in accordance with 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 Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes 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 2005 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 22 March 2006

Betty P.C. Tse
Practising Certificate Number P03024

Consolidated Income Statement

(For the year ended 31 December 2005)

	Note	2005 RMB	2004 RMB (restated)
Turnover	*5 & 13*	**43,069,471**	56,283,777
Cost of sales		**(32,830,999)**	(31,091,844)
Gross profit		**10,238,472**	25,191,933
Other revenue	*6*	**514,524**	189,440
Selling and distribution costs		**(4,692,785)**	(4,451,221)
Administrative expenses		**(9,827,262)**	(11,235,250)
Other operating expenses		**(3,443,259)**	(654,375)
(Loss)/profit before taxation	*7*	**(7,210,310)**	9,040,527
Income tax	*8(a)*	**–**	(667,193)
(Loss)/profit for the year		**(7,210,310)**	8,373,334
Attributable to:			
Equity shareholders of the Company	*11, 29(a)*	**(6,926,843)**	8,158,591
Minority interests	*29(a)*	**(283,467)**	214,743
(Loss)/profit for the year		**(7,210,310)**	8,373,334
(Loss)/earnings per share	*12*		
Basic (cents)		**(1.0)**	1.2
Diluted (cents)		**N/A**	N/A

The notes on pages 33 to 78 form part of these financial statements.

Consolidated Balance Sheet

(At 31 December 2005)

	Note	2005 RMB	2004 RMB (restated)
Non-current assets			
Property, plant and equipment	14	**13,706,920**	14,711,629
Land lease prepayments	15	**17,807,431**	18,445,612
Intangible assets	17	**21,952,458**	26,149,937
Deferred tax assets	27	**97,229**	97,229
		53,564,038	59,404,407
Current assets			
Accounts receivable	18	**9,746,796**	14,213,088
Due from related parties	19	**4,120,000**	15,934,245
Prepayments, deposits and other receivables	20	**1,187,630**	1,007,354
Land lease prepayments	15	**638,181**	638,181
Tax recoverable		**207,249**	–
Time deposits	21	**40,580,000**	35,808,560
Cash at bank and on hand	21	**19,406,159**	10,589,848
		75,886,015	78,191,276
Current liabilities			
Accounts payable	22	**162,059**	–
Salary and welfare payables		**713,119**	377,123
Accruals and other payables	23	**11,494,629**	10,973,099
Due to related parties	24	**–**	5,000
Due to immediate holding company	25	**1,845,081**	1,882,597
Taxation payable		**–**	334,559
		14,214,888	13,572,378
Net current assets		**61,671,127**	64,618,898
Total assets less current liabilities		**115,235,165**	124,023,305
Non-current liabilities			
Due to immediate holding company	25	**1,577,829**	3,155,659
NET ASSETS		**113,657,336**	120,867,646
CAPITAL AND RESERVES			
Share capital	28	**70,000,000**	70,000,000
Reserves	29	**41,075,664**	48,002,507
Total equity attributable to equity shareholders of the Company		**111,075,664**	118,002,507
MINORITY INTERESTS		**2,581,672**	2,865,139
TOTAL EQUITY		**113,657,336**	120,867,646

Approved and authorised for issue by the board of directors on 22 March 2006

Zhuang Xingfang
Director

Huang Yong
Director

The notes on pages 33 to 78 form part of these financial statements.

Balance Sheet

(At 31 December 2005)

	Note	2005 RMB	2004 RMB (restated)
Non-current assets			
Property, plant and equipment	14	**12,669,855**	13,418,697
Land lease prepayments	15	**17,807,431**	18,445,612
Investments in subsidiaries	16	**44,592,021**	44,592,021
Deferred tax assets	27	**97,229**	97,229
		75,166,536	76,553,559
Current assets			
Accounts receivable	18	**7,836,987**	10,793,341
Due from related parties	19	**1,050,000**	1,934,245
Prepayments, deposits and other receivables	20	**886,627**	886,374
Land lease prepayments	15	**638,181**	638,181
Tax recoverable		**207,249**	–
Time deposits	21	**33,080,000**	35,808,560
Cash at bank and on hand	21	**12,919,070**	7,826,392
		56,618,114	57,887,093
Current liabilities			
Accounts payable	22	**162,059**	–
Salary and welfare payables		**550,964**	431,571
Accruals and other payables	23	**7,498,564**	7,536,134
Due to immediate holding company	25	**1,845,081**	1,882,597
Due to a subsidiary	26	**15,810,727**	13,550,727
Taxation payable		**–**	334,559
		25,867,395	23,735,588
Net current assets		**30,750,719**	34,151,505
Total assets less current liabilities		**105,917,255**	110,705,064
Non-current liabilities			
Due to immediate holding company	25	**1,577,829**	3,155,659
NET ASSETS		**104,339,426**	107,549,405
CAPITAL AND RESERVES			
Share capital	28	**70,000,000**	70,000,000
Reserves	29	**34,339,426**	37,549,405
TOTAL EQUITY		**104,339,426**	107,549,405

Approved and authorised for issue by the board of directors on 22 March 2006

Zhuang Xingfang
Director

Huang Yong
Director

The notes on pages 33 to 78 form part of these financial statements.

Consolidated Statement of Changes in Equity

(For the year ended 31 December 2005)

	Attributable to equity shareholders of the Company							
	Share capital *RMB*	Capital reserve account *RMB*	Statutory reserve funds *RMB*	Dis-cretionary reserve fund *RMB*	Retained profits *RMB*	Total *RMB*	Minority interests *RMB*	Total *RMB*
At 1 January 2004 as previously stated	70,000,000	18,609,965	4,311,588	58,517	16,863,846	109,843,916	–	109,843,916
Effect of changes in accounting policies (see *note 3*)	–	–	–	–	–	–	2,650,396	2,650,396
At 1 January 2004 as restated	70,000,000	18,609,965	4,311,588	58,517	16,863,846	109,843,916	2,650,396	112,494,312
Profit for the year	–	–	–	–	8,158,591	8,158,591	214,743	8,373,334
Profit appropriations	–	–	1,209,232	–	(1,209,232)	–	–	–
At 31 December 2004 and 1 January 2005 as restated	70,000,000	18,609,965	5,520,820	58,517	23,813,205	118,002,507	2,865,139	120,867,646
Loss for the year	–	–	–	–	(6,926,843)	(6,926,843)	(283,467)	(7,210,310)
Profit appropriations	–	–	1,329,327	–	(1,329,327)	–	–	–
At 31 December 2005	70,000,000	18,609,965	6,850,147	58,517	15,557,035	111,075,664	2,581,672	113,657,336

The notes on pages 33 to 78 form part of these financial statements.

Consolidated Cash Flow Statement

(For the year ended 31 December 2005)

	Note	2005 RMB	2005 RMB	2004 (restated) RMB	2004 (restated) RMB
Operating activities					
(Loss)/profit before taxation		**(7,210,310)**		9,040,527	
Adjustments for:					
Depreciation		**1,673,341**		1,528,754	
Land lease prepayments charged to the income statement		**638,181**		638,181	
Impairment loss on intangible assets		**562,000**		–	
Reversal of impairment loss for bad and doubtful debts		**–**		(189,000)	
Impairment loss for bad and doubtful debts		**2,172,001**		843,375	
Amortisation of intangible assets		**3,635,479**		3,635,479	
Interest income		**(514,524)**		(189,440)	
Operating profit before changes in working capital		**956,168**		15,307,876	
Decrease/(increase) in accounts receivable		**2,294,291**		(7,680,603)	
Decrease/(increase) in prepayments, deposits and other receivables		**167,061**		(368,275)	
Increase in accounts payable		**162,059**		–	
Increase/(decrease) in salary and welfare payables		**335,996**		(655,353)	
Increase in accruals and other payables		**521,530**		2,134,206	
Cash generated from operations		**4,437,105**		8,737,851	
Tax paid					
PRC enterprise income tax paid		**(541,808)**		(429,862)	
Net cash generated from operating activities			**3,895,297**		8,307,989
Investing activities					
Payment for the purchase of property, plant and equipment		**(668,632)**		(1,085,464)	
Decrease/(increase) in amounts due from related parties		**11,814,245**		(5,482,792)	
Decrease in time deposits with original maturity of more than three months when acquired		**–**		1,500,000	
Interest income received		**167,187**		189,440	
Net cash generated from/(used in) investing activities			**11,312,800**		(4,878,816)
Financing activities					
Decrease in amounts due to related parties		**(5,000)**		(173,931)	
Decrease in amount due to immediate holding company		**(1,615,346)**		(5,618,338)	
Net cash used in financing activities			**(1,620,346)**		(5,792,269)
Net increase/(decrease) in cash and cash equivalents			**13,587,751**		(2,363,096)
Cash and cash equivalents at 1 January			**46,398,408**		48,761,504
Cash and cash equivalents at 31 December	*21*		**59,986,159**		46,398,408

The notes on pages 33 to 78 form part of these financial statements.

Notes to the Financial Statements

(31 December 2005)

1. GENERAL

CCID Consulting Company Limited (the "Company") is a company registered in the People's Republic of China (the "PRC") as a joint stock company with limited liability and its H shares have been listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "SEHK") since 12 December 2002. The registered office of the Company is Room 210, No. 12 Huo Ju Jia Road, Chang Ping District, Beijing, the PRC.

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the provision of market research, data information management, management consultancy and marketing consultancy services.

In the opinion of the directors, the Company's immediate holding company is Research Centre of Computer and Microelectronics Development, the Ministry of Information Industry of PRC ("MIICMD"), which is established in the PRC, and the Company's ultimate holding company is China Centre of Information Industry Development ("CCID"), which is established in the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and all of its subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in note 3.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b) Basis of presentation of the financial statements

The consolidated financial statements for the year ended 31 December 2005 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c) Subsidiaries

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(g)).

– buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(f)); and

– other items of plant and equipment.

Changes arising on the revaluation of properties held for own use are generally dealt with in reserves. The only exceptions are as follows:

– when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

– when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	30 years
Equipment	5 years
Vehicle	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(g)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and impairment losses (see note 2(g)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives unless such lives are indefinite. The information database is amortised from the date it is available for use and its estimated useful life is 10 years.

Both the period and method of amortisation and any conclusion that the useful life of an intangible asset is indefinite are reviewed annually.

f) Operating lease charges

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised. For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- land lease prepayments;
- intangible assets; and
- investments in subsidiaries (except for those classified as held for sale or included in a disposal group that is classified as held for sale).

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) Accounts and other receivables

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(g)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(g)).

i) Accounts and other payables

Accounts and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

k) Employee benefits

(i) Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) 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 20% 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 rules of the scheme.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Employee benefits *(Continued)*

(iii) The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into accounting the probability that the options will vest.

(iv) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

l) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) Income tax *(Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

n) 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.

Impairment losses are 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.

o) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) from the rendering of data information management, market research, management consultancy and marketing consultancy services, on the basis as set out under the heading "Contracts for services" above;

(ii) from the rendering of other market research services, when the research reports are delivered to customers; and

(iii) interest income is recognised as it accrues using the effective interest method.

Revenue is recorded net of sales surtaxes, where applicable.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

q) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Notes to the Financial Statements

(31 December 2005)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

r) Segment reporting *(Continued)*

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include accounts receivable and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

Notes to the Financial Statements

(31 December 2005)

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005.

The accounting policies of the Group and/or Company after the adoption of these new and revised HKFRSs have been summarised in note 2. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The following new and revised HKFRSs are relevant for the Group's financial statements and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 26	Accounting and reporting by retirement benefit plans
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

Notes to the Financial Statements

(31 December 2005)

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

The adoption of HKASs 7, 8, 10, 12, 14, 16, 18, 19, 21, 26, 32, 33, 36, 37, 38, 39 and HKFRSs 2, 3 has had no material impact on the Group's accounting policies and the methods of computation, presentation and disclosures in the Group's consolidated financial statements. The major effects on adoption of the other HKFRSs are summarised as follows:

(a) HKAS 1 – Presentation of Financial Statements

HKAS 1 requires the new disclosures to be made in these financial statements. Accordingly, the Group is no longer permitted not to disclose comparative information on movements in property, plant and equipment.

Apart from the above changes, HKAS 1 also requires the disclosure of judgements (apart from those involving estimations) and key assumptions concerning the future and other sources of estimation uncertainty. These disclosures are detailed in note 4 to the financial statements.

(b) HKAS 27 – Consolidated and Separate Financial Statements

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the loss or profit attributable to shareholders (the equity shareholders of the Company).

In order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity shareholders of the Company, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total loss or profit for the period between the minority interests and the equity shareholders of the Company. The presentation of minority interests in the consolidated income statement, consolidated balance sheet and statement of changes in equity for the comparative year has been restated accordingly.

Notes to the Financial Statements

(31 December 2005)

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) HKAS 17 – Leases

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings were previously carried at cost less accumulated depreciation and impairment loss. Following the adoption of HKAS 17, the Group's and the Company's leasehold interest in land and buildings are separated into leasehold land and leasehold buildings. The Group's and the Company's leasehold land are classified as operating leases, because the title of the land is not expected to pass to the Group and the Company by the end of the lease term, and are reclassified from property, plant and equipment to land lease prepayments, while leasehold buildings continue to be classified as part of property, plant and equipment. Land lease prepayments under operating leases is initially stated at cost and subsequently amortised on the straight-line basis over the lease terms.

The effects of the above changes are summarised in note 3(e) to the financial statements. In accordance with the transitional provisions of HKAS 17, comparative amounts on the balance sheets for the year ended 31 December 2004 have been restated to reflect the reclassification of leasehold land.

(d) HKAS 24 – Related Party Disclosures

HKAS 24 provides additional guidance and clarity to the definition and disclosures of related parties and related party transactions. Upon the adoption of HKAS 24, the related disclosures are now more extensive than previously required.

Notes to the Financial Statements

(31 December 2005)

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(e) The cumulative effect of changes in the above accounting policies on the financial statements are as follows:

The Group

	As at 31 December 2004 (as previously reported)	Prior year adjustments HKAS 1	Prior year adjustments HKAS 17	As at 31 December 2004 (as restated)
	RMB	*RMB*	*RMB*	*RMB*
Property, plant and equipment	33,795,422	–	(19,083,793)	14,711,629
Land lease prepayments	–	–	19,083,793	19,083,793
Other net assets	87,072,224	–	–	87,072,224
	120,867,646	–	–	120,867,646
Share capital	70,000,000	–	–	70,000,000
Retained profits	23,813,205	–	–	23,813,205
Other reserves	24,189,302	–	–	24,189,302
Minority interests	–	2,865,139	–	2,865,139
	118,002,507	2,865,139	–	120,867,646
Minority interests	2,865,139	(2,865,139)	–	–

The Company

	As at 31 December 2004 (as previously reported)	Prior year adjustments HKAS 1	Prior year adjustments HKAS 17	As at 31 December 2004 (as restated)
	RMB	*RMB*	*RMB*	*RMB*
Property, plant and equipment	32,502,490	–	(19,083,793)	13,418,697
Land lease prepayments	–	–	19,083,793	19,083,793
Other net assets	75,046,915	–	–	75,046,915
	107,549,405	–	–	107,549,405

Notes to the Financial Statements

(31 December 2005)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Impairment of property, plant and equipment, land lease prepayments and intangible assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment loss for bad and doubtful debts

The policy for impairment loss for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment losses may be required.

Notes to the Financial Statements
(31 December 2005)

5. TURNOVER

Turnover represents the sales value of services provided to customers, which excludes sales surtaxes. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2005	2004
	RMB	*RMB*
Market research services	**27,654,111**	31,725,620
Data information management services	**4,567,983**	14,689,590
Management consulting services	**5,504,073**	9,868,567
Marketing consultancy services	**5,343,304**	–
	43,069,471	56,283,777

6. OTHER REVENUE

	2005	2004
	RMB	*RMB*
Interest income from bank deposits	**514,524**	189,440

Notes to the Financial Statements

(31 December 2005)

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

a) Staff costs (including directors' and supervisors' remuneration)

	2005	2004
	RMB	*RMB*
Salaries, wages and other benefits	**22,380,866**	18,949,314
Retirement benefit scheme contributions	**2,047,189**	2,043,355
Total staff costs #	**24,428,055**	20,992,669

Total staff costs include research and development costs of RMB2,201,626 (2004: RMB4,452,153).

At 31 December 2005, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2004: Nil).

b) Other items

	2005	2004
	RMB	*RMB*
		(restated)
Cost of services provided #	**32,830,999**	31,091,844
Auditors' remuneration	**317,000**	445,200
Amortisation of intangible assets #	**3,635,479**	3,635,479
Depreciation #	**1,673,341**	1,528,754
Amortisation of land lease prepayments	**638,181**	638,181
Impairment loss on intangible assets	**562,000**	–
Operating lease charges		
Land and buildings	**103,490**	1,009,159
Motor vehicles	**58,500**	–
Impairment loss for bad and doubtful debts	**2,172,001**	843,375
Reversal of impairment loss for bad and doubtful debts	**–**	(189,000)
Net exchange loss	**684,103**	–

\# *The cost of services provided for the year ended 31 December 2005 includes amortisation of intangible assets of RMB3,635,479 (2004: RMB3,635,479), depreciation and amortisation of land lease prepayments of RMB1,317,922 (2004: RMB1,273,098) and staff costs of RMB15,558,368 (2004: RMB13,336,699), which were also included in the respective total amounts disclosed separately above each of these types of expenses for the year.*

Notes to the Financial Statements

(31 December 2005)

8. INCOME TAX

a) Taxation in the consolidated income statement represents:

	2005	2004
	RMB	*RMB*
Current tax		
Provision for PRC enterprise income tax	–	764,422
Deferred tax		
Origination and reversal of temporary differences	–	(97,229)
	–	667,193

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the years ended 31 December 2005 and 2004. 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 PRC enterprise 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 enterprise income tax for the period between 1 January 2004 and 31 December 2006. No provision for PRC enterprise income tax has been made for the year ended 31 December 2005 as the Company made loss in the year.

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 PRC enterprise 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. No provision for PRC enterprise income tax has been made for the year ended 31 December 2005 as CCID Data made loss in the year.

Notes to the Financial Statements

(31 December 2005)

8. INCOME TAX *(Continued)*

a) Taxation in the consolidated income statement represents: *(Continued)*

CCID Chuangxin Marketing Co., Ltd. ("CCID Marketing"), the Company's subsidiary established in the PRC, is subject to PRC enterprise income tax. However, in accordance with an approval document issued by the relevant tax bureau, CCID Marketing has been granted an income tax exemption for the year ended 31 December 2005. No provision for PRC enterprise income tax has been made for the year ended 31 December 2004 as CCID Marketing made loss in that year.

CCID Shiji Exhibition Co., Ltd. ("CCID Exhibition"), the Company's subsidiary established in the PRC, is subject to PRC enterprise income tax. No provision for income tax has been made for the years ended 31 December 2005 and 2004 as CCID Exhibition made loss in the years.

b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rate:

	2005		2004	
	RMB	**%**	*RMB*	%
(Loss)/profit before tax	**(7,210,310)**		9,040,527	
Notional tax on profit before tax, calculated at the applicable rate	**(2,379,402)**	**33.0**	2,983,374	33.0
Tax effect of non-deductible expenses	**550,737**	**(7.6)**	372,574	4.1
Lower tax rate due to high tech industry	**1,708,598**	**(23.7)**	(1,627,295)	(18.0)
Tax holiday	**(753,028)**	**10.4**	(1,061,460)	(11.7)
Tax effect of unused tax losses not recognised	**873,095**	**(12.1)**	–	–
Actual tax expense	**–**	**–**	667,193	7.4

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9. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration disclosed pursuant to the GEM Listing Rules and section 161 of the Hong Kong Companies Ordinance is as follows:

	2005	2004
	RMB	*RMB*
Fees	**87,400**	42,200
Salaries and other benefits	**786,240**	739,822
Bonus	**102,348**	60,000
Retirement benefit scheme contributions	**49,089**	27,410
	1,025,077	869,432

Details of directors' and supervisors' remuneration by individuals are as follows:

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Executive directors					
Zhuang Xingfang	6,900	–	–	–	6,900
Yang Tianxing (retired on 25 November 2005)	6,900	71,222	20,000	–	98,122
Luo Wen	6,900	236,708	35,148	16,363	295,119
Huang Yong	6,900	301,525	39,300	16,363	364,088
Non-executive directors					
Xu Jinshou (retired on 25 November 2005)	6,900	–	–	–	6,900
Li Ying	6,900	–	–	–	6,900
Liu Chunlu (retired on 25 November 2005)	6,900	–	–	–	6,900
Yu Bing (retired on 25 November 2005)	6,900	–	–	–	6,900
Zhang Xuming (resigned on 14 March 2006)	6,900	–	–	–	6,900
Chen Dazhi (resigned on 25 January 2005)	–	–	–	–	–
Independent non-executive directors					
Guo Xinping	6,900	–	–	–	6,900
Lu Mai	6,900	–	–	–	6,900
Han Fuling (appointed on 17 March 2005)	6,900	–	–	–	6,900
Supervisors					
Gong Chenghe	2,300	–	–	–	2,300
Guan Rui (retired on 25 November 2005)	2,300	–	–	–	2,300
Zhang Hongfen (retired on 25 November 2005)	–	–	–	–	–
Huang Yongjin (appointed on 25 November 2005)	–	–	–	–	–
Zhao Gang (appointed on 25 November 2005)	–	176,785	7,900	16,363	201,048
Total for 2005	87,400	786,240	102,348	49,089	1,025,077

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(31 December 2005)

9. DIRECTORS' AND SUPERVISORS' REMUNERATION *(Continued)*

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Executive directors					
Zhuang Xingfang	3,550	–	–	–	3,550
Yang Tianxing (retired on 25 November 2005)	3,550	145,604	–	–	149,154
Luo Wen	3,550	240,972	30,000	13,705	288,227
Huang Yong	3,550	353,246	30,000	13,705	400,501
Non-executive directors					
Xu Jinshou (retired on 25 November 2005)	3,550	–	–	–	3,550
Li Ying	3,550	–	–	–	3,550
Liu Chunlu (retired on 25 November 2005)	3,550	–	–	–	3,550
Yu Bing (retired on 25 November 2005)	3,550	–	–	–	3,550
Zhang Xuming (resigned on 14 March 2006)	3,550	–	–	–	3,550
Chen Dazhi (resigned on 25 January 2005)	–	–	–	–	–
Independent non-executive directors					
Guo Xinping	3,550	–	–	–	3,550
Lu Mai	3,550	–	–	–	3,550
Han Fuling (appointed on 17 March 2005)	–	–	–	–	–
Supervisors					
Gong Chenghe	1,050	–	–	–	1,050
Guan Rui (retired on 25 November 2005)	1,050	–	–	–	1,050
Zhang Hongfen (retired on 25 November 2005)	1,050	–	–	–	1,050
Huang Yongjin (appointed on 25 November 2005)	–	–	–	–	–
Zhao Gang (appointed on 25 November 2005)	–	–	–	–	–
Total for 2004	42,200	739,822	60,000	27,410	869,432

No emoluments were paid by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2005 and 2004.

No directors and supervisors waived any emoluments during the years ended 31 December 2005 and 2004.

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10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2004: two) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2004: three) individuals is as follows:

	2005	2004
	RMB	*RMB*
Salaries and other benefits	**701,170**	907,498
Bonus	**55,600**	17,000
Retirement benefit scheme contributions	**31,236**	13,705
	788,006	938,203

The emoluments of each highest paid individual during the years ended 31 December 2005 and 2004 fell within the band of nil to RMB1,000,000.

No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2005 and 2004.

11. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to equity shareholders of the Company includes the loss of RMB3,209,979 (2004: profit of RMB4,096,953) which has been dealt with in the financial statements of the Company.

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12. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB6,926,843 (2004: profit of RMB8,158,591) and the weighted average of 700,000,000 (2004: 700,000,000) ordinary shares in issue during the year.

b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is provided as the Company did not have any potential shares for the years ended 31 December 2005 and 2004.

13. SEGMENT REPORTING

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;

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; and

d) the marketing consultancy services segment provides consultancy services involving marketing, brand name promotion, public relationship and advertising.

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(31 December 2005)

13. SEGMENT REPORTING *(Continued)*

Business segments

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

The Group

	Market Research Services		Data Information Management Services		Management Consultancy Services		Marketing Consultancy Services		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*HK$*	*HK$*	*RMB* (restated)
REVENUE										
Sales to external customers	27,654,111	31,725,620	4,567,983	14,689,590	5,504,073	9,868,567	5,343,304	–	43,069,471	56,283,777
RESULTS										
Segment results before impairment loss on the intangible assets	10,805,266	15,608,870	(2,334,670)	7,369,814	(1,182,176)	2,213,249	2,950,052	–	10,238,472	25,191,933
Impairment loss on intangible assets	–	–	(562,000)	–	–	–	–	–	(562,000)	–
Segment results after impairment loss on intangible assets	10,805,266	15,608,870	(2,896,670)	7,369,814	(1,182,176)	2,213,249	2,950,052	–	9,676,472	25,191,933
Unallocated expenses									(17,401,306)	(16,340,846)
Interest income									514,524	189,440
(Loss)/profit before tax									(7,210,310)	9,040,527
Tax									–	(667,193)
(Loss)/profit for the year									(7,210,310)	8,373,334
ASSETS										
Segment assets	31,486,068	32,555,347	54,854,008	60,676,268	7,466,385	10,740,485	2,886,742	–	96,693,203	103,972,100
Less: Intersegment assets	–	–	(15,810,727)	(13,550,727)	–	–	–	–	(15,810,727)	(13,550,727)
Unallocated corporate assets									48,567,577	47,174,310
Total assets	31,486,068	32,555,347	39,043,281	47,125,541	7,466,385	10,740,485	2,886,742	–	129,450,053	137,595,683
LIABILITIES										
Segment liabilities	1,125,968	594,068	3,833,206	3,373,497	435,038	–	310,995	–	5,705,207	3,967,565
Unallocated corporate liabilities									10,087,510	12,760,472
Total liabilities	1,125,968	594,068	3,833,206	3,373,497	435,038	–	310,995	–	15,792,717	16,728,037
OTHER INFORMATION										
Capital expenditure	–	–	235,000	89,711	–	–	74,815	–	309,815	89,711
Unallocated capital expenditure									358,817	995,753
Depreciation and amorisation of land lease prepayments	687,412	641,540	320,124	343,330	308,837	288,228	1,549	–	1,317,922	1,273,098
Unallocated depreciation and amortisation of land lease prepayments									993,600	893,837
Amortisation of intangible assets	–	–	3,635,479	3,635,479	–	–	–	–	3,635,479	3,635,479
Impairment loss for bad and doubtful debts, net	1,563,720	590,375	420,000	–	188,281	64,000	–	–	2,172,001	654,375

Geographical segments

No further analysis of geographical segment information is presented as substantially all the assets, operations and customers of the Group located in the PRC, which is considered as one geographic location in an economic environment with similar risks and returns.

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(31 December 2005)

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold buildings RMB (Note (i))	Furniture and equipment RMB	Motor vehicles RMB	Total RMB
Cost				
At 1 January 2004				
As previously reported	32,818,854	5,886,588	–	38,705,442
Reclassification to land lease prepayments upon adoption of HKAS 17	(20,786,054)	–	–	(20,786,054)
As restated	12,032,800	5,886,588	–	17,919,388
Additions	–	820,497	264,967	1,085,464
At 31 December 2004 and 1 January 2005 (As restated)	12,032,800	6,707,085	264,967	19,004,852
At 31 December 2004 and 1 January 2005				
As previously reported	32,818,854	6,707,085	264,967	39,790,906
Reclassification to land lease prepayments upon adoption of HKAS 17	(20,786,054)	–	–	(20,786,054)
As restated	12,032,800	6,707,085	264,967	19,004,852
Additions	–	668,632	–	668,632
At 31 December 2005	12,032,800	7,375,717	264,967	19,673,484
Accumulated depreciation				
At 1 January 2004				
As previously reported	1,732,568	2,095,981	–	3,828,549
Reclassification to land lease prepayments upon adoption of HKAS 17	(1,064,080)	–	–	(1,064,080)
As restated	668,488	2,095,981	–	2,764,469
Charge for the year				
As previously reported	1,039,275	1,115,074	12,586	2,166,935
Reclassification to land lease prepayments upon adoption of HKAS 17	(638,181)	–	–	(638,181)
As restated	401,094	1,115,074	12,586	1,528,754
At 31 December 2004 and 1 January 2005 (As restated)	1,069,582	3,211,055	12,586	4,293,223
At 31 December 2004 and 1 January 2005				
As previously reported	2,771,843	3,211,055	12,586	5,995,484
Reclassification to land lease prepayments upon adoption of HKAS 17	(1,702,261)	–	–	(1,702,261)
As restated	1,069,582	3,211,055	12,586	4,293,223
Charge for the year	401,093	1,221,904	50,344	1,673,341
At 31 December 2005	1,470,675	4,432,959	62,930	5,966,564
Net book value				
At 31 December 2005	10,562,125	2,942,758	202,037	13,706,920
At 31 December 2004				
As previously reported	30,047,011	3,496,030	252,381	33,795,422
Net effect on adoption of HKAS 17	(19,083,793)	–	–	(19,083,793)
As restated	10,963,218	3,496,030	252,381	14,711,629

Notes to the Financial Statements

(31 December 2005)

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

The Company

	Leasehold buildings *RMB* *(Note (i))*	Furniture and equipment *RMB*	Motor vehicles *RMB*	Total *RMB*
Cost				
At 1 January 2004				
As previously reported	32,818,854	2,981,236	–	35,800,090
Reclassification to land lease prepayments upon adoption of HKAS 17	(20,786,054)	–	–	(20,786,054)
As restated	12,032,800	2,981,236	–	15,014,036
Additions	–	730,787	264,967	995,754
At 31 December 2004 and 1 January 2005 (As restated)	12,032,800	3,712,023	264,967	16,009,790
At 31 December 2004 and 1 January 2005				
As previously reported	32,818,854	3,712,023	264,967	36,795,844
Reclassification to land lease prepayments upon adoption of HKAS 17	(20,786,054)	–	–	(20,786,054)
As restated	12,032,800	3,712,023	264,967	16,009,790
Additions	–	358,817	–	358,817
At 31 December 2005	12,032,800	4,070,840	264,967	16,368,607
Accumulated depreciation				
At 1 January 2004				
As previously reported	1,732,568	954,018	–	2,686,586
Reclassification to land lease prepayments upon adoption of HKAS 17	(1,064,080)	–	–	(1,064,080)
As restated	668,488	954,018	–	1,622,506
Charge for the year				
As previously reported	1,039,275	554,907	12,586	1,606,768
Reclassification to land lease prepayments upon adoption of HKAS 17	(638,181)	–	–	(638,181)
As restated	401,094	554,907	12,586	968,587
At 31 December 2004 and 1 January 2005 (As restated)	1,069,582	1,508,925	12,586	2,591,093
At 31 December 2004 and 1 January 2005				
As previously reported	2,771,843	1,508,925	12,586	4,293,354
Reclassification to land lease prepayments upon adoption of HKAS 17	(1,702,261)	–	–	(1,702,261)
As restated	1,069,582	1,508,925	12,586	2,591,093
Charge for the year	401,093	656,222	50,344	1,107,659
At 31 December 2005	1,470,675	2,165,147	62,930	3,698,752
Net book value				
At 31 December 2005	10,562,125	1,905,693	202,037	12,669,855
At 31 December 2004				
As previously reported	30,047,011	2,203,098	252,381	32,502,490
Net effect on adoption of HKAS 17	(19,083,793)	–	–	(19,083,793)
As restated	10,963,218	2,203,098	252,381	13,418,697

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(31 December 2005)

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

Notes:

(i) The balances in respect of leasehold buildings as at 1 January 2004, 31 December 2004 and 1 January 2005 as previously reported included the land element of the leasehold properties, which is now disclosed as "land lease prepayments".

(ii) On 25 April 2002, the Company signed a sale and purchase agreement (the "S&P Agreement") with its holding company, MIICMD, to purchase the ninth and tenth floors of the CCID Plaza in Beijing, PRC at a total consideration of RMB32,818,854, including deed tax of RMB1,262,264, of which buildings element of RMB12,032,800 and land element of RMB20,786,054 (see note 15).

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 ninth and tenth 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 2005, the Company had settled a total sum of RMB28,400,931 (2004: RMB26,823,101) to MIICMD relating to the purchase of the ninth and tenth floors of the CCID Plaza. The ninth and tenth floors of the CCID Plaza are currently being occupied by the Group as offices and for other ancillary purposes.

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(31 December 2005)

15. LAND LEASE PREPAYMENTS

	The Group and the Company	
	2005	2004
	RMB	*RMB*
		(restated)
Net book value at 1 January		
– as previously reported	**–**	–
– effect of adopting HKAS 17	**19,083,793**	19,721,974
– as restated	**19,083,793**	19,721,974
Amortisation	**(638,181)**	(638,181)
Net book value at 31 December	**18,445,612**	19,083,793
Current portion of non-current assets	**(638,181)**	(638,181)
Non current portion	**17,807,431**	18,445,612

The leasehold land is held under medium term lease and situated in the PRC. The costs of the leasehold land are RMB20,786,054 (2004: RMB20,786,054).

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16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2005	2004
	RMB	*RMB*
Equity interests, at cost	**44,592,021**	44,592,021

Details of the subsidiaries at 31 December 2005 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") *(Note (i))*	Beijing, PRC	500,000	80	Provision for conference and exhibition services, inactive during the year
CCID Chuangxin Marketing Co., Ltd. ("CCID Marketing") *(Note (i))*	Beijing, PRC	300,000	80	Provision for intermediate planning and public relation services

Notes:

(i) The remaining 20% equity was held by CCID Data.

(ii) CCID Data, CCID Exhibition and CCID Marketing are equity joint ventures established in the PRC.

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(31 December 2005)

17. INTANGIBLE ASSETS

The Group

	Information database	
	2005	2004
	RMB	*RMB*
Cost		
At 1 January and 31 December	**38,268,201**	38,268,201
Accumulated amortisation and impairment loss		
At 1 January	**12,118,264**	8,482,785
Charge for the year	**3,635,479**	3,635,479
Impairment loss	**562,000**	–
At 31 December	**16,315,743**	12,118,264
Net book value		
At 31 December	**21,952,458**	26,149,937

An information database is stored in computer systems and provides data for the provision of consulting services. The intangible assets are recognised as an expense on a straight-line basis of the assets' estimated useful lives of ten years. The amortisation charge for the year and the impairment loss are included in "cost of sales" and "other operating expenses", respectively in the consolidated income statement.

During the year ended 31 December 2005, the management of the Group assessed the recoverable amounts of the intangible assets. Based on this assessment, the carrying amount of the intangible assets was written down by RMB562,000. The recoverable amount has been determined on the basis of value in use calculations. Their recoverable amount is based on certain key assumptions. All value in use calculations use cash flow projections based on the financial budgets approved by the management cover a 5-year period, and a discount rate of 15%. Cash flow projections during the budget period for the intangible assets are based on the expected gross margins during the budget period. Budgeted gross margins have been determined based on past performance and management's expectations for the market development.

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(31 December 2005)

18. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable is as follows:

	The Group		The Company	
	2005	2004	**2005**	2004
	RMB	*RMB*	***RMB***	*RMB*
Outstanding balances aged:				
Within 180 days	**6,437,801**	11,991,386	**5,034,738**	8,691,641
181 days – 365 days	**2,091,505**	1,265,164	**1,604,759**	1,265,164
Over 365 days	**4,944,056**	2,511,103	**4,504,056**	2,391,101
	13,473,362	15,767,653	**11,143,553**	12,347,906
Less: Impairment loss for bad and doubtful debts	**(3,726,566)**	(1,554,565)	**(3,306,566)**	(1,554,565)
	9,746,796	14,213,088	**7,836,987**	10,793,341

Included in the balance of the Group's accounts receivable at 31 December 2005 was an amount due from database information contract customers of RMB864,146 (2004: RMB3,419,747).

The general credit terms of the Group range from 60 to 180 days. The group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period upon customers' request.

Notes to the Financial Statements

(31 December 2005)

19. DUE FROM RELATED PARTIES

The amounts are unsecured, interest-free and have no fixed terms of repayment.

An analysis of the amounts due from related parties is as follows:

	The Group		The Company	
	2005	2004	**2005**	2004
	RMB	*RMB*	***RMB***	*RMB*
Name of related parties				
Beijing Bi Ran Advertising Co., Ltd.	**50,000**	50,000	**50,000**	50,000
Vocation Training Centre, EIC, MII	**350,000**	350,000	**350,000**	350,000
CCID Marketing Consulting Co., Ltd.	**350,000**	350,000	**350,000**	350,000
CCID Advertising Co., Ltd.	**300,000**	300,000	**300,000**	300,000
Beijing CCID Net IT Co., Ltd. ("CCID Net")	**–**	86,995	**–**	86,995
China Centre of Information Industry Development ("CCID")	**3,070,000**	6,547,250	**–**	47,250
CCID Information Industry (Group) Co., Ltd.	**–**	750,000	**–**	750,000
Electronic Information Centre, MII	**–**	7,500,000	**–**	–
	4,120,000	15,934,245	**1,050,000**	1,934,245

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2005	2004	**2005**	2004
	RMB	*RMB*	***RMB***	*RMB*
Advances to employees	**739,975**	877,272	**446,481**	831,292
Prepayments	**16,173**	97,437	**8,664**	22,437
Rental and other deposits	**84,145**	32,645	**84,145**	32,645
Interest receivables	**347,337**	–	**347,337**	–
	1,187,630	1,007,354	**886,627**	886,374

Apart from rental and other deposits, all prepayments, deposit and other receivables are expected to be recovered within one year.

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21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2005	2004	**2005**	2004
	RMB	*RMB*	***RMB***	*RMB*
Time deposits	**40,580,000**	35,808,560	**33,080,000**	35,808,560
Cash at bank and on hand	**19,406,159**	10,589,848	**12,919,070**	7,826,392
	59,986,159	46,398,408	**45,999,070**	43,634,952

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group and the Company	
	2005	2004
	'000	*'000*
United States Dollars	**175**	107
Hong Kong Dollars	**2,247**	27,373

22. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable is as follows:

	The Group and the Company	
	2005	2004
	RMB	*RMB*
Within 3 months	**162,059**	–

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(31 December 2005)

23. ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2005	2004	**2005**	2004
	RMB	*RMB*	***RMB***	*RMB*
Provision for social insurance fees and the public housing funds	**6,907,751**	6,114,086	**3,607,412**	3,428,309
Other tax payables	**1,595,035**	2,404,627	**1,472,364**	2,180,565
Due to database information contract customers	**45,000**	41,650	**–**	–
Receipts in advance	**1,398,947**	594,068	**1,398,947**	594,068
Others	**1,547,896**	1,818,668	**1,019,841**	1,333,192
	11,494,629	10,973,099	**7,498,564**	7,536,134

24. DUE TO RELATED PARTIES

The amounts are unsecured, interest-free and have no fixed terms of repayment.

An analysis of the amounts due to related parties is as follows:

	The Group	
	2005	2004
	RMB	*RMB*
Name of related party		
Beijing CCID Jingwei Culture Communications Co., Ltd., Shenzhen Branch	**–**	5,000

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25. DUE TO IMMEDIATE HOLDING COMPANY

	The Group and the Company	
	2005	2004
	RMB	*RMB*
Acquisition of the ninth and tenth floors of CCID Plaza *(Note (a))*	**3,155,659**	4,733,489
Others *(Note (b))*	**267,251**	304,767
	3,422,910	5,038,256
Current portion	**(1,845,081)**	(1,882,597)
Non-current portion	**1,577,829**	3,155,659

a) The amount due to the immediate holding company at 31 December 2005 included of the amount payable to MIICMD, the immediate holding company of the Company, for the acquisition of the ninth and tenth 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:

	The Group and the Company	
	2005	2004
	RMB	*RMB*
Current		
By 31 March 2006	**1,577,830**	–
By 31 March 2005	**–**	1,577,830
	1,577,830	1,577,830
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	**1,577,829**	1,577,829
	1,577,829	3,155,659

b) The amount is unsecured, interest-free and has no fixed terms of repayment.

26. DUE TO A SUBSIDIARY

The amount is unsecured, interest-free and has no fixed terms of repayment.

Notes to the Financial Statements

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27. DEFERRED TAXATION

a) Deferred tax assets and liabilities recognised

The principal components of deferred tax assets/(liabilities) recognised in the balance sheet and the movements during the year are as follows:

	The Group and the Company		
	Impairment loss for bad and doubtful debts	Provision for social insurance fees and public housing funds	Total
	RMB	*RMB*	*RMB*
At 1 January 2004	–	–	–
Credited to the profit and loss account during the year ended 31 December 2004	44,090	53,139	97,229
At 31 December 2004, 1 January 2005 and 31 December 2005	44,090	53,139	97,229

b) Deferred taxation not recognised

The Group and the Company have not recognised deferred tax assets in respect of tax losses of approximately RMB5,838,000 (2004: RMB18,000) and approximately RMB1,286,000 (2004: RMBNil) respectively as it is not probable that taxable profit will be available against which tax losses can be utilised. The tax losses will expire in five years from the year in which they were incurred.

The Group and the Company have no other significant deferred taxation not recognised for the year and at the balance sheet date.

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28. SHARE CAPITAL

	The Group and the Company	
	2005	2004
	RMB	*RMB*
Registered, issued and fully paid:		
485,900,000 (2004: 485,900,000) state legal person shares of RMB0.10 each	**48,590,000**	48,590,000
5,100,000 (2004: 5,100,000) legal person shares of RMB0.10 each	**510,000**	510,000
209,000,000 (2004: 209,000,000) H shares of RMB0.10 each	**20,900,000**	20,900,000
	70,000,000	70,000,000

29. RESERVES

(a) The Group

	Attributable to equity shareholders of the Company						
	Capital reserve account	Statutory reserve funds	Discretionary reserve funds	Retained profits	Total	Minority interest	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
	(note (i))	*(note (ii))*	*(note (ii))*				
At 1 January 2004 as previously reported	18,609,965	4,311,588	58,517	16,863,846	39,843,916	–	39,843,916
Effect of changes in accounting policies *(see note 3)*	–	–	–	–	–	2,650,396	2,650,396
At 1 January 2004 as restated	18,609,965	4,311,588	58,517	16,863,846	39,843,916	2,650,396	42,494,312
Profit for the year	–	–	–	8,158,591	8,158,591	214,743	8,373,334
Profit appropriations	–	1,209,232	–	(1,209,232)	–	–	–
At 31 December 2004 and 1 January 2005 as restated	18,609,965	5,520,820	58,517	23,813,205	48,002,507	2,865,139	50,867,646
Loss for the year	–	–	–	(6,926,843)	(6,926,843)	(283,467)	(7,210,310)
Profit appropriations	–	1,329,327	–	(1,329,327)	–	–	–
At 31 December 2005	18,609,965	6,850,147	58,517	15,557,035	41,075,664	2,581,672	43,657,336

Notes to the Financial Statements

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29. RESERVES *(Continued)*

(b) The Company

	Capital reserve account RMB (note (i))	Statutory reserve funds RMB (note (ii))	Discretionary reserve fund RMB (note (ii))	Retained profits RMB	Total RMB
At 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
Profit appropriations	–	1,209,232	–	(1,209,232)	–
At 31 December 2004 and 1 January 2005	18,100,000	5,520,820	58,517	13,870,068	37,549,405
Loss for the year	–	–	–	(3,209,979)	(3,209,979)
At 31 December 2005	18,100,000	5,520,820	58,517	10,660,089	34,339,426

Notes:

(i) The capital reserve account can only be used to increase share capital.

(ii) Under the PRC Company Law and the Articles of Association of the Companies within the Group, 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:

– Making up prior year's cumulative losses, if any.

– Allocations to the statutory common reserve fund of at lease 10% of profit after tax, until the fund aggregates 50% of its 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 share capital/ register capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital/registered capital.

Notes to the Financial Statements

(31 December 2005)

29. RESERVES *(Continued)*

- Allocations of 5% to 10% of profit after tax, as determined under PRC accounting principles and financial regulations, to the statutory public welfare fund, which will be established for the purpose of providing collective welfare benefits to the respective companies' 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 respective companies. The transfer to this fund must be made before any distribution of dividends to shareholders.

- 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 share capital/register capital.

- Accordingly, the Company, CCID Data and CCID Marketing 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 respective companies' share capital/registered capital and used to provide collective welfare benefits to the staff. No discretionary reserve fund was appropriated for 2005 (2004: Nil).

- 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.

30. 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 years ended 31 December 2005 and 2004, no options were granted to the Group's employees since the listing of the Company in the Hong Kong Stock Exchange.

Notes to the Financial Statements

(31 December 2005)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash at bank, cash on hand, time deposits, accounts receivable, amounts due from related parties, accruals and amount other payables and amount due to immediate holding company. The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The directors of the Company meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and agree policies for managing each of these risks and they are summarised as follows:

a) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group believes its exposure to fair value and cash flow interest risks is normal.

b) Foreign exchange risk

The Group's monetary assets and transactions are principally denominated in Renminbi ("RMB") and Hong Kong Dollars ("HKD"). The Group is exposed to foreign exchange risk arising from the exposure of RMB against HKD. Considering that the exchange rate between RMB and HKD, the Group believes its exposure to foreign exchange rate risk is normal. At present, the Group does not intend to seek to hedge its exposure to foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

c) Credit risk

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfill its obligation with the results that the Group thereby suffers financial loss. In order to minimise the credit risk, the management of the Group evaluates regularly the level of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Group's credit risks is significantly reduced. The Group has no siginificant concentrations of credit risk.

d) Liquidity risk

The Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Notes to the Financial Statements

(31 December 2005)

32. COMMITMENTS

At 31 December 2005, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	The Group		The Company	
	2005	2004	**2005**	2004
	RMB	*RMB*	***RMB***	*RMB*
Within 1 year	**306,672**	53,826	**306,672**	43,566

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one year, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

33. MATERIAL 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:

	2005	2004
	RMB	*RMB*
Gross revenue earned before sales surtaxes		
Provision for consulting services to:		
Electronic Information Centre, MII ("EIC")	–	600,000
Beijing Information Engineering Institution	–	400,000
Vocation Training Centre, EIC, MII	–	350,000
CCID Market Consulting Co., Ltd.	–	350,000
Beijing CCID Net IT Co., Ltd. ("CCID Net")	**24,160**	214,934
CCID	**9,450**	85,050
Beijing China Electronics News Technology Development Co., Ltd.	–	2,000
China Information World	**100,000**	–
	133,610	2,001,984
Provision for data management services to:		
CCID	–	6,503,000
EIC	**7,500**	200,000
CCID Net	**1,000**	110,800
	8,500	6,813,800

Notes to the Financial Statements

(31 December 2005)

33. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

	2005 *RMB*	2004 *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.	**417,583**	613,092
Promotional expenses charged by CCID Net	**62,736**	200,466
Promotional expenses charged by CCID Call Centre	**399,080**	185,150
Advertising and promotional expenses charged by Beijing CCID Jingwei Culture Communication Co., Ltd.	**5,000**	83,800
Promotional expenses charged by Training Centre, CCID	**5,236**	45,000
Advertising expenses charged by CCID Printing Co., Ltd.	**–**	44,985
Promotional expenses charged by CCID Public Relationship Co., Ltd.	**19,877**	35,193
Conference service fee charged by CCID Hotel	**38,298**	16,647
Advertising expenses charged by CCID Film & TV Culture Communication Co., Ltd.	**–**	12,000
Design production and provision for consulting services charge by China Information World	**25,000**	–
Promotional expenses internet expenses, building management fee charged by MIICMD	**971,808**	–
Promotional expenses charged by CCID Conference and Exhibition Co., Ltd.	**2,650**	–
	1,947,268	1,236,333

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.

34. PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2005, the directors consider the ultimate holding company of the Group to be China Centre of Information Industry Development ("CCID"), which is established in the PRC, and the ultimate controlling party of the Group to be the PRC government. Neither CCID nor the PRC government publishes financial statements available for public use.

35. COMPARATIVE FIGURES

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

Five Year Financial Summary

Summary financial information

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated upon adoption of new and revised HKFRS as appropriate, is set out in the note below:

RESULTS

	Year ended 31 December				
	2001	2002	2003	2004	**2005**
	RMB	*RMB*	*RMB*	*RMB*	***RMB***
	(Note)				
Turnover	20,800,326	54,134,854	48,831,071	56,283,777	**43,069,471**
Cost of sales	(7,840,799)	(23,579,743)	(22,969,966)	(31,091,844)	**(32,830,999)**
Gross profit	12,959,527	30,555,111	25,861,105	25,191,933	**10,238,472**
Other revenue	19,491	41,225	124,663	189,440	**514,524**
Selling and distribution costs	(4,555,547)	(5,867,032)	(3,256,688)	(4,451,221)	**(4,692,785)**
Administrative expenses	(4,908,277)	(8,362,020)	(9,824,179)	(11,235,250)	**(9,827,262)**
Other operating expenses	–	(1,024,568)	(794,983)	(654,375)	**(3,443,259)**
Profit/(loss) from operating activities	3,515,194	15,342,716	12,109,918	9,040,527	**(7,210,310)**
Share of loss of an associate	(960,148)	–	–	–	**–**
Profit/(loss) before taxation	2,555,046	15,342,716	12,109,918	9,040,527	**(7,210,310)**
Tax	(2,817)	–	–	(667,193)	**–**
Profit/(loss) for the year	2,552,229	15,342,716	12,109,918	8,373,334	**(7,210,310)**
Attributable to:					
Equity shareholders of the Company	2,554,318	15,086,673	11,976,945	8,158,591	**(6,926,843)**
Minority interests	(2,089)	256,043	132,973	214,743	**(283,467)**
Profit/(loss) for the year	2,552,229	15,342,716	12,109,918	8,373,334	**(7,210,310)**

Five Year Financial Summary

ASSETS AND LIABILITIES

	31 December				
	2001	2002	2003	2004	**2005**
	RMB	*RMB*	*RMB*	*RMB*	***RMB***
	(Note)				
TOTAL ASSETS	63,132,831	133,182,067	133,201,205	137,595,683	**129,450,053**
TOTAL LIABILITIES	(8,191,154)	(25,797,674)	(20,706,894)	(16,728,037)	**(15,792,717)**
	54,941,677	107,384,393	112,494,311	120,867,646	**113,657,336**

Note: The results of the Group for the year ended 31 December 2001 has been prepared on a pro forma combined basis as if the current Group structure had been in existence since 1 January 2001.