

The background of the cover is a composite image. It features a hand in the foreground pointing towards a computer monitor. The monitor displays a blurred cityscape. Overlaid on the scene are glowing binary code (0s and 1s) and a faint, glowing globe. The overall color palette is dominated by light blues and greens, creating a high-tech, digital atmosphere.

# 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)

First Quarterly Report 2006

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

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

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*This report, for which the directors of CCID Consulting Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

The board of directors (the “Board”) of CCID Consulting Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2006, together with the comparative unaudited figures for the corresponding period of last year as follows:

		<b>Unaudited</b>	
		<b>For the three months ended</b>	
		<b>31 March</b>	
		<b>2006</b>	2005
	<i>Note</i>	<b>RMB</b>	<i>RMB</i>
Turnover	2	<b>11,544,506</b>	12,272,379
Cost of sales		<b>(6,843,018)</b>	(7,275,572)
Gross profit		<b>4,701,488</b>	4,996,807
Other revenue		<b>105,324</b>	16,887
Selling and distribution costs		<b>(1,191,633)</b>	(1,261,392)
Administrative expenses		<b>(2,005,501)</b>	(2,725,864)
Profit before tax		<b>1,609,678</b>	1,026,438
Income tax	3	<b>(233,369)</b>	(207,249)
Profit for the period		<b>1,376,309</b>	819,189
Attributable to:			
Equity shareholders of the Company		<b>1,428,494</b>	888,305
Minority interests		<b>(52,185)</b>	(69,116)
Profit for the period		<b><u>1,376,309</u></b>	<u>819,189</u>
Earnings per share			
– Basic (cents)	4	<b><u>0.2</u></b>	<u>0.13</u>
Dividends	6	<b><u>–</u></b>	<u>–</u>

Notes:

## 1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

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

The Group’s unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and 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 (the “GEM Listing Rules”).

The accounting policies and basis of preparation of the unaudited consolidated results are consistent with those used in the annual financial statements for the year ended 31 December 2005.

## 2. TURNOVER

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.

Turnover represents the sales value of services provided to customers, which excludes sales surtaxes.

## 3. INCOME TAX

	<b>Unaudited</b>	
	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2006</b>	2005
	<b>RMB</b>	RMB
PRC enterprise income tax	<b><u>233,369</u></b>	<u>207,249</u>

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong during the three months ended 31 March 2006 (three months ended 31 March 2005: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

The Company is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the Company is subject to 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.

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%.

CCID Chuangxin Marketing Co., Ltd. (“CCID Marketing”), the Company’s subsidiary established in the PRC, is subject to PRC enterprise income tax.

CCID Shiji Exhibition Co., Ltd. (“CCID Exhibition”), the Company’s subsidiary established in the PRC, is subject to PRC enterprise income tax.

#### 4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2006 is based on the profit attributable to equity shareholders of the Company of RMB1,428,494 (three months ended 31 March 2005: RMB888,305) and the weighted average of 700,000,000 (three months ended 31 March 2005: 700,000,000) ordinary shares in issue during the period.

No diluted earnings per share is provided as the Company did not have any potential shares for the three months ended 31 March 2006 and 2005.

#### 5. RESERVES

	Capital reserve account	Statutory reserve funds	Discretionary reserve fund	Retained profits	Total
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
As at 1 January 2005	18,609,965	5,520,820	58,517	23,813,205	48,002,507
Profit for the period	—	—	—	888,305	888,305
As at 31 March 2005	<u>18,609,965</u>	<u>5,520,820</u>	<u>58,517</u>	<u>24,701,510</u>	<u>48,890,812</u>
As at 1 January 2006	18,609,965	6,850,147	58,517	15,557,035	41,075,664
Profit for the period	—	—	—	1,428,494	1,428,494
As at 31 March 2006	<u>18,609,965</u>	<u>6,850,147</u>	<u>58,517</u>	<u>16,985,529</u>	<u>42,504,158</u>

## 6. DIVIDENDS

The Board does not recommend payment of a dividend for the three months ended 31 March 2006 (three months ended 31 March 2005: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Turnover Analysis

For the three months ended 31 March 2006, the turnover by operations can be classified as follows:

	For the three months ended 31 March 2006		For the three months ended 31 March 2005	
	Turnover RMB	Percentage (approximately)	Turnover RMB	Percentage (approximately)
Market Research	8,583,501	74%	9,866,404	80%
Data Information Management	1,098,657	10%	1,071,724	9%
Management Consultancy	1,054,326	9%	1,334,251	11%
Marketing Consultancy	808,022	7%	-	-
Total	<u>11,544,506</u>	<u>100%</u>	<u>12,272,379</u>	<u>100%</u>

### Business Review

For the three months ended 31 March 2006, the turnover and gross profit of the Group amounted to RMB11,544,506 and RMB4,701,488 respectively.

In terms of market research, as at 31 March 2006, the Group had issued 192 annual research reports and 25 trends and features research reports, and it also had completed 37 quarterly analysis reports, thus realizing a revenue of RMB8,583,501 for the three months ended 31 March 2006, which constituted approximately 74% of the Group's turnover. The operation's turnover was decreased by approximately 13% as compared to the corresponding period of last year. The decrease was mainly due to decrease in sponsorship received for the research meetings held during the period.

In terms of data information management, relying on 35 constantly revising data banks and advanced data-mining technique, the Group had possessed a stable customer base as at 31 March 2006. On the other hand, based on the rich experience in setting up and developing data banks and the R&D team, it provided data information management solutions to government and enterprise. The revenue in data information management was RMB1,098,657 for the three months ended 31 March 2006, which constituted approximately 10% of the Group's turnover.

In terms of management consultancy service, the Group had accumulated many customer resources and possessed established channels and technical support in management consultancy with its understanding and follow-up and recent trends grasp of the IT market since its formal commencement of this kind of business. Therefore, the position of the Group in respect of this kind of business can be enhanced by its strengths to promote management efficiency of enterprises and governments, i.e. enterprise digitalization and e-government, through advanced information techniques. The Group had earned RMB1,054,326 for the three months ended 31 March 2006 in management consultancy service, which constituted approximately 9% of the Group's turnover. The operation's turnover was decreased by approximately 21% as compared to the corresponding period of last year. The decrease was mainly due to keen competitions persisted in the industry during the period.

In terms of marketing consultancy, 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 RMB808,022 for the three months ended 31 March 2006 which constituted approximately 7% of the Group's turnover.

### **Market Promotions and Publicity**

For the three months ended 31 March 2006, the Group enhanced efforts in market promotions and publicity. During the period the Group hosted or co-sponsored research meetings, including "China's IT Market 2006 Annual Conference", "China's Consumer Electronics 2006 Annual Conference", "China's Semiconductor Market 2006 Annual Conference" and "China's Telecommunication Market 2006 Annual Conference" and in Beijing and Shanghai.

### **Prospect**

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 actively promote its market research services and data information management services. The Group will also keep on bringing in professional consulting talents and to provide quality management consultancy services to our customers. The Group will continue to build on the brand name image of CCID Consulting as an international consultancy company with emphasis on both management and market consultancy and actively promote the marketing consultancy services to establish a new well-known brand name.

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

At 31 March 2006, the interests of the directors in the share capital and warrants of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers Rule 5.46 of the GEM Listing Rules, were as follows:

### **Long positions in shares**

<b>Name of director</b>	<b>Company/ associated corporations</b>	<b>Nature of interests</b>	<b>Number and class of shares</b>	<b>Approximate percentage of issued share capital</b>
Luo Wen	The Company	Personal	1,020,000 domestic shares	0.15%

Save as disclosed above, as at 31 March 2006, none of the directors, supervisors or their associates had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers Rule 5.46 of the GEM Listing Rules.

## **DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES**

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

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 20 November 2002. A summary of principle terms and conditions of the share option scheme are set out in the section headed "Summary of principle terms of the share option scheme" in Appendix IV of the prospectus of the Company dated 29 November 2002. Up to 31 March 2006, no option has been granted pursuant to such share option scheme.



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

As at 31 March 2006, the following persons (other than the directors and supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### Long positions in shares

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
China Centre of Information Industry Development ("CCID") (note 1)	Interest of controlled corporation	Corporate	485,900,000 domestic shares	98.96%	69.41%
Research Centre of Computer and Microelectronics Development, MII ("Research Centre") (note 1)	Beneficial owner	Corporate	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd. (note 1)	Beneficial owner	Corporate	93,290,000 domestic shares	19.00%	13.32%
Employees' Shareholding Society of Legend Holdings Ltd (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Holdings Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Group Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Holdings (BVI) Limited (note 2)	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%

<b>Name</b>	<b>Capacity</b>	<b>Nature of interest</b>	<b>Number and class of shares</b>	<b>Approximate percentage in the same class of shares</b>	<b>Approximate percentage of issued share capital</b>
Legend Express Agency & Services Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited <i>(note 2)</i>	Beneficial owner	Corporate	20,000,000 H shares	9.57%	2.86%
Deutsche Bank Aktiengesellschaft	Investment manager and other	Corporate	14,070,000 H shares	6.73%	2.01%
Choi Koon Shum Jonathan <i>(note 3)</i>	Interest of controlled corporation	Personal	14,600,000 H shares	6.99%	2.09%
Lam William Ka Chung <i>(note 3)</i>	Interest of controlled corporation	Personal	14,600,000 H shares	6.99%	2.09%
Lam Wong Yuk Sin Mary <i>(note 3)</i>	Interest of controlled corporation	Personal	14,600,000 H shares	6.99%	2.09%
Kingsway International Holdings Limited <i>(note 3)</i>	Interest of controlled corporation	Corporate	14,600,000 H shares	6.99%	2.09%
Kingsway Securities Holdings Limited <i>(note 3)</i>	Interest of controlled corporation	Corporate	13,510,000 H shares	6.46%	1.93%
Kingsway Financial Services Limited <i>(note 3)</i>	Beneficial owner	Corporate	13,510,000 H shares	6.46%	1.93%

*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 March 2006, no person, other than the directors of the Company, whose interests are set out in the section "Directors and supervisors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

#### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

## COMPETING INTEREST

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

## AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 5.28 of the GEM Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee has three members comprising the three independent non-executive directors of the Company, namely Guo Xinping, Lu Mai and Han Fuling. Guo Xinping is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited consolidated results for the three months ended 31 March 2006 and was of the view that the preparation of the results has complied with all applicable accounting standards and relevant regulations and laws, and made sufficient disclosure.

By order of the Board  
**Zhuang Xingfang**  
*Chairman*

The Board comprises:

Mr. Zhuang Xingfang (*Executive Director and Chairman*)  
Mr. Luo Wen (*Executive Director*)  
Mr. Huang Yong (*Executive Director*)  
Ms. Li Ying (*Non-executive Director*)  
Mr. Guo Xinping (*Independent non-executive Director*)  
Mr. Lu Mai (*Independent non-executive Director*)  
Mr. Han Fuling (*Independent non-executive Director*)

Beijing, The People's Republic of China  
11 May 2006