

INTERIM
REPORT **2006**

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)

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This announcement, 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 announcement 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 announcement misleading; and iii. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INTERIM RESULTS

The board of directors (the "Board") of CCID Consulting Company Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months (the "Interim Period") and the three months (the "Three-Month Period") both ended 30 June 2006, together with the comparative unaudited figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited For the three months ended		Unaudited For the six months ended	
		30 June 2006 RMB	30 June 2005 RMB	30 June 2006 RMB	30 June 2005 RMB
Turnover	2	11,549,500	9,332,503	23,094,006	21,604,882
Cost of sales		(8,573,481)	(9,305,452)	(15,416,499)	(16,581,024)
Gross profit		2,976,019	27,051	7,677,507	5,023,858
Other revenue		20,511	84,756	114,904	101,643
Selling and distribution costs		(1,070,728)	(1,167,392)	(2,262,361)	(2,428,784)
Administrative expenses		(2,543,914)	(2,508,201)	(4,549,415)	(5,234,065)
Profit/(loss) before tax	4	(618,112)	(3,563,786)	980,635	(2,537,348)
Tax	5	-	-	(233,369)	(207,249)
Profit/(loss) before minority interests		(618,112)	(3,563,786)	747,266	(2,744,597)
Minority interests		27,348	44,994	79,533	114,110
Net profit/(loss) from ordinary activities attributable to shareholders		(590,764)	(3,518,792)	826,799	(2,630,487)
Earnings/(loss) per share					
- Basic (cents)	6	(0.1)	(0.5)	0.1	(0.38)
Dividends	7	-	-	-	-

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2006 RMB	Audited 31 December 2005 RMB
	<i>Note</i>		
PROPERTY, EQUIPMENT AND VEHICLE INFORMATION DATABASE	8	31,102,624	31,514,351
DEFERRED TAX ASSETS	8	20,134,719	21,952,458
		<u>97,229</u>	<u>97,229</u>
		<u>51,334,572</u>	<u>53,564,038</u>
 CURRENT ASSETS			
Accounts receivable	9	10,790,646	9,746,796
Due from related parties		4,120,000	4,120,000
Prepayments, deposits and other receivables		2,357,464	2,033,060
Cash and bank balances		60,266,841	59,986,159
		<u>77,534,951</u>	<u>75,886,015</u>
 CURRENT LIABILITIES			
Salary and welfare payables		288,462	713,119
Accrued liabilities and other payables		11,016,124	11,656,688
Due to the immediate holding company	10	-	1,845,081
Tax payable		1,582,507	-
		<u>12,887,093</u>	<u>14,214,888</u>
 NET CURRENT ASSETS		 64,647,858	 61,671,127
 TOTAL ASSETS LESS CURRENT LIABILITIES		 <u>115,982,430</u>	 <u>115,235,165</u>
 NON-CURRENT LIABILITIES			
Due to the immediate holding company	10	<u>1,577,829</u>	<u>1,577,829</u>
 MINORITY INTERESTS		 <u>2,502,138</u>	 <u>2,581,672</u>
		<u>111,902,463</u>	<u>111,075,664</u>
 CAPITAL AND RESERVES			
Issued capital		70,000,000	70,000,000
Reserves		<u>41,902,463</u>	<u>41,075,664</u>
		<u>111,902,463</u>	<u>111,075,664</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Issued share capital <i>RMB</i>	Capital reserve account <i>RMB</i>	Statutory reserve funds <i>RMB</i>	Discretionary reserve fund <i>RMB</i>	Retained profits <i>RMB</i>	Total <i>RMB</i>
As at 1 January 2005	70,000,000	18,609,965	5,520,820	58,517	23,813,205	118,002,507
(Loss) for the period	-	-	-	-	(2,630,487)	(2,630,487)
As at 30 June 2005	<u>70,000,000</u>	<u>18,609,965</u>	<u>5,520,820</u>	<u>58,517</u>	<u>21,182,718</u>	<u>115,372,020</u>
As at 1 January 2006	70,000,000	18,609,965	6,850,147	58,517	15,557,035	111,075,664
Profits for the period	-	-	-	-	826,799	826,799
As at 30 June 2006	<u>70,000,000</u>	<u>18,609,965</u>	<u>6,850,147</u>	<u>58,517</u>	<u>16,383,834</u>	<u>111,902,463</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited For the six months ended	
	30 June 2006 <i>RMB</i>	30 June 2005 <i>RMB</i>
Net cash inflow from operating activities	<u>14,939,411</u>	<u>4,539,977</u>
Net cash outflow from investing activities	<u>(671,640)</u>	<u>(200,813)</u>
Net cash outflow from financing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	<u>14,267,771</u>	<u>4,339,164</u>
Cash and cash equivalents at beginning of period	<u>45,999,070</u>	<u>46,398,408</u>
Cash and cash equivalents at end of period	<u>60,266,841</u>	<u>50,737,572</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>60,266,841</u>	<u>50,737,572</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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 and marketing consultancy services.

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

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that provides services which are subject to risks and returns that are different from those of other business segments. Summary of the business segments are as follows:

- (a) the market research segment provides two kinds of services: standard research on specific sectors and tailor-made research;
- (b) the data information management segment mainly includes the supply and provision of data information products and services, government data information management solutions and total enterprise information management solutions; and
- (c) the management consultancy segment provides services involving the application and implementation of enterprise management information digitalization. This incorporates the functions of business process reengineering, enterprise resource planning, customer relationship management, supply chain management, call center and other electronic business pattern designs.

- (d) the marketing consultancy segment provides consultancy service on marketing, brand name promotion, public relationship and advertising.

	Unaudited Market Research Services		Unaudited Data Information Management Services		Unaudited Management Consultancy Services		Unaudited Marketing Consultancy Services		Unaudited Total	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB	2006 RMB	2005 RMB	2006 RMB	2005 RMB	2006 RMB	2005 RMB
	For the six months ended 30 June									
REVENUE										
Sales to external customers	<u>14,737,652</u>	<u>15,133,893</u>	<u>2,494,551</u>	<u>2,504,112</u>	<u>2,610,067</u>	<u>3,254,004</u>	<u>3,251,736</u>	<u>712,873</u>	<u>23,094,006</u>	<u>21,604,882</u>
RESULTS										
Segment results	6,499,614	5,372,071	(351,250)	(2,370,992)	1,146,991	(782,244)	382,152	365,378	7,677,507	(2,584,213)
Unallocated expenses									(6,811,776)	(5,223,204)
Interest income									<u>114,904</u>	<u>101,643</u>
Profit/(loss) before Tax									<u>980,635</u>	<u>(2,537,348)</u>
Profit/(loss) before minority interests									<u>747,266</u>	<u>(2,744,597)</u>
Minority interests									<u>79,533</u>	<u>114,110</u>
Net profit/(loss) from ordinary activities attributable to shareholders									<u><u>826,799</u></u>	<u><u>(2,630,487)</u></u>

PROFIT/(LOSS) BEFORE TAX

4. The Group's profit/(loss) from operating activities is arrived at after (crediting)/charging:

	Unaudited For the three months ended 30 June 2006		Unaudited For the six months ended 30 June 2005		Unaudited For the three months ended 30 June 2006		Unaudited For the six months ended 30 June 2005	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Staff costs (excluding directors remuneration)	4,468,683	5,266,150			9,115,762	10,617,576		
Depreciation of property equipment and vehicle	602,603	593,258			1,198,271	1,150,881		
Amortization of an information database	908,869	908,869			1,817,739	1,817,739		
Interest income	<u>(20,511)</u>	<u>(84,756)</u>			<u>(114,902)</u>	<u>(101,643)</u>		

5. TAX

	Unaudited		Unaudited	
	For the three months ended	30 June 2005	For the six months ended	30 June 2005
	30 June 2006	RMB	30 June 2006	RMB
PRC corporate income tax	<u>233,369</u>	<u>-</u>	<u>233,369</u>	<u>207,249</u>

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2006 (six months ended 30 June 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 corporate income tax at a rate of 15%. However, in accordance with an approval document issued by the relevant tax bureau, the Company has been granted a 50% reduction in corporate income tax for the period between 1 January 2004 and 31 December 2006.

CCID Datasource Co., Ltd. ("CCID Data"), the Company's subsidiary established in the PRC, is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, CCID Data is subject to corporate income tax at a rate of 15%. However, in accordance with an approval document issued by the relevant tax bureau, CCID Data has been granted an income tax exemption for the period between 1 January 2002 and 31 December 2004. By obtaining further approval, the Company has been granted a 50% reduction in corporate income tax for the period between 1 January 2005 and 31 December 2007.

CCID Chuangxin Marketing Co., Ltd. ("CCID Marketing") and CCID Shiji Exhibition Co., Ltd. ("CCID Exhibition"), the Company's two subsidiaries established in the PRC, were in 2004. However, in accordance with an approval document issued by the relevant tax bureau, CCID Marketing has been granted an income tax exemption for the period between 1 January 2005 and 31 December 2006. Pursuant to the Income Tax Law in the PRC, CCID Exhibition is subjected to corporate income tax at a rate of 33%.

There was no unprovided deferred tax with respect to the six months ended 30 June 2006 (six months ended 30 June 2005: Nil).

6. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2006 was based on the net profit from ordinary activities attributable to shareholders of RMB826,799 (six months ended 30 June 2005: RMB(2,630,487)) and the weighted average of 700,000,000 (six months ended 30 June 2005: 700,000,000) ordinary shares in issue during the period.

Diluted earnings/(loss) per share amounts for the six months ended 30 June 2006 and 2005 have not been calculated because no diluting events existed during these periods.

7. DIVIDENDS

The Board does not recommend payment of a dividend for the six months ended 30 June 2006 (six months ended 30 June 2005: Nil).

8. CAPITAL EXPENDITURE

	Property equipment and vehicle RMB	Information database RMB
For the six months ended 30 June 2006		
Net book value as at 1 January 2006	31,514,351	21,952,458
Additions	786,544	-
Depreciation/amortization	<u>(1,198,271)</u>	<u>(1,817,739)</u>
Net book value as at 30 June 2006	<u>31,102,624</u>	<u>20,134,719</u>

9. ACCOUNTS RECEIVABLE

The ageing of accounts receivable is analysed as follows:

	Unaudited	Audited
	30 June	31 December
	2006	2005
	RMB	RMB
Outstanding balances with ages		
Within 180 days	8,032,197	6,437,801
181 days - 365 days	1,242,748	2,091,505
Over 365 days	5,242,267	4,944,056
	14,517,212	13,473,362
Less: Provision for doubtful debts	(3,726,566)	(3,726,566)
	10,790,646	9,746,796

The general credit terms of the Group range from 60 to 180 days.

10. DUE TO THE IMMEDIATE HOLDING COMPANY

The amount due to the immediate holding company at 30 June 2006 included the amount payable to the Research Centre of Computer and Microelectronics Development ("Research Centre"), the immediate holding company of the Company, for the acquisition of the 9th and 10th floors of CCID Plaza (see Note 14 of annual accounts of the Company for the year ended 31 December 2004). The amount payable is interest-free and repayable according to the following schedule in accordance with the terms of the relevant property purchase agreement:

RMB

Non-current

Within 10 days from the date of ownership certificate
of the 9th and 10th floors of the CCID Plaza
is transferred to the Company

1,577,829

11. RELATED PARTY TRANSACTIONS

The following companies mentioned are within the organization of China Centre of Information Industry Development ("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 this report, the Group had the following material transactions with related parties during the period:

		Unaudited	
		For the six months ended	
	<i>Notes</i>	30 June 2006	30 June 2005
		RMB	RMB
Gross revenue earned before sales surtaxes			
Provision for consulting services to:			
CCID	(a)	-	9,450
Beijing CCID Net IT Co., Ltd. ("CCID Net")	(a)	-	38,078
China Information World	(a)	-	100,000
		<u>-</u>	<u>147,528</u>
Promotional expenses (including advertising services, and website and hyperlink services)			
Design and production expenses charged by			
CCID Public Relationship Co., Ltd.	(a)	-	19,877
Promotional expenses charged by CCID Net	(a)	27,990	-
Promotional expenses charged by			
CCID Call Center Co., Ltd.	(a)	73,421	319,481
Promotional and translation expenses charged by			
Beijing China Electronics News Technology Development Co., Ltd.	(a)	171,110	333,468
Promotional expenses charged by			
China Software Testing Centre	(a)	418,581	5,000
Promotional expenses charged by			
CCID Information Industry (Group) Co., Ltd.	(a)	-	1,820
Promotional expenses charged by			
CCID Animated Advertising Co., Ltd.	(a)	8,000	-
		<u>699,102</u>	<u>679,646</u>
<i>Notes:</i>			

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

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the six months ended 30 June 2006, the turnover by operations can be classified as follows:

	For the six months ended 30 June 2006		For the six months ended 30 June 2005	
	Turnover RMB	Percentage (approximately)	Turnover RMB	Percentage (approximately)
Market Research	14,737,652	64%	15,133,893	70%
Data Information Management	2,494,551	11%	2,504,112	12%
Management Consultancy	2,610,067	11%	3,254,004	15%
Marketing Consultancy	3,251,736	14%	712,873	3%
Total	<u>23,094,006</u>	<u>100%</u>	<u>21,604,882</u>	<u>100%</u>

Business Review

For the six months ended 30 June 2006, the turnover and gross profit of the Group amounted to RMB23,094,006 and RMB7,677,507 respectively. They were increased by approximately 7% and 53% respectively, as compared to the corresponding period of last year. The increases were mainly attributable to (1) tightened cost control, (2) the marketing consultancy services had contributed an extra RMB2.5 million in the Group's turnover. Same as last year, though the Group faced (1) IT market was still depressed, (2) keen competitions existed in the industry, (3) and unsatisfactory results of new products launched during the period. The Group's turnover still increased by 7% and gross profits increased by 53%.

In terms of market research, for the six months ended 30 June 2006, the Group had issued 192 annual research reports, 47 trend and feature research reports, and it also had completed 14 monthly monitoring reports and 33 quarterly analysis reports, thus realizing a revenue of RMB14,737,652 for the six months ended 30 June 2006, which constituted approximately 64% of the Group's turnover. The segment's turnover was decreased by approximately 3% as compared to the corresponding period of last year. The decrease was mainly due to the demand for regular research reports was dropped under the depressing IT market and keen competitions during the period.

In terms of data information management, relying on 35 constantly revising and advanced data-mining technique data banks, the Group had provided membership and data subscription service to over 200 customers for the six months ended 30 June 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 RMB2,494,551 for the six months ended 30 June 2006, which constituted approximately 11% of the Group's turnover. The segment's turnover grew stably as compared to the corresponding period of last year.

In terms of management consultancy service, the Group has 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 with respect to 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 RMB2,610,167 for the six months ended 30 June 2006 in management consultancy service, which constituted approximately 11% of the Group's turnover and decreased by approximately 20% as compared to the corresponding period of last year.

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 RMB3,251,736 for the three months ended 30 June 2006 which constituted approximately 14% of the Group's turnover.

Market Promotions and Publicity

For the six months ended 30 June 2006, the Group enhanced efforts in market promotions and publicity. During the period the Group hosted or co-sponsored research meetings, including "2006 China Governmental Internet Performance Appraisal Conference", "2006 China's IT Market Annual Conference", "2006 China's Consuming Electronic Market Annual Conference", "2006 China's Semiconductor Market Annual Conference", "IC Market China 2006", "Annual Conference of Internet & E-commerce Market in China", "SME E-commerce Application Conference", "China International E-commerce Summit Forum", "2006 Annual Economic Conference of China Development Zone" and "2006 IT Application Benchmark Selection Among Power Enterprise & Release Conference" 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.

Liquidity and Financial Resources

The Group held cash and bank deposits of HK\$1,682,994, RMB57,696,507 and USD41,009 as at 30 June 2006. During the period, 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 had adequate operating funds for its present needs.

Significant Investment

The Group has no significant investment during the six months ended 30 June 2006.

Future Plans for Material Investments

As at 30 June 2006, the Group has no future plans for material investments or capital assets.

Material Acquisitions and Disposals

The Group has no material acquisition or disposal during the six months ended 30 June 2006.

Staff

As at 30 June 2006, the Group has 177 employee.

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.

Capital Structure

The capital structure as at 30 June 2006 is summarized below:

	<i>RMB</i>	<i>Percentage</i>
Capital and Reserves	109,400,325	98%
Minority Interests	2,502,138	2%
Total	<u>111,902,463</u>	<u>100%</u>

Contingent Liabilities

As at 30 June 2006, the Group has no contingent liabilities (as at 31 December 2005: Nil).

Pledge of Assets

As at 30 June 2006, the Group did not have any pledged assets.

Gearing Ratio

As at 30 June 2006, the Group's gearing ratio was about 11%, calculated by dividing total liability by total net assets.

Exchange Risk

The bank deposits is the amount in Hong Kong dollars raised through listing on the Stock Exchange and it has been converted into Renminbi at the exchange rate of HK\$1 = RMB1.0400. In the process of pursuing business objectives, the above funds may have to be changed into Reminbi or other currencies, subject to exchange gain or loss as well as risks.

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

As at 30 June 2006, the interests of the directors in the shares capital and warrants of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in shares

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

Save as disclosed above, none of the directors, supervisors, or their associates had registered interests 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 the 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 heading "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 30 June 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 30 June 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 Center of Information Industry Development ("CCID") <i>(note 1)</i>	Interest of controlled corporation	Corporate	485,900,000 domestic shares	98.96%	69.41%
Research Centre of Computer and Microelectronics Development, MII ("Research Centre") <i>(note 1)</i>	Beneficial owner	Corporate	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd. <i>(note 1)</i>	Beneficial owner	Corporate	93,290,000 domestic shares	19.00%	13.32%
Employees' Shareholding Society of Legend Holdings Ltd <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Holdings Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Group Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Holdings (BVI) Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited <i>(note 2)</i>	Interest of controlled corporation	Corporate	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited <i>(note 2)</i>	Beneficial owner	Corporate	20,000,000 H shares	9.57%	2.86%

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
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	12,510,000 H shares	5.99%	1.79%
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	12,510,000 H shares	5.99%	1.79%
Kingsway International Holdings Limited <i>(note 3)</i>	Interest of controlled corporation	Corporate	12,510,000 H shares	5.99%	1.79%
Kingsway Securities Holdings Limited <i>(note 3)</i>	Interest of controlled corporation	Corporate	12,510,000 H shares	5.99%	1.79%
Kingsway Financial Services Limited <i>(note 3)</i>	Beneficial owner	Corporate	12,510,000 H shares	5.99%	1.79%

Note:

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 12,510,000 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 and Lam Wong Yuk Sin are deemed to be interested in 12,510,000 H shares of the Company and Mr. Lam William Ka Chung is deemed to be interested in 14,600,000 H shares of the Company.

Save as disclosed above, as at 30 June 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.

SECURITIES TRANSACTIONS BY DIRECTORS

Although the Company has not adopted any internal code of conduct regarding directors' securities transactions, it has made specific enquiry of all Directors and the Directors have confirmed that they have complied with all the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules during the six months ended 30 June 2006.

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 has three members comprising the three independent non-executive directors of the Company, namely Guo Xiping, Lu Mai and Han Fuling. Guo Xiping is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited consolidated results for the six months ended 30 June 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.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2006.

On behalf 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. Liu Liehong (*Non-executive Director*)

Mr. Guo Xiping (*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 August 2006