

# CCIDConsulting

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: 08235)*

ANNUAL REPORT  
2006

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

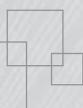
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*This report, for which the directors of CCID Consulting Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard 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)

#### *Non-executive Directors*

李穎 (Li Ying)

劉烈宏 (Liu Liehong)

#### *Independent non-executive Directors*

郭新平 (Guo Xinping)

韓複齡 (Han Fuling)

### Compliance Officer

莊行方 (Zhuang Xingfang)

### Company Secretary

Wong Ki Yan Davhen, *ACCA, CPA*

### Qualified Accountant

Wong Ki Yan Davhen, *ACCA, CPA*

### Authorised representatives

李峻 (Li Jun) (*Chief Executive Officer*)

Wong Ki Yan Davhen, *ACCA, CPA*

### 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

Wanchai, Hong Kong

### Company's Website Address

[www.ccidconsulting.com](http://www.ccidconsulting.com)

### Stock Code

08235

### Members of the audit committee

郭新平 (Guo Xinping) (*Chairman of the committee*)

韓複齡 (Han Fuling)

### Members of the remuneration committee

郭新平 (Guo Xinping) (*Chairman of the committee*)

韓複齡 (Han Fuling)

### Auditors

CCIF CPA Limited

### Hong Kong Share Registrar and Transfer Office

Tengis Limited

Level 28

Three Pacific Place

1 Queen's Road East

Wanchai, Hong Kong

### Principal Banker

北京銀行 (Bank of Beijing)

China Construction Bank



## Chairman's Statement

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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 2006.

### 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 2006, the Group recorded turnover of RMB43,086,673, net loss of RMB1,616,362, and loss per share of RMB0.2 cents per ordinary share. The turnover and gross profit of the Group were increased by approximately 0% and 23% respectively, as compared to the last year. The increase were mainly attributable to (1) the success of budgeting control policy in reducing unnecessary direct and indirect cost and (2) the simultaneous strengthening of the marketing and sales force.



# Chairman's Statement

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## Future Developments

In the year 2007, 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 gradually promote the core competitive ability from primarily the market research service to both the market consultation service and the management consultation service in order to create new synergic service coordination, and will further consummate the conventional research quality control in maximizing the service value. In addition, the Group will strengthen more and more business cooperation partners from both the domestic and the international markets. By the advancement of the Group's consultancy service, data collection and the marketing channel, these three stratification planes will strengthen the Group's overseas brand promotion dynamics, and will continue to make our Group be a well-known brand name of the China information industry.

To conclude, 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

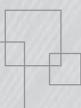
I avail myself of this opportunity to thank all directors, management of the Group and all the employees for their dedication and commitment and all customers, bankers and shareholders for their continued support.

**Zhuang Xingfang**

*Chairman*

Beijing, The People's Republic of China

22 March 2007



# 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 2006, demand for IT-related consulting services, the major business of the Group, was dropped similar to last year.

## Turnover Analysis

For the year ended 31 December 2006 the turnover by operations can be classified as follows:

	Turnover <i>in RMB</i>	Percentage
Market Research Services	24,619,708	57%
Data Information Management Services	5,841,154	13%
Management Consultancy Services	6,757,794	16%
Marketing Consultancy Services	5,868,017	14%
	<hr/>	<hr/>
Total	<u>43,086,673</u>	<u>100%</u>



# Management Discussion and Analysis

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## Business Review

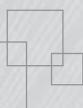
In year of 2006, as resulted from depressed market demand and keen competitions, the Group experienced its consecutive second loss year since listed on GEM of the Stock Exchange. The performance of the each operation and reasons for the loss are summarized as follows:

In terms of market research services, for the year ended 31 December 2006, the Group had issued 192 annual research papers, 69 industry research papers and 89 feature research papers, and it also had completed 93 quarterly analysis reports, thus realizing a revenue of 24,619,708 for the year ended 31 December 2006, which constituted approximately 57% of the Group's turnover. The operation's turnover was decreased by approximately 11% 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 services, 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 2006, 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 services was RMB5,841,154 for the year ended 31 December 2006, which constituted approximately 13% of the Group's turnover. The operation's turnover was increased by approximately 10%. The increase was mainly due to the strengthening of the sales and marketing force.

In terms of management consultancy services, 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 services was RMB6,757,794 for the year ended 31 December 2006, which constituted approximately 16% of the Group's turnover. The operation's turnover was increased by approximately 10%. The increase was mainly due to the strengthening of the sales and marketing force.

In terms of marketing consultancy services, 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 services was RMB5,868,017 for the year ended 31 December 2006 which constituted approximately 14% of the Group's turnover.



# Management Discussion and Analysis

## Market Promotions and Publicity

For the year ended 31 December 2006, the Group enhanced efforts in market promotions and publicity. During the year 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.

## Human Resources

The Group had employed 163 full-time staff members as at 31 December 2006, categorized by the following principal functions:

Accounting and Finance	5
Administration	19
Human Resources Management	4
Management	13
Research, Development and Production	92
Sales and Marketing	30
	<hr/>
Total	<u>163</u>

The Group adopts a flexible but stable policy. Whenever there is a shortage of staff in a department in the process of business expansion, staff of other departments are allocated herein first before hiring someone outside to increase efficiency and lower costs. Wages and salaries are determined based upon the market condition, performance of the employee, his or her qualifications and experience.

## Liquidity and Financial Resources

The Group held cash and bank deposits of RMB65,240,984, HK\$1,724,297, and USD64,572 as at 31 December 2006. During the year, the Group's primary source of funds was cash provided by operating activities and the proceeds raised from listing in 2002. Management believes that the Group has adequate operating funds for its present needs.



# Management Discussion and Analysis

## Capital Structure

The capital structure as at 31 December 2006 is summarised as below:

	<i>RMB</i>	<i>Percentage</i>
Capital and Reserves	109,585,104	98%
Minority Interests	<u>2,455,870</u>	<u>2%</u>
Total	<u><u>112,040,974</u></u>	<u><u>100%</u></u>

## Capital Expenditure Commitment and Contingent Liability

As at 31 December 2006, the Group had no significant capital expenditure commitment and contingent liability.

## Pledge of Assets

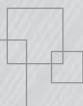
As at 31 December 2006, the Group did not have any pledged assets.

## Gearing Ratio

As at 31 December 2006, the Group's gearing ratio was about 13%, 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 58, is currently the chairman of the board of Directors, an Executive Director and the Compliance Officer 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 an Executive Director with effect from 15 March 2002.

**Mr. Luo Wen** (羅文), aged 42, 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 14 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 an Executive Director with effect from 15 March 2002.

## Non-executive Directors

**Ms. Li Ying** (李穎), aged 46, 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 24 years of experience in the field of data information. She was appointed as a non-executive Director with effect from 15 March 2002.

**Mr. Liu Liehong** (劉烈宏), aged 38, Mr. Liu is currently a Non-executive Director of the Company. Mr. Liu held a number of positions including superintendent of The Second Electronics Research Institute of Ministry of Information Industry and deputy general manager of China Electronics Technology Group Corporation. Mr. Liu is currently the superintendent of CCID, the controlling shareholder of the Company. Mr. Liu has over 10 years of management experience. He was appointed as a non-executive director with effect from 20 May 2006.



# Biographical Details of Directors, Supervisors and Senior Management

## Independent Non-executive Directors

**Mr. Guo Xinping** (郭新平), aged 43, 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 17 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. Han Fuling** (韓復齡), aged 43, 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. Mr. Han was appointed as an Independent Non-executive Director with effect from 17 March 2005.

## Supervisors

**Mr. Gong Chenghe** (宮承和), aged 52, 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. Mr. Gong has over 20 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 35, is currently a supervisor of the Company. Mr. Huang graduated from economics and management department of Beijing Linze 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.. Mr. Huang has over 13 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. Mr. Zhao has over 5 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.



# Biographical Details of Directors, Supervisors and Senior Management

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## Senior Management

**Mr. Li Jun** (李峻), aged 31, is currently a proposed Executive Director and Chief Executive Officer of the Company. He is responsible for overall management and administration of the Group. Mr. Li graduated from Wu Han University, majoring in Geographical Informatic System, held a PHD degree. He has over 5 years Senior Management experience and was proposed to be appointed as an executive director on 29 December 2006, his final appointment be subjected to the approval of the annual general meeting.

**Mr. Wu Fan** (吳凡), aged 33, 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 10 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 22 years of experience in the field of IT scientific research, management and information consultancy. He joined the Group in June 2002.

**Mr. Wong Ki Yan Davhen** (黃基恩), aged 37, is currently the qualified accountant and the company secretary of the Company. Mr. Wong 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 13 years of auditing, accounting and financial experience. He joined the Group on 29 May 2006.



# Biographical Details of Directors, Supervisors and Senior Management

## Senior Management (*Continued*)

**Mr. Tang Wenxian** (湯文仙), aged 38, is currently the Secretary to the Board of Directors and General Manager of Corporate Strategic Consulting Center of the Company. He is a PhD holder of the Economic and Management School of Beijing Industrial University. He held a number of positions including assistant to director of CCID IT Research department, researcher in the Stock Exchange Executive Council (SEEC), and an appraiser in China Enterprise Appraisals Company (CEA). He has 5 years of experience in IT scientific research. He joined the Group in November 2006.

**Mr. Wang Jieyi** (王杰義), aged 43, is currently the vice president of the Company. He graduated from the People's University and the Graduate School of the Chinese Academy of Social Sciences with a Master Degree and a PhD degree in economics respectively. Mr. Wang used to work for the Agricultural Commission of the city of Xiangfan, the State Economic & Trade Commission, the government of Ningde Prefecture in Fujian Province, and the Product Division of the Ministry of Information Industry. He joined the CCID group in September 1999 and the Company in 2003. Has nearly 20 years of management, research, and consulting experiences.

**Ms. Maggie Wang** (王靖), aged 31, is currently the vice-president of the Company. She was graduated from the University of International Business and Economics, majored in foreign business English. She held a number of positions including director of the Administration, HR department, Foreign Business Department and Marketing Department of the Company. Ms. Wang has 9 years of experience in marketing field. She joined the Group in December 2002.



## Report of the Directors

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The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2006.

### 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 change 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 2006 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

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### 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.

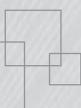
### Distributable reserves

At 31 December 2006, in accordance with the PRC Company Law, an amount of approximately RMB18,100,000 standing to the credit of the Company 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 RMB11,800,000 available for distribution as dividends.

### Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 12% of the total sales for the year and sales to the largest customer included therein amounted to 3%. Purchases from the Group's five largest suppliers accounted for less than 11% 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

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### Directors

The directors of the Company during the year were:

*Executive directors:*

Zhuang Xingfang

Luo Wen

Huang Yong *(Resigned on 31 October 2006)*

*Non-executive directors:*

Li Ying

Liu Liehong *(Appointed on 20 May 2006)*

*Independent non-executive directors:*

Guo Xinping

Lu Mai *(Resigned on 29 December 2006)*

Han Fuling

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 Company 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.

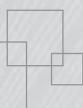
### Directors' and supervisors' interests and short positions in shares and underlying shares

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

Long positions in ordinary shares of the Company:

<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 December 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 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 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.

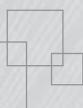
Long positions in shares:

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%



## 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	12,510,000 H shares	5.99%	1.79%
Lam William Ka Chung (note 3)	Interest of controlled corporation	Personal	12,510,000 H shares	5.99%	1.79%
Lam Wong Yuk Sin Mary (note 3)	Interest of controlled corporation	Personal	12,510,000 H shares	5.99%	1.79%
Kingsway International Holdings Limited (note 3)	Interest of controlled corporation	Corporate	12,510,000 H shares	5.99%	1.79%
Kingsway Securities Holdings Limited (note 3)	Interest of controlled corporation	Corporate	12,510,000 H shares	5.99%	1.79%
Kingsway Financial Services Limited (note 3)	Beneficial owner	Corporate	12,510,000 H shares	5.99%	1.79%



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

Save as disclosed above, as at 31 December 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.

### 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

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### 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 2006, the Group had around 163 (2005: 188) 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

The financial statements for the year ended 31 December 2006 has been audited by CCIF CPA Limited who retire and, do not offer themselves for re-appointment at the 2007 annual general meeting.

### 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.

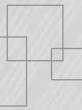
ON BEHALF OF THE BOARD

**Zhuang Xingfang**

*Director*

Beijing, the People's Republic of China

22 March 2007



## Report of the Supervisory Committee

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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 2006, 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 2006 and has confidence in the future of the Company.

By Order of the Supervisory Committee

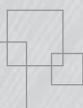
**Gong Chenghe**

*Chairman*

Beijing, the People's Republic of China

22 March 2007





## Corporate Governance Report

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 six meetings in 2006.

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

Directors		Number of board meeting held during the term of directorship in 2006	Attendance
Mr. Zhuang Xingfang		6	6/6
Mr. Luo Wen		6	6/6
Mr. Huang Yong	<i>(Resigned on 31 October 2006)</i>	4	4/4
Ms. Li Ying		6	6/6
Mr. Liu Liehong	<i>(Appointed on 20 May 2006)</i>	4	4/4
Mr. Guo Xinping		6	6/6
Mr. Han Fuling		6	6/6
Mr. Lu Mai	<i>(Resigned on 29 December 2006)</i>	5	5/5



# Corporate Governance Report

## 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. Hung Yong chief executive officer and executive director.

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, one meeting of the remuneration committee was held.

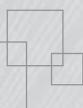
Details of the attendance of the remuneration committee meeting are as follows:

Members	Attendance
Mr. Guo Xinping	1/1
Mr. Lu Mai (Resigned on 29 December 2006)	1/1
Mr. Huang Yong (Resigned on 31 October 2006)	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 RMB310,000 to the external auditors for their services and there was no significant non-audit service assignment undertaken by the external auditors during the year.



# Corporate Governance Report

## 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.

Due to the resignation of Lu Mai on 29 December 2006, the Audit Committee comprised two members for the last two days of the year. Therefore, the Company failed to strictly comply with Rule 5.28 of the GEM Listing Rules which requires that a listed issuer shall establish an audit committee comprising a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2). The Audit Committee has reviewed the Group's financial statements for the year ended 31 December 2006 and has provided advice and comments thereon. The Audit Committee held four meetings during the year.

Members	Attendance
Mr. Guo Xinping	4/4
Mr. Lu Mai <i>(Resigned on 29 December 2006)</i>	4/4
Mr. Han Fuling	4/4

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2006 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.

## Compliance with Rules 5.34 to 5.45 of the GEM Listing Rules

In the opinion of the directors, the Company has complied with Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules (before amendments effective 1 January 2005) for the year under review except that during the last two days of the year, the Company had only two independent non-executive directors and the Audit Committee comprised two members.



# Independent Auditor's Report



**CCIF**

**CCIF CPA LIMITED**

20/F Sunning Plaza  
10 Hysan Avenue  
Causeway Bay Hong Kong

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CCID CONSULTING COMPANY LIMITED**

賽迪顧問股份有限公司

*(Established in the People's Republic of China with limited liability)*

We have audited the consolidated financial statements of CCID Consulting Company Limited (the "Company") set out on pages 28 to 78, which comprise the consolidated and company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## **Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made 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 the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 2006 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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 2007

**Betty P.C. Tse**

Practising Certificate Number P03024

# Consolidated Income Statement

(For the year ended 31 December 2006)

	<i>Note</i>	2006 <i>RMB</i>	2005 <i>RMB</i>
<b>Turnover</b>	5 & 13	<b>43,086,673</b>	43,069,471
Cost of sales		<u>(30,456,495)</u>	<u>(32,830,999)</u>
<b>Gross profit</b>		<b>12,630,178</b>	10,238,472
Other revenue	6	1,114,152	514,524
Selling and distribution costs		<u>(4,427,106)</u>	<u>(4,692,785)</u>
Administrative expenses		<u>(9,556,698)</u>	<u>(9,827,262)</u>
Other operating expenses		<u>(1,138,607)</u>	<u>(3,443,259)</u>
<b>Loss before taxation</b>	7	<b>(1,378,081)</b>	(7,210,310)
Taxation	8(a)	<u>(238,281)</u>	–
<b>Loss for the year</b>		<u><b>(1,616,362)</b></u>	<u>(7,210,310)</u>
<b>Attributable to:</b>			
Equity holders of the Company	11, 29(a)	<u>(1,490,560)</u>	<u>(6,926,843)</u>
Minority interests	29(a)	<u>(125,802)</u>	<u>(283,467)</u>
<b>Loss for the year</b>		<u><b>(1,616,362)</b></u>	<u>(7,210,310)</u>
<b>Loss per share</b>	12		
Basic (cents)		<u>(0.2)</u>	<u>(1.0)</u>
Diluted (cents)		<u>N/A</u>	<u>N/A</u>

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

# Consolidated Balance Sheet

(At 31 December 2006)

	Note	2006 RMB	2005 RMB
<b>Non-current assets</b>			
Property, plant and equipment	14	12,436,366	13,706,920
Land lease prepayments	15	17,169,250	17,807,431
Intangible assets	17	18,316,979	21,952,458
Deferred tax assets	27	97,229	97,229
		<b>48,019,824</b>	<b>53,564,038</b>
<b>Current assets</b>			
Accounts receivable	18	5,353,614	9,746,796
Due from related parties	19	1,050,000	1,050,000
Due from the ultimate holding company	20	3,162,000	3,070,000
Prepayments, deposits and other receivables	21	933,681	1,187,630
Land lease prepayments	15	638,181	638,181
Tax recoverable		-	207,249
Cash and cash equivalents	22	67,476,556	59,986,159
		<b>78,614,032</b>	<b>75,886,015</b>
<b>Current liabilities</b>			
Accounts payable	23	169,356	162,059
Salary and welfare payables		1,461,179	713,119
Accruals and other payables	24	11,370,385	11,494,629
Due to immediate holding company	25	1,591,962	1,845,081
		<b>14,592,882</b>	<b>14,214,888</b>
<b>Net current assets</b>			
		<b>64,021,150</b>	<b>61,671,127</b>
<b>Total assets less current liabilities</b>			
		<b>112,040,974</b>	<b>115,235,165</b>
<b>Non-current liabilities</b>			
Due to immediate holding company	25	-	1,577,829
<b>NET ASSETS</b>			
		<b>112,040,974</b>	<b>113,657,336</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	28	70,000,000	70,000,000
Reserves	29	39,585,104	41,075,664
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>109,585,104</b>	<b>111,075,664</b>
<b>MINORITY INTERESTS</b>			
	29	2,455,870	2,581,672
<b>TOTAL EQUITY</b>			
		<b>112,040,974</b>	<b>113,657,336</b>

Approved and authorised for issue by the board of directors on 22 March 2007

Zhuang Xingfang  
Director

Luo Wen  
Director

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

# Balance Sheet

(At 31 December 2006)

	Note	2006 RMB	2005 RMB
<b>Non-current assets</b>			
Property, plant and equipment	14	11,794,954	12,669,855
Land lease prepayments	15	17,169,250	17,807,431
Investments in subsidiaries	16	44,592,021	44,592,021
Deferred tax assets	27	97,229	97,229
		<u>73,653,454</u>	<u>75,166,536</u>
<b>Current assets</b>			
Accounts receivable	18	3,345,561	7,836,987
Due from related parties	19	1,050,000	1,050,000
Prepayments, deposits and other receivables	21	787,609	886,627
Land lease prepayments	15	638,181	638,181
Tax recoverable		–	207,249
Cash and cash equivalents	22	51,954,292	45,999,070
		<u>57,775,643</u>	<u>56,618,114</u>
<b>Current liabilities</b>			
Accounts payable	23	169,356	162,059
Salary and welfare payables		1,170,004	550,964
Accruals and other payables	24	7,028,633	7,498,564
Due to immediate holding company	25	1,591,962	1,845,081
Due to a subsidiary	26	15,810,727	15,810,727
		<u>25,770,682</u>	<u>25,867,395</u>
<b>Net current assets</b>			
		<u>32,004,961</u>	<u>30,750,719</u>
<b>Total assets less current liabilities</b>			
		<u>105,658,415</u>	<u>105,917,255</u>
<b>Non-current liabilities</b>			
Due to immediate holding company	25	–	1,577,829
<b>NET ASSETS</b>			
		<u>105,658,415</u>	<u>104,339,426</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	28	70,000,000	70,000,000
Reserves	29	35,658,415	34,339,426
<b>TOTAL EQUITY</b>			
		<u>105,658,415</u>	<u>104,339,426</u>

Approved and authorised for issue by the board of directors on 22 March 2007

Zhuang Xingfang  
Director

Luo Wen  
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 2006)

	Attributable to equity holders of the Company							
	Share capital	Capital reserve	Statutory reserve	Discretionary reserve	Retained profits	Total	Minority interests	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
At 1 January 2005	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 and 1 January 2006	70,000,000	18,609,965	6,850,147	58,517	15,557,035	111,075,664	2,581,672	113,657,336
Loss for the year	-	-	-	-	(1,490,560)	(1,490,560)	(125,802)	(1,616,362)
Profit appropriations	-	-	155,727	-	(155,727)	-	-	-
At 31 December 2006	70,000,000	18,609,965	7,005,874	58,517	13,910,748	109,585,104	2,455,870	112,040,974

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

# Consolidated Cash Flow Statement

(For the year ended 31 December 2006)

	Note	2006		2005	
		RMB	RMB	RMB	RMB
<b>Operating activities</b>					
Loss before taxation		(1,378,081)		(7,210,310)	
Adjustments for:					
Depreciation		1,764,302		1,673,341	
Amortisation of land lease prepayments		638,181		638,181	
Impairment loss on intangible assets		–		562,000	
Impairment loss for bad and doubtful debts		960,304		2,172,001	
Amortisation of intangible assets		3,635,479		3,635,479	
Interest income		(1,112,896)		(514,524)	
<b>Operating profit before changes in working capital</b>		<b>4,507,289</b>		<b>956,168</b>	
Decrease in accounts receivable		3,432,878		2,294,291	
Decrease in prepayments, deposits and other receivables		450,124		167,061	
Increase in accounts payable		7,297		162,059	
Increase in salary and welfare payables		748,060		335,996	
(Decrease)/increase in accruals and other payables		(124,244)		521,530	
<b>Cash generated from operations</b>		<b>9,021,404</b>		<b>4,437,105</b>	
Tax paid					
PRC enterprise income tax paid		(31,032)		(541,808)	
<b>Net cash generated from operating activities</b>			<b>8,990,372</b>		<b>3,895,297</b>
<b>Investing activities</b>					
Payment for the purchase of property, plant and equipment		(493,748)		(668,632)	
(Increase)/decrease in amounts due from ultimate holding company		(92,000)		11,814,245	
(Increase) in time deposits with maturity of more than three months		(30,000,000)		–	
Interest income received		916,721		167,187	
<b>Net cash (used in)/generated from investing activities</b>			<b>(29,669,027)</b>		<b>11,312,800</b>
<b>Financing activities</b>					
Decrease in amount due to related party		–		(5,000)	
Decrease in amount due to immediate holding company		(1,830,948)		(1,615,346)	
<b>Net cash (used in) financing activities</b>			<b>(1,830,948)</b>		<b>(1,620,346)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(22,509,603)</b>		<b>13,587,751</b>
<b>Cash and cash equivalents at 1 January</b>			<b>59,986,159</b>		<b>46,398,408</b>
<b>Cash and cash equivalents at 31 December</b>	22		<b>37,476,556</b>		<b>59,986,159</b>

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

# Notes to the Financial Statements

(31 December 2006)

## 1. GENERAL INFORMATION

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 Hua Ju Jia Road, Chang Ping District, Beijing, the People's Republic of China.

The Company and its subsidiaries (collectively, 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 English names of those companies referred in the financial statements represent the unofficial translation of their respective registered Chinese names. Their English names have not been legally adopted by these entities.

## 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.

# Notes to the Financial Statements

(31 December 2006)

## 2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### a) STATEMENT OF COMPLIANCE (*Continued*)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### b) BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2006 comprise the Company and its subsidiaries.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and all of its subsidiaries. The measurement basis used in the preparation of the financial statements is the historical cost basis except as explained in the accounting policies set out below.

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 2006)

## 2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### c) SUBSIDIARIES AND MINORITY INTERESTS

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. 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 represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interest that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet 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 fact 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 2006)

## 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.

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 the 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 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
Furniture and equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost 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 2006)

## 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 definite) 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 with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful. 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 are reviewed annually.

### f) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

#### i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

# Notes to the Financial Statements

(31 December 2006)

## 2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### f) LEASED ASSETS (*Continued*)

#### ii) *Operating lease charges*

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.

### 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), where the effect of discounting is material.

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.

# Notes to the Financial Statements

(31 December 2006)

## 2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### g) IMPAIRMENT OF ASSETS (*Continued*)

#### 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;
- land lease prepayments;
- intangible assets; and
- investments in subsidiaries.

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.

#### - 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 unit 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.

# Notes to the Financial Statements

(31 December 2006)

## 2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### g) IMPAIRMENT OF ASSETS (*Continued*)

#### ii) *Impairment of other assets (Continued)*

- 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.

### 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. Except for financial guarantee liabilities measured, accounts and other payables are subsequently 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.

# Notes to the Financial Statements

(31 December 2006)

## 2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### k) EMPLOYEE BENEFITS

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans 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.

The Group participates in a defined contribution retirement plan organised by the local municipal government for its staff. The Group is required to make contributions to the retirement plan at a certain rate of the salaries, bonuses and certain allowance of its staff. The contributions payable are charged to profit and loss on an accrual basis according to the contribution determined by the plan. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the plan is to pay the ongoing required contributions under the plan mentioned above.

### 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 2006)

## 2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### I) 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 2006)

## 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 2006)

### 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.

When the outcome of a contract can be estimated reliably, revenue from the rendering of services is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. Contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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) Revenue from the rendering of data information management, market research, management consultancy and marketing consultancy services is recognised as set out in note under the heading "Contracts for services" above;
- ii) Revenue from the rendering of other market research services is recognised when the research reports are delivered to customers; and
- iii) Interest income is recognised as it accrues using the effective interest method.

Revenue excludes sales taxes, where applicable.

# Notes to the Financial Statements

(31 December 2006)

## 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, a party is considered to be related to the Group if:

- i) the party has the ability, directly, or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- ii) the Group and the party are subject to common control;
- iii) the party is a member of key management personnel of the Group or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- iv) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- v) the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

# Notes to the Financial Statements

(31 December 2006)

## 2. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### 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.

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 2006)

## 3. IMPACT OF NEW AND REVISED HKFRSs

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting period of the Group.

HKAS 19 Amendment	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	The Fair Value Option
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease

Note 2 summaries the accounting policies of the Group after the adoption of these developments to the extent that they are relevant to the Group.

The adoption of these new/revised standards and interpretations did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these standards did not result in significant changes to the amounts or disclosures in these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

# Notes to the Financial Statements

(31 December 2006)

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, 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 2006)

### 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:

	2006 RMB	2005 RMB
Market Research Services	24,619,708	27,654,111
Data Information Management Services	5,841,154	4,567,983
Management Consulting Services	6,757,794	5,504,073
Marketing Consultancy Services	5,868,017	5,343,304
	<u>43,086,673</u>	<u>43,069,471</u>

### 6. OTHER REVENUE

	2006 RMB	2005 RMB
Interest income from bank deposits	1,112,896	514,524
Sundry income	1,256	-
	<u>1,114,152</u>	<u>514,524</u>

# Notes to the Financial Statements

(31 December 2006)

## 7. LOSS BEFORE TAXATION

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

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

	2006 RMB	2005 RMB
Salaries, wages and other benefits	19,091,290	22,380,866
Retirement benefit scheme contributions	1,692,637	2,047,189
<b>Total staff costs #</b>	<b>20,783,927</b>	<b>24,428,055</b>

Total staff costs include research and development costs amounted to RMB2,131,348 (2005: RMB2,201,626).

At 31 December 2006, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2005: Nil).

### b) Other items

	2006 RMB	2005 RMB
Cost of services provided #	30,456,495	32,830,999
Auditors' remuneration	310,000	317,000
Amortisation of intangible assets #	3,635,479	3,635,479
Depreciation #	1,764,302	1,673,341
Amortisation of land lease prepayments	638,181	638,181
Impairment loss on intangible assets	-	562,000
Operating lease charges		
Land and buildings	224,128	103,490
Motor vehicles	50,000	58,500
Impairment loss for bad and doubtful debts	960,304	2,172,001
Research and development cost #	2,161,348	2,201,626
Net exchange loss	169,449	684,103

# The cost of services provided for the year ended 31 December 2006 includes amortisation of intangible assets of RMB3,635,479 (2005: RMB3,635,479), depreciation and amortisation of land lease prepayments of RMB1,764,302 (2005: RMB1,317,922), staff costs of RMB14,177,853 (2005: RMB15,558,368), and research and development cost of RMB2,161,348 (2005: RMB2,201,626), which were also included in the respective total amounts disclosed separately above.

# Notes to the Financial Statements

(31 December 2006)

## 8. TAXATION

a) Taxation in the consolidated income statement represents:

	2006 RMB	2005 RMB
Provision for PRC enterprise income tax	<u>238,281</u>	<u>–</u>

No provision for Hong Kong profits tax has been made as the Group has no profits assessable to Hong Kong profits tax for the years ended 31 December 2006 and 2005. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Company concerned operates, based on prevailing legislation, interpretations and practices 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 2005 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 that year.

CCID Datasource Co., Ltd. ("CCID Data"), the Company's subsidiary incorporated 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%. No provision for PRC enterprise income tax has been made for the years ended 31 December 2006 and 2005 as CCID Data made loss in both years.

CCID Chuangxin Marketing Co., Ltd. ("CCID Marketing"), the Company's subsidiary incorporated in the PRC and 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 years ended 31 December 2006 and 2005.

CCID Shiji Exhibition Co., Ltd. ("CCID Exhibition") and the Company's subsidiary incorporated in the PRC and is subject to PRC enterprise income tax. No provision for income tax has been made the years ended 31 December 2006 and 2005 as CCID Exhibition made loss in both years.

# Notes to the Financial Statements

(31 December 2006)

## 8. TAXATION (*Continued*)

b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2006 RMB	2005 RMB
Loss before taxation	<u>(1,378,081)</u>	<u>(7,210,310)</u>
Notional tax on loss before tax, calculated at the applicable rate	(454,767)	(2,379,402)
Tax effect of non-deductible expenses	240,948	550,737
Lower tax rate due to high tech industry	248,055	1,708,598
Tax holiday	(116,795)	(753,028)
Tax effect of unused tax losses not recognised	374,119	873,095
Tax effect of utilization of tax losses not previously recognised	<u>(53,279)</u>	—
Actual tax expense	<u>238,281</u>	<u>—</u>

## 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:

	2006 RMB	2005 RMB
Fees	142,000	87,400
Salaries and other benefits	669,840	786,240
Bonus	225,523	102,348
Retirement benefit scheme contributions	53,767	49,089
	<u>1,091,130</u>	<u>1,025,077</u>

# Notes to the Financial Statements

(31 December 2006)

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

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

2006

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Total
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<b>Executive directors</b>					
Zhuang Xingfang	14,200	-	-	-	14,200
Luo Wen	14,200	239,762	-	19,016	272,978
Huang Yong	7,100	250,551	213,920	15,735	487,306
<b>Non-executive directors</b>					
Li Ying	14,200	-	-	-	14,200
Zhang Xuming	-	-	-	-	-
Liu Liehong	10,650	-	-	-	10,650
<b>Independent non-executive directors</b>					
Guo Xiping	14,200	-	-	-	14,200
Lu Mai	10,650	-	-	-	10,650
Han Fuling	14,200	-	-	-	14,200
<b>Supervisors</b>					
Gong Chenghe	14,200	-	-	-	14,200
Huang Yongjin	14,200	-	-	-	14,200
Zhao Gang	14,200	179,527	11,603	19,016	224,346
<b>Total for 2006</b>	<b>142,000</b>	<b>669,840</b>	<b>225,523</b>	<b>53,767</b>	<b>1,091,130</b>

# Notes to the Financial Statements

(31 December 2006)

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

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

2005

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Total
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
<b>Executive directors</b>					
Zhuang Xingfang	6,900	-	-	-	6,900
Yang Tianxing	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
<b>Non-executive directors</b>					
Xu Jinshou	6,900	-	-	-	6,900
Li Ying	6,900	-	-	-	6,900
Liu Chunlu	6,900	-	-	-	6,900
Yu Bing	6,900	-	-	-	6,900
Zhang Xuming	6,900	-	-	-	6,900
Chen Dazhi	-	-	-	-	-
<b>Independent non-executive directors</b>					
Guo Xiping	6,900	-	-	-	6,900
Lu Mai	6,900	-	-	-	6,900
Han Fuling	6,900	-	-	-	6,900
<b>Supervisors</b>					
Gong Chenghe	2,300	-	-	-	2,300
Guan Rui	2,300	-	-	-	2,300
Zhang Hongfen	-	-	-	-	-
Huang Yongjin	-	-	-	-	-
Zhao Gang	-	176,785	7,900	16,363	201,048
Total for 2005	<u>87,400</u>	<u>786,240</u>	<u>102,348</u>	<u>49,089</u>	<u>1,025,077</u>

## Notes to the Financial Statements

(31 December 2006)

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

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 2006 and 2005.

No directors and supervisors waived any emoluments during the years ended 31 December 2006 and 2005.

### 10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2005: two) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2005: three) individuals is as follows:

	2006 RMB	2005 RMB
Salaries and other benefits	1,237,336	701,170
Bonuses	303,064	55,600
Retirement benefit scheme contributions	93,804	31,236
	<u>1,634,204</u>	<u>788,006</u>

The emoluments of each highest paid individual during the years ended 31 December 2006 and 2005 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 2006 and 2005.

### 11. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes the profit of RMB1,318,989 (2005: loss of RMB3,209,979) which has been dealt with in the financial statements of the Company.

# Notes to the Financial Statements

(31 December 2006)

## 12. LOSS PER SHARE

### a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of the Company of RMB1,490,560 (2005: loss of RMB6,926,843) and the weighted average of 700,000,000 (2005: 700,000,000) ordinary shares in issue during the year.

### b) Diluted loss per share

As there were no diluted potential shares outstanding during the years ended 31 December 2006 and 2005, the diluted loss per share for the years ended 31 December 2006 and 2005 is the same as the basic loss per share.

## 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.

# Notes to the Financial Statements

(31 December 2006)

## 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	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB	2006 RMB	2005 RMB	2006 HK\$	2005 HK\$	2006 HK\$	2005 RMB
<b>REVENUE</b>										
Sales to external customers	<u>24,619,708</u>	<u>27,654,111</u>	<u>5,841,154</u>	<u>4,567,983</u>	<u>6,757,794</u>	<u>5,504,073</u>	<u>5,868,017</u>	<u>5,343,304</u>	<u>43,086,673</u>	<u>43,069,471</u>
<b>RESULTS</b>										
Segment results before impairment loss on the intangible assets	11,584,627	10,805,266	(99,701)	(2,334,670)	901,453	(1,182,176)	243,799	2,950,052	12,630,178	10,238,472
Impairment loss on intangible assets	-	-	-	(562,000)	-	-	-	-	-	(562,000)
Segment results after impairment loss on intangible assets	<u>11,584,627</u>	<u>10,805,266</u>	<u>(99,701)</u>	<u>(2,896,670)</u>	<u>901,453</u>	<u>(1,182,176)</u>	<u>243,799</u>	<u>2,950,052</u>	<u>12,630,178</u>	<u>9,676,472</u>
Unallocated expenses									(15,121,155)	(17,401,306)
Interest income									1,112,896	514,524
Loss before taxation									(1,378,081)	(7,210,310)
Taxation									(238,281)	-
Loss for the year									<u>(1,616,362)</u>	<u>(7,210,310)</u>
<b>ASSETS</b>										
Segment assets	12,441,879	31,486,068	52,969,278	54,854,008	2,698,637	7,466,385	2,312,140	2,886,742	70,421,934	96,693,203
Less: Intersegment assets	-	-	(15,810,727)	(15,810,727)	-	-	-	-	(15,810,727)	(15,810,727)
Unallocated corporate assets									72,022,649	48,567,577
Total assets	<u>12,441,879</u>	<u>31,486,068</u>	<u>37,158,551</u>	<u>39,043,281</u>	<u>2,698,637</u>	<u>7,466,385</u>	<u>2,312,140</u>	<u>2,886,742</u>	<u>126,633,856</u>	<u>129,450,053</u>
<b>LIABILITIES</b>										
Segment liabilities	643,764	1,125,968	4,359,695	3,833,206	491,751	435,038	259,212	310,995	5,754,422	5,705,207
Unallocated corporate liabilities									8,838,460	10,087,510
Total liabilities	<u>643,764</u>	<u>1,125,968</u>	<u>4,359,695</u>	<u>3,833,206</u>	<u>491,751</u>	<u>435,038</u>	<u>259,212</u>	<u>310,995</u>	<u>14,592,882</u>	<u>15,792,717</u>
<b>OTHER INFORMATION</b>										
Capital expenditure	-	-	-	235,000	-	-	102,852	74,815	102,852	309,815
Unallocated capital expenditure									390,869	358,817
Depreciation and amortisation of land lease prepayments	738,993	687,412	268,310	320,124	332,011	308,837	27,786	1,549	1,367,100	1,317,922
Unallocated depreciation and amortisation of land lease prepayments									1,035,383	993,600
Amortisation of intangible assets	-	-	3,635,479	3,635,479	-	-	-	-	3,635,479	3,635,479
Impairment loss for bad and doubtful debts, net	<u>900,304</u>	<u>1,563,720</u>	<u>60,000</u>	<u>420,000</u>	<u>-</u>	<u>188,281</u>	<u>-</u>	<u>-</u>	<u>960,304</u>	<u>2,172,001</u>

# Notes to the Financial Statements

(31 December 2006)

## 13. SEGMENT REPORTING (*Continued*)

### Geographical segments

Further analysis of geographical segment information is not 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.

## 14. PROPERTY, PLANT AND EQUIPMENT

### The Group

	<b>Buildings</b>	<b>Furniture and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(note (i))</i>			
<b>Cost</b>				
At 1 January 2005	12,032,800	6,707,085	264,967	19,004,852
Additions	–	668,632	–	668,632
At 31 December 2005 and 1 January 2006	12,032,800	7,375,717	264,967	19,673,484
Additions	–	493,748	–	493,748
At 31 December 2006	12,032,800	7,869,465	264,967	20,167,232
<b>Accumulated depreciation</b>				
At 1 January 2005	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 and 1 January 2006	1,470,675	4,432,959	62,930	5,966,564
Charge for the year	401,093	1,312,865	50,344	1,764,302
At 31 December 2006	1,871,768	5,745,824	113,274	7,730,866
<b>Net book value</b>				
At 31 December 2006	<u>10,161,032</u>	<u>2,123,641</u>	<u>151,693</u>	<u>12,436,366</u>
At 31 December 2005	<u>10,562,125</u>	<u>2,942,758</u>	<u>202,037</u>	<u>13,706,920</u>

# Notes to the Financial Statements

(31 December 2006)

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

### The Company

	Buildings	Furniture and equipment	Motor vehicles	Total
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(note (i))</i>			
<b>Cost</b>				
At 1 January 2005	12,032,800	3,712,023	264,967	16,009,790
Additions	–	358,817	–	358,817
At 31 December 2005 and 1 January 2006	12,032,800	4,070,840	264,967	16,368,607
Additions	–	390,896	–	390,896
At 31 December 2006	12,032,800	4,461,736	264,967	16,759,503
<b>Accumulated depreciation</b>				
At 1 January 2005	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 and 1 January 2006	1,470,675	2,165,147	62,930	3,698,752
Charge for the year	401,093	814,360	50,344	1,265,797
At 31 December 2006	1,871,768	2,979,507	113,274	4,964,549
<b>Net book value</b>				
At 31 December 2006	10,161,032	1,482,229	151,693	11,794,954
At 31 December 2005	10,562,125	1,905,693	202,037	12,669,855

# Notes to the Financial Statements

(31 December 2006)

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

- (i) On 25 April 2002, the Company entered into 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 (the "Building") at a total consideration of RMB32,818,854, including deed tax of RMB1,262,264. The buildings element and land element amounted to RMB12,032,800 and RMB20,786,054 respectively (see note 15).

MIICMD has obtained a mortgage loan facility from a PRC commercial bank (the "Bank") by pledging the entire CCID Plaza with the Bank. The Bank was advised by MIICMD of the above sale and a written consent was obtained from the Bank. MIICMD has obtained the ownership certificates of the CCID Plaza from relevant government authorities. Pursuant to the S&P Agreement, MIICMD should make all necessary arrangements for the transfer of the ownership of the ninth and tenth floors to the Company once its title over the CCID Plaza and the 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 Bank, the Bank has the right to sell CCID Plaza and apply the proceeds to settle all outstanding amounts due to the 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 2006, the Company had settled a total sum of RMB28,400,929 (2005: 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.

In the opinion of the Company's directors, during the year ended 31 December 2006, the Group requested MIICMD to transfer the ownership of the said properties to the Company. At the balance sheet date, the ownership certificate was not yet ready.

# Notes to the Financial Statements

(31 December 2006)

## 15. LAND LEASE PREPAYMENTS

	The Group and the Company	
	2006 RMB	2005 RMB
Net book value at 1 January	18,445,612	19,083,793
Amortisation	(638,181)	(638,181)
Net book value at 31 December	17,807,431	18,445,612
Current portion of non-current assets	(638,181)	(638,181)
Non current portion	17,169,250	17,807,431

The leasehold land is held under medium term lease and situated in the PRC. The costs of the leasehold land are RMB20,786,054 (2005: RMB20,786,054).

## 16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2006 RMB	2005 RMB
Unlisted, at cost	44,592,021	44,592,021

## Notes to the Financial Statements

(31 December 2006)

### 16. INVESTMENTS IN SUBSIDIARIES (*Continued*)

Details of the subsidiaries at 31 December 2006 are as follows:

Name	Place of incorporation and operations	Registered and paid up 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.

# Notes to the Financial Statements

(31 December 2006)

## 17. INTANGIBLE ASSETS

### The Group

	Information database	
	2006 RMB	2005 RMB
<b>Cost</b>		
At 1 January and 31 December	<b>38,268,201</b>	38,268,201
<b>Accumulated amortisation and impairment loss</b>		
At 1 January	<b>16,315,743</b>	12,118,264
Charge for the year	<b>3,635,479</b>	3,635,479
Impairment loss	–	562,000
At 31 December	<b>19,951,222</b>	16,315,743
<b>Net book value</b>		
At 31 December	<b>18,316,979</b>	21,952,458

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.

In 2005, the management of the Group assessed the recoverable amount 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.

# Notes to the Financial Statements

(31 December 2006)

## 18. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable is as follows:

	The Group		The Company	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB
Outstanding balances aged:				
Within 60 days	1,245,539	3,828,836	517,548	2,841,218
61 days – 180 days	2,835,768	2,608,965	2,003,806	2,193,520
181 days – 365 days	705,493	1,513,915	340,193	1,027,169
Over 365 days	566,814	1,795,080	484,014	1,775,080
	<b>5,353,614</b>	<b>9,746,796</b>	<b>3,345,561</b>	<b>7,836,987</b>

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 credit worthiness, extend the credit period upon customers' request.

- Included in the balance of the Group's accounts receivable at 31 December 2006 was an amount due from database information contract customers of RMB950,640 (2005: RMB864,146).
- Included in the accounts receivable are the following due from related parties:

Name of related parties	The Group		The Company	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB
China Information World Newspaper	11,981	11,981	11,981	11,981
China Computer User Magazine	467,883	467,883	467,883	467,883
	<b>479,864</b>	<b>479,864</b>	<b>479,864</b>	<b>479,864</b>

The above related parties are controlled by CCID.

## Notes to the Financial Statements

(31 December 2006)

### 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:

Name of related parties	The Group		The Company	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB
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
	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,050,000</b>

The above related parties are controlled by CCID.

### 20. DUE FROM THE ULTIMATE HOLDING COMPANY

The amount due from China Centre of Information Industry Development ("CCID") is unsecured, interest-free and has no fixed terms of repayment.

# Notes to the Financial Statements

(31 December 2006)

## 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB
Advances to employees	545,753	739,975	431,756	446,481
Prepayments	84,145	16,173	84,145	8,664
Rental and other deposits	107,608	84,145	75,532	84,145
Interest receivables	196,175	347,337	196,176	347,337
	<u>933,681</u>	<u>1,187,630</u>	<u>787,609</u>	<u>886,627</u>

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

## 22. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB
Cash at banks and on hand	16,469,506	19,406,159	8,447,242	12,919,070
Time deposits maturing within three months	21,007,050	40,580,000	13,507,050	33,080,000
Time deposits maturing over three months	30,000,000	–	30,000,000	–
Cash and cash equivalents in the balance sheet	<u>67,476,556</u>	<u>59,986,159</u>	<u>51,954,292</u>	<u>45,999,070</u>
Less: Time deposits maturing over three months	<u>(30,000,000)</u>	<u>–</u>		
Cash and cash equivalents in the consolidated cash flow statements	<u>37,476,556</u>	<u>59,986,159</u>		

## Notes to the Financial Statements

(31 December 2006)

### 22. CASH AND CASH EQUIVALENTS (*Continued*)

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	
	2006	2005
United States Dollars	64,572	175,788
Hong Kong Dollars	1,724,297	2,247,527

### 23. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable is as follows:

	The Group and the Company	
	2006	2005
	RMB	RMB
Within 3 months	169,356	162,059

### 24. ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2006	2005	2006	2005
	RMB	RMB	RMB	RMB
Provision for social insurance fees and the public housing funds	7,072,455	6,907,751	3,565,186	3,607,412
Other tax payables	1,503,620	1,595,035	31,950	1,472,364
Due to database information contracts customers	80,000	45,000	–	–
Receipts in advance	1,036,160	1,398,947	–	1,398,947
Others	1,678,150	1,547,896	3,431,497	1,019,841
	<b>11,370,385</b>	<b>11,494,629</b>	<b>7,028,633</b>	<b>7,498,564</b>

## Notes to the Financial Statements

(31 December 2006)

### 25. DUE TO IMMEDIATE HOLDING COMPANY

	The Group and the Company	
	2006 RMB	2005 RMB
Acquisition of the ninth and tenth floors of CCID Plaza (note (a))	1,577,829	3,155,659
Others (note (b))	14,133	267,251
	<b>1,591,962</b>	<b>3,422,910</b>
Current portion	<b>(1,591,962)</b>	<b>(1,845,081)</b>
Non-current portion	–	1,577,829

- a) The amount due to the immediate holding company at 31 December 2006 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 within 10 days from the date the ownership certificate of the 9th and 10th floors of the CCID Plaza is transferred to the Company in accordance with the terms of the relevant property purchase agreement.
- 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

(31 December 2006)

## 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:

	<u>The Group and the Company</u>		
	<u>Impairment for bad and doubtful debts</u>	<u>Provision for social insurance fees and public housing funds</u>	<u>Total</u>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
At 1 January 2005, 31 December 2005, 1 January 2006 and 31 December 2006	<u>44,090</u>	<u>53,139</u>	<u>97,229</u>

### b) Deferred taxation not recognised

The Group and the Company have not recognised deferred tax assets in respect of tax losses of approximately RMB7,430,000 (2005: RMB5,838,000) and approximately RMB1,634,000 (2005: RMB1,286,000) 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.

# Notes to the Financial Statements

(31 December 2006)

## 28. SHARE CAPITAL

Registered, issued and fully paid:

485,900,000 (2005: 485,900,000) state legal person shares of RMB0.10 each  
 5,100,000 (2005: 5,100,000) legal person shares of RMB0.10 each  
 209,000,000 (2005: 209,000,000) H shares of RMB0.10 each

### The Group and the Company

2006 RMB	2005 RMB
<b>48,590,000</b>	48,590,000
<b>510,000</b>	510,000
<b>20,900,000</b>	20,900,000
<b><u>70,000,000</u></b>	<b><u>70,000,000</u></b>

## 29. RESERVES

### a) The Group

#### Attributable to equity shareholders of the Company

	Capital reserve account RMB (note (i))	Statutory reserve funds RMB (note (ii))	Discretionary reserve funds RMB (note (ii))	Retained profits RMB	Total RMB	Minority interest RMB	Total RMB
At 1 January 2005	18,609,965	5,520,820	58,517	23,813,205	48,002,507	2,865,139	50,867,646
Net loss for the year	-	-	-	(6,926,843)	(6,926,843)	(283,467)	(7,210,310)
Transfer to statutory reserve fund	-	1,329,327	-	(1,329,327)	-	-	-
At 31 December 2005 and 1 January 2006	18,609,965	6,850,147	58,517	15,557,035	41,075,664	2,581,672	43,657,336
Net loss for the year	-	-	-	(1,490,560)	(1,490,560)	(125,802)	(1,616,362)
Transfer to statutory reserve fund	-	155,727	-	(155,727)	-	-	-
At 31 December 2006	<u>18,609,965</u>	<u>7,005,874</u>	<u>58,517</u>	<u>13,910,748</u>	<u>39,585,104</u>	<u>2,455,870</u>	<u>42,040,974</u>

# Notes to the Financial Statements

(31 December 2006)

## 29. RESERVES (Continued)

### b) The Company

	Capital reserve account	Statutory reserve funds	Discretionary reserve fund	Retained profits	Total
	RMB	RMB	RMB	RMB	RMB
	(note (i))	(note (ii))	(note (ii))		
As at 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)
	18,100,000	5,520,820	58,517	10,660,089	34,339,426
As at 31 December 2005 and 1 January 2006	–	–	–	1,318,989	1,318,989
Transfer to statutory reserve fund	–	155,727	–	(155,727)	–
As at 31 December 2006	<u>18,100,000</u>	<u>5,676,547</u>	<u>58,517</u>	<u>11,823,351</u>	<u>35,658,415</u>

#### 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 least 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 2006)

## 29. RESERVES (*Continued*)

### b) The Company (*Continued*)

Notes: (*Continued*)

ii) (*Continued*)

- Allocations of 5% to 10% of profit after tax, as determined under PRC accounting principles and financial regulations until 31 December 2005, 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 10% 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 2006 (2005: 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.

# Notes to the Financial Statements

(31 December 2006)

## 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 2006 and 2005, no options were granted to the Group's employees since the listing of the Company in the Hong Kong Stock Exchange.

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash at bank, cash on hand, time deposits, accounts receivable, due from related parties, accruals and other payables and 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.

# Notes to the Financial Statements

(31 December 2006)

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### 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 significant 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.

## 32. COMMITMENTS

- a) At 31 December 2006, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	The Group		The Company	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB
Within 1 year	<b>180,016</b>	306,672	<b>180,016</b>	306,672

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.

# Notes to the Financial Statements

(31 December 2006)

## 32. COMMITMENTS (Continued)

- b) Capital commitment outstanding at 31 December 2006 not provided for in the financial statements were as follows:

	The Group		The Company	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB
Contracted for				
– research and development project	240,000	–	–	–

## 33. MATERIAL RELATED PARTY TRANSACTIONS

- a) 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:

	2006 RMB	2005 RMB
<b>Gross revenue earned before sales surtaxes</b>		
Provision for consulting services to:		
Beijing CCID Net IT Co., Ltd. ("CCID Net")	–	24,160
CCID	–	9,450
Beijing CCID Convention Company Ltd.	20,000	–
China Information World Newspaper	–	100,000
	<u>20,000</u>	<u>133,610</u>
Provision for data management services to:		
Training Centre, CCID	421,000	–
EIC	–	7,500
CCID Net	1,088	1,000
	<u>422,088</u>	<u>8,500</u>

# Notes to the Financial Statements

(31 December 2006)

## 33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

a) (Continued)

	2006 RMB	2005 RMB
<b>Promotional expenses (including advertising services, and website and hyperlink services)</b>		
Translation, advertising and promotional expenses charged by Beijing China Electronics News Technology Development Co., Ltd.	800	417,583
Promotional expenses charged by CCID Net	37,082	62,736
Promotional expenses charged by CCID Call Centre	396,641	399,080
Advertising and promotional expenses charged by Beijing CCID Jingwei Culture Communication Co., Ltd.	–	5,000
Promotional expenses charged by Training Centre, CCID	–	5,236
Promotional expenses charged by CCID Public Relationship Co., Ltd.	–	19,877
Conference service fee charged by CCID Hotel	–	38,298
Design production and provision for consulting services charge by China Information World	–	25,000
Promotional expenses, internet expenses and building management fee charged by MIICMD	–	971,808
Promotional expenses charged by CCID Conference and Exhibition Co., Ltd.	–	2,650
Translation expense charged by CCID Translation Co., Ltd.	265,329	–
Property management expense and utility expense charged by China Software Testing Centre	1,165,145	–
Promotional expenses charged by Beijing CCID “Sheng Shi” Advertising Co., Ltd.	8,000	–
	<b>1,872,997</b>	<b>1,947,268</b>

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.

# Notes to the Financial Statements

(31 December 2006)

## 33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2006 RMB	2005 RMB
Salaries, wages and other benefits	1,109,286	1,152,892
Retirement benefit scheme contributions	85,116	97,752
	<u>1,194,402</u>	<u>1,250,644</u>

Total remuneration is included in staff costs (see note 7(a)).

### c) MIICMD, the immediate holding company of the company, has given an unconditional guarantee to indemnify the company for any losses in the event that the company cannot recover, in full, the amounts are as follows:

Name of related parties	The Group		The Company	
	2006 RMB	2005 RMB	2006 RMB	2005 RMB
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
China Information World Newspaper	11,981	11,981	11,981	11,981
China Computer User Magazine	467,883	467,883	467,883	467,883
	<u>1,529,864</u>	<u>1,529,864</u>	<u>1,529,864</u>	<u>1,529,864</u>

# Notes to the Financial Statements

(31 December 2006)

## 34. PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2006, the directors consider the ultimate holding company of the Group to be China Center 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.

## 36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2006

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2006 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 7 Financial instruments: disclosures	1 January 2007
Amendments to HKAS 1 Presentation of financial statements: capital disclosures	1 January 2007

## 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:

### RESULTS

	Year ended 31 December				
	2002 RMB	2003 RMB	2004 RMB	2005 RMB	2006 RMB
Turnover	54,134,854	48,831,071	56,283,777	43,069,471	<b>43,086,673</b>
Cost of sales	(23,579,743)	(22,969,966)	(31,091,844)	(32,830,999)	<b>(30,456,495)</b>
Gross profit	30,555,111	25,861,105	25,191,933	10,238,472	<b>12,630,178</b>
Other revenue	41,225	124,663	189,440	514,524	<b>1,114,152</b>
Selling and distribution costs	(5,867,032)	(3,256,688)	(4,451,221)	(4,692,785)	<b>(4,427,106)</b>
Administrative expenses	(8,362,020)	(9,824,179)	(11,235,250)	(9,827,262)	<b>(9,556,698)</b>
Other operating expenses	(1,024,568)	(794,983)	(654,375)	(3,443,259)	<b>(1,138,607)</b>
Profit/(loss) from operating activities	15,342,716	12,109,918	9,040,527	(7,210,310)	<b>(1,378,081)</b>
Share of loss of an associate	–	–	–	–	–
Profit/(loss) before taxation	15,342,716	12,109,918	9,040,527	(7,210,310)	<b>(1,378,081)</b>
Tax	–	–	(667,193)	–	<b>(238,281)</b>
Profit/(loss) for the year	15,342,716	12,109,918	8,373,334	(7,210,310)	<b>(1,616,362)</b>
Attributable to:					
Equity shareholders of the Company	15,086,673	11,976,945	8,158,591	(6,926,843)	<b>(1,490,560)</b>
Minority interests	256,043	132,973	214,743	(283,467)	<b>(125,802)</b>
Profit/(loss) for the year	<u>15,342,716</u>	<u>12,109,918</u>	<u>8,373,334</u>	<u>(7,210,310)</u>	<u><b>(1,616,362)</b></u>

## Five Year Financial Summary

### ASSETS AND LIABILITIES

	31 December				
	2002 RMB	2003 RMB	2004 RMB	2005 RMB	2006 RMB
TOTAL ASSETS	133,182,067	133,201,205	137,595,683	129,450,053	<b>126,633,856</b>
TOTAL LIABILITIES	<u>(25,797,674)</u>	<u>(20,706,894)</u>	<u>(16,728,037)</u>	<u>(15,792,717)</u>	<b><u>(14,592,882)</u></b>
	<u>107,384,393</u>	<u>112,494,311</u>	<u>120,867,646</u>	<u>113,657,336</u>	<b><u>112,040,974</u></b>