

CCID Consulting

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)

FIRST QUARTERLY REPORT
2007

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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to CCID Consulting Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board of directors (the “Board”) of CCID Consulting Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2007, together with the comparative unaudited figures for the corresponding period of last year as follows:

| | | Unaudited | |
|------------------------------------|-------------|-----------------------------------|-------------|
| | | For the three months ended | |
| | | 31 March | |
| | | 2007 | 2006 |
| | <i>Note</i> | RMB | <i>RMB</i> |
| Turnover | 2 | 12,740,760 | 11,544,506 |
| Cost of sales | | (8,216,780) | (6,843,018) |
| Gross profit | | 4,523,980 | 4,701,488 |
| Other revenue | | 218,696 | 105,324 |
| Selling and distribution costs | | (958,827) | (1,191,633) |
| Administrative expenses | | (2,314,394) | (2,005,501) |
| Profit before tax | | 1,469,455 | 1,609,678 |
| Income tax | 3 | (423,584) | (233,369) |
| Profit for the period | | 1,045,871 | 1,376,309 |
| Attributable to: | | | |
| Equity shareholders of the Company | | 1,112,773 | 1,428,494 |
| Minority interests | | (66,902) | (52,185) |
| Profit for the period | | 1,045,871 | 1,376,309 |
| Earnings per share | | | |
| – Basic (cents) | 4 | 0.15 | 0.2 |
| Dividends | 6 | – | – |

Notes:

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

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

The Group’s unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The accounting policies and basis of preparation of the unaudited consolidated results are consistent with those used in the annual financial statements for the year ended 31 December 2006.

2. TURNOVER

The Company is principally engaged in the provision of market research and management consultancy services. The principal activities of the subsidiaries comprise the provision of data information management services and marketing consultancy services.

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

3. INCOME TAX

| | Unaudited | |
|---------------------------|-----------------------------------|-----------------------|
| | For the three months ended | |
| | 31 March | |
| | 2007 | 2006 |
| | RMB | RMB |
| PRC enterprise income tax | <u>423,584</u> | <u>233,369</u> |

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong during the three months ended 31 March 2007 (three months ended 31 March 2006: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

The Company is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the Company is subject to PRC enterprise income tax at a rate of 15%.

CCID Datasource Co., Ltd. (“CCID Data”), the Company’s subsidiary established in the PRC, is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, CCID Data is subject to PRC enterprise income tax at a rate of 15%.

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

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

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2007 is based on the profit attributable to equity shareholders of the Company of RMB1,112,773 (three months ended 31 March 2006: RMB1,428,494) and the weighted average of 700,000,000 (three months ended 31 March 2006: 700,000,000) ordinary shares in issue during the period.

No diluted earnings per share is provided as the Company did not have any potential shares for the three months ended 31 March 2007 and 2006.

5. RESERVES

| | Capital reserve account <i>RMB</i> | Statutory reserve funds <i>RMB</i> | Discretionary reserve fund <i>RMB</i> | Retained profits <i>RMB</i> | Total <i>RMB</i> |
|-----------------------|--|--|---|-----------------------------------|---------------------|
| As at 1 January 2006 | 18,609,965 | 6,850,147 | 58,517 | 15,557,035 | 41,075,664 |
| Profit for the period | – | – | – | 1,428,494 | 1,428,494 |
| As at 31 March 2006 | <u>18,609,965</u> | <u>6,850,147</u> | <u>58,517</u> | <u>16,985,529</u> | <u>42,504,158</u> |
| As at 1 January 2007 | 18,609,965 | 7,005,874 | 58,517 | 13,910,748 | 39,585,104 |
| Profit for the period | – | – | – | 1,112,773 | 1,112,773 |
| As at 31 March 2007 | <u>18,609,965</u> | <u>7,005,874</u> | <u>58,517</u> | <u>15,023,521</u> | <u>40,697,877</u> |

6. DIVIDENDS

The Board does not recommend payment of a dividend for the three months ended 31 March 2007 (three months ended 31 March 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the three months ended 31 March 2007, the turnover by operations can be classified as follows:

| | For the three months ended 31 March 2007 | | For the three months ended 31 March 2006 | |
|-----------------------------|---|-------------------------------|---|-------------------------------|
| | Turnover RMB | Percentage (approximately) | Turnover RMB | Percentage (approximately) |
| Market Research | 7,603,133 | 60% | 8,583,501 | 74% |
| Data Information Management | 412,320 | 3% | 1,098,657 | 10% |
| Management Consultancy | 3,107,475 | 24% | 1,054,326 | 9% |
| Marketing Consultancy | 1,617,832 | 13% | 808,022 | 7% |
| Total | <u>12,740,760</u> | <u>100%</u> | <u>11,544,506</u> | <u>100%</u> |

Business Review

For the three months ended 31 March 2007, the turnover and gross profit of the Group amounted to RMB12,740,760 and RMB4,523,980 respectively.

In terms of market research, as at 31 March 2007, the Group had issued 365 annual research reports and it also had completed 18 quarterly analysis reports, thus realizing a revenue of RMB7,603,133 for the three months ended 31 March 2007, which constituted approximately 60% of the Group's turnover. The operation's turnover was decreased by approximately 11% as compared to the corresponding period of last year. The decrease was mainly due to decrease in sponsorship received for the research meetings held during the period.

In terms of data information management, relying on 35 constantly revising data banks and advanced data-mining technique, the Group had possessed a stable customer base as at 31 March 2007. On the other hand, based on the rich experience in setting up and developing data banks and the R&D team, it provided data information management solutions to government and enterprise. The revenue in data information management was RMB412,320 for the three months ended 31 March 2007, which constituted approximately 3% of the Group's turnover. The operation's turnover was decreased by approximately 63% as compared to the corresponding period of last year. The decrease was mainly due to a portion of data service business have been synergized to management consultancy service.

In terms of management consultancy service, the Group had accumulated many customer resources and possessed established channels and technical support in management consultancy with its understanding and follow-up and recent trends grasp of the IT market since its formal commencement of this kind of business. Therefore, the position of the Group in respect of this kind of business can be enhanced by its strengths to promote management efficiency of enterprises and governments, i.e. enterprise digitalization and e-government, through advanced information techniques. The Group had earned RMB3,107,475 for the three months ended 31 March 2007 in management consultancy service, which constituted approximately 24% of the Group's turnover. The operation's turnover was increased by approximately 195% as compared

to the corresponding period of last year. The increase was mainly due to the synergy effect resulted from a transfer of the portion of data service business.

In terms of marketing consultancy, relying on CCID Group's networking in media; the Group has build up a team of experienced staff and provided consultancy services on marketing, brand name promotion, public relationship and advertising. The revenue in marketing consultancy was RMB1,617,832 for the three months ended 31 March 2007 which constituted approximately 13% of the Group's turnover. The operation's turnover was increased by approximately 100% as compared to the corresponding period of last year. The increase was mainly due to the growing market demand of the marketing consultancy service.

Market Promotions and Publicity

For the three months ended 31 March 2007, the Group enhanced efforts in market promotions and publicity. During the period the Group hosted or co-sponsored research meetings, including "IT Market China 2007 Annual Conference", "Internet Market China 2007 Annual Conference", "China Communication Market 2007 Annual Conference", "IT Market China 2007 Annual Conference", "IC March China 2007 Annual Conference", "New Material Market China 2007 Annual Conference", and "Consumerable Electronic Market China 2007 Annual Conference".

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 to customers. 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 plans 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.

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

At 31 March 2007, the interests of the directors in the share capital and warrants of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in shares

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

Save as disclosed above, as at 31 March 2007, none of the directors, supervisors or their associates had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers Rule 5.46 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

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

SHARE OPTION SCHEME

The Company adopted a share option scheme on 20 November 2002. A summary of principle terms and conditions of the share option scheme are set out in the section headed "Summary of principle terms of the share option scheme" in Appendix IV of the prospectus of the Company dated 29 November 2002. Up to 31 March 2007, no option has been granted pursuant to such share option scheme.

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

As at 31 March 2007, the following persons (other than the directors and supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

| Name | Capacity | Nature of interest | Number and class of shares | Approximate percentage in the same class of shares | Approximate percentage of issued share capital |
|--|------------------------------------|--------------------|-----------------------------|--|--|
| China Centre of Information Industry Development ("CCID") (note 1) | Interest of controlled corporation | Corporate | 485,900,000 domestic shares | 98.96% | 69.41% |
| Research Centre of Computer and Microelectronics Development, MII ("Research Centre") (note 1) | Beneficial owner | Corporate | 392,610,000 domestic shares | 79.96% | 56.09% |
| Beijing CCID Riyue Investment Co., Ltd. (note 1) | Beneficial owner | Corporate | 93,290,000 domestic shares | 19.00% | 13.32% |
| Employees' Shareholding Society of Legend Holdings Ltd (note 2) | Interest of controlled corporation | Corporate | 20,000,000 H shares | 9.57% | 2.86% |
| Legend Holdings Limited (note 2) | Interest of controlled corporation | Corporate | 20,000,000 H shares | 9.57% | 2.86% |
| Legend Group Limited (note 2) | Interest of controlled corporation | Corporate | 20,000,000 H shares | 9.57% | 2.86% |
| Legend Holdings (BVI) Limited (note 2) | Interest of controlled corporation | Corporate | 20,000,000 H shares | 9.57% | 2.86% |
| 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 | 13,600,000 H shares | 6.5% | 1.94% |

| Name | Capacity | Nature of interest | Number and class of shares | Approximate percentage in the same class of shares | Approximate percentage of issued share capital |
|---|------------------------------------|--------------------|----------------------------|--|--|
| Lam William Ka Chung (<i>note 3</i>) | Interest of controlled corporation | Personal | 13,600,000 H shares | 6.5% | 1.94% |
| Lam Wong Yuk Sin Mary (<i>note 3</i>) | Interest of controlled corporation | Personal | 13,600,000 H shares | 6.5% | 1.94% |
| Kingsway International Holdings Limited (<i>note 3</i>) | Interest of controlled corporation | Corporate | 13,600,000 H shares | 6.5% | 1.94% |
| Kingsway Securities Holdings Limited (<i>note 3</i>) | Interest of controlled corporation | Corporate | 12,510,000 H shares | 6.5% | 1.94% |
| Kingsway Financial Services Limited (<i>note 3</i>) | Beneficial owner | Corporate | 12,510,000 H shares | 6.5% | 1.94% |

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, Mr. Lam William Ka Chung and Lam Wong Yuk Sin are deemed to be interested in 13,600,000 H shares of the Company.

Save as disclosed above, as at 31 March 2007, no person, other than the directors of the Company, whose interests are set out in the section “Directors and supervisors’ interests and short positions in shares and underlying shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPETING INTEREST

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with 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 period ended 31 March 2007. 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 period ended 31 March 2007 and has provided advice and comments thereon.

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.

By order of the Board
Zhuang Xingfang
Chairman

The Board comprises:

Mr. Zhuang Xingfang (*Executive Director and Chairman*)

Mr. Luo Wen (*Executive Director*)

Mr. Liu Liehong (*Non-executive Director*)

Ms. Li Ying (*Non-executive Director*)

Mr. Guo Xinping (*Independent non-executive Director*)

Mr. Han Fuling (*Independent non-executive Director*)

Beijing, The People’s Republic of China

15 May 2007