ANNUAL REPORT 2007 年報

CCIDConsulting

賽迪顧問股份有限公司
CCID Consulting Company Limited

（於中華人民共和國註冊成立之股份有限公司）
(a joint stock limited company incorporated in the People's Republic of China)
（股份代號 Stock Code: 8235）

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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

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)
潘興午 (Pan Xingwu)

Compliance Officer

莊行方 (Zhuang Xingfang) *(Chairman)*

Company Secretary

Wong Ki Yan Davhen, *ACCA, CPA*

Qualified Accountant

Wong Ki Yan Davhen, *ACCA, CPA*

Authorised Representatives

羅文 (Luo Wen) *(General Manager)*
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

Stock Code

08235

Members of the Audit Committee

郭新平 (Guo Xinping) *(Chairman of the committee)*
韓複齡 (Han Fuling)
潘興午 (Pan Xingwu)

Members of the Remuneration Committee

郭新平 (Guo Xinping) *(Chairman of the committee)*
羅文 (Luo Wen) *(General Manager)*
潘興午 (Pan Xingwu)

Auditors

Ho and Chung CPA Limited

Hong Kong Share Registrar and Transfer Office

Tricor Tengis Limited
Level 28
Three Pacific Place
1 Queen's Road East
Wanchai, Hong Kong

Principal Banker

北京銀行 (Bank of Beijing)
中國建設銀行 (China Construction Bank)

Chairman's Statement

I am hereby to present the report on the audited results of CCID Consulting Company Limited (the "Company") and its subsidiaries, (collectively the "Group"), for the year ended 31 December 2007.

Company Profile in Brief

CCID Consulting Company Limited is China's first consulting firm that is listed in the Growth Enterprise Market of the Stock Exchange of Hong Kong. The Company is directly supervised by the China Center of Information Industry Development (CCID) of the Ministry of Information Industry (MII). Headquartered in Beijing, the company has set up branches in cities such as Shanghai, Guangzhou, Shenzhen, Nanjing, Wuhan, and Chengdu. With total over 150 professional consultants, the company's business network covers more than 200 large- and medium-sized cities in China.

Based on the Company's competitive advantage in industry resources, information technology, and data channels, the Company focuses in four major business areas, namely market research, management consultancy, data information management, and public relationship consultancy, providing consulting services to clients in areas such as the formulation of public policy, enhancement of industry competitiveness, development of strategy and planning, marketing strategy and research, human resources management, information technology planning and management etc. The Company services target not only at various level of government management departments, but also industries and enterprises in electronics, telecommunications, energy, automobile etc., striving to become China's Number one brand in strategic consulting, Number one consulting firm in enterprise management, and Number one think tank in government decision-making.

Financial Results

For the year ended 31 December 2007, the Group recorded turnover of RMB60,431,688, net profit of RMB10,035,117, and profit per share of RMB1.4 cents per ordinary share. The turnover and gross profit of the Group were increased by approximately 40% and 86% respectively, as compared to last year. The increases 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.

Future Developments

In 2008, the Group will strengthen its profitability and increase company's professional and branding competitiveness through deepening its business remodeling and enhancement, optimizing internal management system, and attracting professional talents.

Chairman's Statement

The Group will enhance organizational coordination to increase Company's core business value and comprehensive competitiveness by improving data online business. The Group will further develop overseas markets and enhance business cooperation with strategic partners in United States, Japan, Korea, Singapore etc. The Group will also increase the company branding popularity and reputation through highly effective branding publicity, including a series of media advertisements, activities, and network marketing. In the meantime, the Group will further improve the system of flows in internal regulation and management; enhance the strength of quality control in study and consulting; facilitate the sharing of knowledge; and establish the evaluation and training system in its professional ability.

In sum, the Group will endeavor to deepen the branding influence of the Company in the areas of market study and management consulting in the market; expedite the development in information technology consulting and marketing consulting; establish new brands with popularity; and further enrich the product chain in consulting services, all with the goal of creating a brand group in consulting services that is well established internationally.

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
25 March 2008

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 researchs and management consultations. Thus, at that time, there was no consulting service industry in the field of information science and technology. After 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 has 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 industry expands so quickly, the development of the present information consulting service lags behind the national economic and social development. Only through continuous growth of information products, we can 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.

Turnover Analysis

For the year ended 31 December 2007 the turnover by operations can be classified as follows:

	Turnover *in RMB*	**Percentage**
Market Research Services	33,712,250	56%
Data Information Management Services	2,383,392	4%
Management Consultancy Services	20,425,938	34%
Public Relationship Consultancy Services	3,910,108	6%
Total	60,431,688	100%

Management Discussion and Analysis

Business Review

In year of 2007, as resulted from improving market demand and outperforming major competitors, the Group experienced its first substantial profit year since listed on GEM of the Stock Exchange. The performance of the each operation and reasons for the profit are summarized as follows:

In terms of market research services, for the year ended 31 December 2007, the Group had issued 366 annual research papers, and it also had completed 36 monthly analysis reports, 63 quarterly analysis reports and 68 weekly reference reports, thus realizing a revenue of RMB33,712,250 for the year ended 31 December 2007, which constituted approximately 56% of the Group's turnover. The operation's turnover was increased by approximately 37% as compared to the last year. The increase was mainly due to the demand for regular research report was improved under the reforming IT market and excelled over 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 for this service through advanced data obtaining techniques, membership system and tailor-made report to provide data services. 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 RMB2,383,392 for the year ended 31 December 2007, which constituted approximately 4% of the Group's turnover. The operation's turnover was decreased by approximately 59%. The decrease was mainly due to its business was migrated to the management consultancy services.

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 RMB20,425,938 for the year ended 31 December 2007, which constituted approximately 34% of the Group's turnover. The operation's turnover was increased by approximately 202%. The increase was mainly due to the synergy effect by absorbing part of the data information management services.

In terms of public relationship consultancy services, relying on CCID Group's networking in media; the Group has built 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 RMB3,910,108 for the year ended 31 December 2007 which constituted approximately 6% of the Group's turnover.

Management Discussion and Analysis

Market Promotions and Publicity

For the year ended 31 December 2007, the Group enhanced efforts in market promotions and publicity. During the year the Group hosted or co-sponsored research meetings, including Small Household Appliances Market China, Internet Market China, IT Market China, IC Market China, Consumer Electronics Market China, China Business Intelligence Application Annual Conference, China Fixed Network Payment Application Forum, China ICT Industry Trend Forum, China Mobile Communication Service Peak Forum in Beijing and Shanghai etc.

Human Resources

The Group had employed 186 full-time staff members as at 31 December 2007, categorized by the following principal functions:

Accounting and Finance	4
Administration	12
Human Resources Management	4
Management	36
Research, Development and Production	110
Sales and Marketing	20
Total	186

The Group adopts a flexible but stable policy. Whenever there is a shortage of staff in a department in the process of business expansion, staff of other departments are allocated herein first before hiring someone outside to increase efficiency and lower costs. Wages and salaries are determined based upon the market condition, performance of the employee, his or her qualifications and experience. The Group has 28 doctorial degree holders and 76 master degree holders working in the relevant industries.

Liquidity and Financial Resources

The Group held cash and bank deposits of RMB72,864,145, HK$36,059 and USD860 as at 31 December 2007. During the year, the Group's primary source of funds was cash provided by operating activities and the proceeds raised from listing in 2002. Management believes that the Group has adequate operating funds for it's present needs.

Management Discussion and Analysis

Capital Structure

The capital structure as at 31 December 2007 is summarised as below:

	RMB	*Percentage*
Capital and Reserves	119,696,606	98%
Minority Interests	2,376,276	2%
Total	122,072,882	100%

Capital Expenditure Commitment and Contingent Liability

As at 31 December 2007, the Group had no significant capital expenditure commitment and contingent liability.

Pledge of Assets

As at 31 December 2007, the Group's pledged assets have been listed in note 14 to the financial statements.

Gearing Ratio

As at 31 December 2007, the Group's gearing ratio was about 16%, 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 59, 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 43, is currently an Executive Director and General Manager of the Company. He is responsible for overall planning of the Group. Mr. Luo graduated from Wuhan University's philosophy department with a master 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 15 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.

Mr. Li Jun (李峻), aged 32, is currently an Executive Director and Chief Executive Officer and Vice General Manager of the Company. He is responsible for overall management and administration of the Group. Mr. Li graduated from Wu Han University, held a PHD degree in Geographical Informatic System. He has over 6 years Senior Management experience and was appointed as an executive director on 29 December 2006.

Biographical Details of Directors, Supervisors and Senior Management

Non-executive Directors

Ms. Li Ying (李穎), aged 47, 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 25 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 39, 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 11 years of management experience. He was appointed as a non-executive director with effect from 20 May 2006.

Independent Non-executive Directors

Mr. Guo Xinping (郭新平), aged 44, 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 18 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 (韓複齡), aged 44, 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. Gong was appointed as an Independent Non-executive Director with effect from 17 March 2005.

Mr. Pan Xingwu (潘興午), aged 43, an Independent Non-executive Director. Mr. Pan's graduated from the University of Wescom with an EMBA degree. He is currently the PRC Customer Service Director of Motorola Mobile Device Business. Mr. Pan's had over 15 years experience working in customer service. He was appointed as an Independent Non-executive Director with effect from 15 March 2007.

Biographical Details of Directors, Supervisors and Senior Management

Supervisors

Mr. Gong Chenghe (宮承和), aged 53, 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 21 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 36, is currently a supervisor of the Company. Mr. Huang graduated from economics and management department of Beijing Linye University with a bachelor degree in economics. He held a number of positions such as deputy audit manager of Haikou CPA and business manager of Hainan Congxin CPA. He is currently the deputy chief accountant of CCID and CCID Information Industry (Group) Co., Ltd.. Mr. Huang has over 14 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 34, 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 6 years of experience in the field of IT application consulting and research. He was elected and appointed as a Supervisor with effect from 25 November 2005.

Senior Management

Mr. Zeng Jianping (曾建平), aged 33, is currently the general manager of Beijing CCID Classic Public Relationship Company Limited. He was graduated from Beijing Jiaotong University with a PHD degree major in Management Science and Engineering. He was the vice-president of the Strategy Planning Department of the Company. He has more than 5 years experience in strategic planning and business consulting as well as public relationship consulting. He joined the Group in February 2004.

Mr. Lu Guoying (呂國英), aged 43, is currently the senior vice general manager of the Company. He was graduated from the Beijing University of Post and Telecommunication with a PHD degree major in Telecommunication Engineering. He held a number of positions including director of the Communication and Network department, senior vice president of the Company. He has 10 years experience in the field of ICT scientific research, and management and consulting. He joined the Group in May 2002.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Wong Ki Yan Davhen (黃基恩), aged 38, is currently the company secretary and the qualified accountant 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 as well as studying Master of Business Administration at Tsinghua University - MIT Sloan. He has over 14 years of auditing, accounting and financial experience. He joined the Group on 29 May 2006.

Mr. Tang Wenxian (湯文仙), aged 39, 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. Mr. Tang 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 6 years of experience in IT scientific research. He joined the Group in November 2006.

Mr. Wang Jieyi (王杰義), aged 44, is currently the vice general manager 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 has nearly 21 years of management research and consulting experience. He joined the Group in 2003.

Ms. Maggie Wang (王靖), aged 32, is currently the vice general manager of the Company. She was graduated from the University of International Business and Economics, major 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 10 years of experience in marketing field. She joined the Group in December 2002.

Mr. Zhang Tao (張濤), aged 32, is currently the vice general manager of the Company. He was graduated from Beijing Technology & Business University with Master of Business Administration. Mr. Zhang held a number of positions including general manager of computer & software consulting division, general manager of communication & network consulting division, research director, president assistant of CCID Consulting and has 6 years of experience in industry & market consulting field. He joined the Group in April 2002.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2007.

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 public relationship 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 profit for the year ended 31 December 2007 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 31 to 91.

The directors recommend a payment of RMB9,800,000 a RMB0.014 per share as 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 page 92. This summary does not form part of the audited financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 14 to the financial statements.

Share capital

There were no movements in either the Company's authorised or issued share capital during the year.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's articles of association or the Company Law of the PRC which oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Report of the Directors

Purchase, redemption or sale of listed securities of the Company

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

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 December 2007, in accordance with the Hong Kong Company Law, an amount of approximately RMB18,100,000 standing to the credit of the Company capital reserve account, as determined under the Hong Kong accounting standards and regulations, was available for distribution by way of a future capitalisation issue. In addition, the Company had, as detailed in note 30 to the financial statements, retained profits of approximately RMB21,353,000 available for distribution as dividends.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 14% of the total sales for the year and sales to the largest customer included therein amounted to 4%. 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

Directors

The directors of the Company during the year were:

Executive directors:
Zhuang Xingfang *(Chairman)*
Luo Wen *(General Manager)*
Li Jun *(Chief Executive Officer)*

Non-executive directors:
Li Ying
Liu Liehong

Independent non-executive directors:
Guo Xinping
Han Fuling
Pan Xingwu *(Appointed on 15 March 2007)*

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

Long positions in ordinary shares of the Company:

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

Save as disclosed above, as at 31 December 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 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 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%

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 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%
Lam William Ka Chung *(note 3)*	Interest of controlled corporation	Personal	14,600,000 H shares	6.99%	2.09%
J.P. Morgan Chase & Co. *(note 4)*	Investment manager and other	Corporate	14,900,000 H shares	7.13%	2.13%
J.P. Morgan Fleming Asset Management Holdings Inc. *(note 4)*	Investment manager	Corporate	14,900,000 H shares	7.13%	2.13%
J.P. Morgan Fleming Asset Management (Asia) Inc. *(note 4)*	Investment manager	Corporate	14,900,000 H shares	7.13%	2.13%
JF Asset Management Limited *(note 4)*	Investment manager	Corporate	10,700,000 H shares	5.12%	1.53%

Report of the Directors

Notes:

1. CCID, through Research Centre (which is controlled by, and under the supervision of, CCID) and Beijing CCID Riyue Investment Co., Ltd. (which is, directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 93,290,000 domestic shares held directly by Beijing CCID Riyue Investment Co., Ltd.

2. Grade Win International Limited holds 20,000,000 H shares of the Company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited; Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited; Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Legend Group Limited; Legend Holdings Limited holds 57.76% equity interests in Legend Group Limited; Employees' Shareholding Society of Legend Holdings Ltd. holds 35.00% equity interests in Legend Holdings Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.

3. Kingsway Financial Services Limited holds 13,510,000 H shares of the Company. Kingsway Financial Services Limited is a wholly-owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Kingsway Lion Spur Technology Limited holds 1,090,000 H shares of the Company. Kingsway Lion Spur Technology Limited is a wholly-owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly-owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited holds 74% equity interest in SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Mr. Lam William Ka Chung beneficially own or control approximately 40% equity interests in Kingsway International Holdings Limited. Mr. Lam William Ka Chung are deemed to be interested in 14,600,000 H Shares of the Company.

4. JF Asset Management Limited holds 10,700,000 H shares of the Company. JF International Management Inc. holds 4,200,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. holds 99.99% and 100% equity interests in JF Asset Management Limited and JF International Management Inc. respectively. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management Holdings Inc. is a wholly-owned subsidiary of J.P. Morgan Chase & Co.. J.P. Morgan Fleming Asset Management (Asia) Inc., J.P. Morgan Fleming Asset Management Holdings Inc. and J.P. Morgan Chase & Co. are deemed to be interested in 14,900,000 H shares of the Company.

Save as disclosed above, as at 31 December 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.

Report of the Directors

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.

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 2007, the Group had around 186 (2006: 163) 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 2007 have been audited by Ho and Chung CPA Limited who retire and, offer themselves for re-appointment at the 2008 annual general meeting.

Corporate Governance

A report on the principle corporate governance practices adopted by the Company is set out on pages 25 to 28 of the annual report.

Future Plans for Material Investments

The Group is considering a possible issue of new H shares and related possible acquisitions and has engaged a financial adviser to evaluate their feasibilities. Should the Group proceed with the aforesaid transactions, the Group will strictly comply with the relevant disclosure, reporting (if applicable) and/or shareholders' approval requirements under the GEM Listing Rules.

Report of the Directors

PROPOSED SPECIFIC MANDATE TO ISSUE NEW H SHARES RELATING TO A POSSIBLE PLACING OF NEW H SHARES

On 31 August 2007, the Board resolved to convene an extraordinary general meeting (the "EGM"), a class meeting of the holders of H shares (the "H shares") and a class meeting of the holders of domestic shares of the Company (together, the "Class Meetings") for the shareholders, the holders of H shares and the holders of domestic shares of the Company (collectively, the "Shareholders") to consider and approve (if thought fit) respectively the grant of a specific mandate (the "Proposed Specific Mandate") to issue new H shares to the Board. The EGM and the Class Meetings were held on 12 November 2007 and by passed to approve the Board on the proposed specific mandate.

The major terms of the Proposed Specific Mandate are as follows:

(1) to issue not more than 200,000,000 new H Shares representing not more than approximately 28.57% of the total issued share capital of the Company as at 12 November 2007;

(2) the new H Shares will be issued at a price not more than HK$0.60 per H Share, but in any event, the issue price should not be lower than the higher of either (i) HK$0.25; or (ii) the latest audited net asset value per share of the Company;

(3) the Proposed Specific Mandate is for the period from the passing of the relevant resolutions at the EGM and the Class Meetings up to the earliest of: (i) the expiration of the 12-month period following the passing of the relevant resolution(s) at the EGM and/or the Class Meetings; or (ii) the revocation or variation of the authority given under the relevant resolution(s) at the EGM and/or the Class Meetings by special resolution(s) of the Shareholders in a general or a class meeting.

Issue of new H Shares pursuant to the Proposed Specific Mandate is subject to, among other things, the obtaining of the necessary approvals from the relevant PRC regulatory authorities, including the China Securities Regulatory Commission for the issue of the new H Shares and the National Social Security Fund Council of the PRC and the State-owned Assets Supervision and Administration Commission of the State Council for the disposal of the state-owned shares. Depending on market conditions, the directors may or may not exercise the Proposed Specific Mandate (if granted) to issue new H Shares. If the directors proceed to issue and allot new H Shares pursuant to the Proposed Specific Mandate (if granted), a separate announcement will be made as required by the GEM Listing Rules.

The possible placing of new H Shares will enlarge the shareholder and capital bases of the Company and strengthen the financial position of the Group.

Report of the Directors

Should the Board, proceed to exercise the Proposed Specific Mandate to issue new H Shares, the Company will apply to the GEM Listing Committee for the listing and permission to deal in all of the new H Shares to be issued and placed pursuant to the possible placing and the H Shares converted from domestic shares involved in the disposal of the state-owned shares.

ON BEHALF OF THE BOARD

Zhuang Xingfang
Director

Beijing, the People's Republic of China
25 March 2008

Report of the Supervisory Committee

To: All Shareholders

The Supervisory Committee of CCID Consulting Company Limited (the "Supervisory Committee"), in accordance with the Company Law of the PRC, requirements of the relevant laws and regulations of Hong Kong and the Articles of Association of the Company during the year ended 31 December 2007, 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 2007 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
25 March 2008

Corporate Governance Report

Introduction

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

Code of conduct regarding securities transactions by directors

The Company has adopted the rules as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standards as set out in the code of conduct regarding securities transactions by the directors throughout the year ended 31 December 2007.

Board of directors and board meeting

The board of directors (the "board") currently comprises eight directors, of whom three are executive directors, two is non-executive director and three independent non-executive directors. Biographical details of the directors and their relationship are set out on pages 10 to 13 of the annual report.

Mr. Zhuang Xingfang is the chairman of the board, Mr Luo Wen is the General Manager, while Mr. Li Jun is the Chief Executive Officer of the Company.

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

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

The members of the board for the year ended 31 December 2007 were:

Executive directors

Mr. Zhuang Xingfang	*(Chairman)*
Mr. Luo Wen	*(General Manager)*
Mr. Li Jun	*(Chief Executive Officer)*

Corporate Governance Report

Non-executive directors:
Ms. Li Ying
Mr. Liu Liehong

Independent non-executive directors:
Mr. Guo Xinping
Mr. Han Fuling
Mr. Pan Xingwu *(Appointed on 15 March 2007)*

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 seven meetings in 2007.

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

Directors attended:		**Number of board meeting held during the term of directorship in 2007**	**Attendance**
Mr. Zhuang Xingfang	*(Chairman)*	7	7
Mr. Luo Wen	*(General manager)*	7	7
Mr. Li Jun	*(Chief Executive Officer)*	7	7
Ms. Li Ying		7	7
Mr. Liu Liehong		7	7
Mr. Guo Xinping		7	7
Mr. Han Fuling		7	7
Mr. Pan Xingwu	*(Appointed on 15 March 2007)*	*7*	*7*

Corporate Governance Report

Remuneration committee

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. Pan Xingwu, an independent non-executive director and Mr. Lou Wen, the general manager 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 attended:		**Attendance**
Mr. Guo Xinping	*(Chairman of the Committee)*	1/1
Mr. Lou Wen	*(General Manager)*	1/1
Mr. Pan Xingwu	(Appointed on 15 March 2007)	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 RMB180,000 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. Pan Xingwu and Mr. Han Fuling. All of them are independent non-executive directors.

Due to the resignation of Mr. Lu Mai on 29 December 2006 and new appointment of Mr. Pan Xingwu on 15 March 2007, the Audit Committee comprised of two members for period between 1 January 2007 to 14 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 year ended 31 December 2007 and has provided advice and comments thereon. The Audit Committee held four meetings during the year.

Members attended:		**Attendance**
Mr. Guo Xinping	(*Chairman of the Committee*)	4/4
Mr. Han Fuling		4/4
Mr. Pan Xingwu	(*Appointed on 15 March 2007*)	4/4

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2007 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 due to the resignation of Mr. Lu Mai on 29 December 2006 and the new appointment of Mr. Pan Xingwu on 15 March 2007, the Audit Committee comprised of two members for the period between 1 January 2007 to 14 March 2007.

Independent Auditors' Report

何鍾會計師事務所有限公司 **Ho & Chung CPA Limited**
Certified Public Accountants

To the shareholders
CCID Consulting Company Limited
賽迪顧問股份有限公司
(Incorporated in the People's Republic of China with limited liability)

We have audited the financial statements of the Company and of the Group set out on pages 31 to 91, which comprise the consolidated balance sheet of the Group and the separate balance sheet of the Company as at 31 December 2007, and the consolidated income statement, cash flow statement and statement of changes in equity of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with HKFRS and 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. 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 auditors' judgment, 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 auditors consider internal control relevant to the Company's and the Group'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 Company's and the Group'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.

Independent Auditors' Report

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 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 2007 and of the Group's profit and cash flows for the year then ended in accordance with HKFRS, and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ho & Chung CPA Limited
Certified Public Accountants
Hong Kong
25 March 2008

Chung Ho Shing
Practicing Certificate number P03728

Consolidated Income Statement of the Group

(For the year ended 31 December 2007)

	Note	2007 RMB	2006 RMB
Turnover	4	**60,431,688**	43,086,673
Cost of sales		**(36,949,436)**	(30,456,495)
Gross profit		**23,482,252**	12,630,178
Other revenue	5	**874,817**	1,114,152
Gain on investments		**5,258,222**	–
Fair value adjustment on financial assets		**1,414,855**	–
Bad debt recovered		**746,050**	–
		31,776,196	13,744,330
Operating expenses			
Selling and distribution costs		**(5,215,451)**	(4,427,106)
Administrative expenses		**(11,522,053)**	(9,556,698)
Other operating expenses		**(385,171)**	(1,138,607)
		(17,122,675)	(15,122,411)
Profit/(loss) before taxation	6	**14,653,521**	(1,378,081)
Taxation	7	**(4,618,404)**	(238,281)
Profit/(loss) for the year		**10,035,117**	(1,616,362)
Attributable to:			
Equity holders of the Company		**10,114,711**	(1,490,560)
Minority interests		**(79,594)**	(125,802)
Profit/(loss) for the year		**10,035,117**	(1,616,362)
Dividends			
Proposed final dividend	11	**9,800,000**	–
Earnings/(loss) per share			
Basic (cents)	12	**1.4**	(0.2)
Diluted (cents)	12	**1.4**	(0.2)

The notes on pages 36 to 91 form part of these financial statements.

Consolidated Balance Sheet of the Group

(At 31 December 2007)

	Note	2007 RMB	2006 RMB
Non-current assets			
Property, plant and equipment	14	**11,682,848**	12,436,366
Land lease prepayments	15	**16,531,069**	17,169,250
Intangible assets	17	**14,681,500**	18,316,979
Deferred tax assets	28	**97,229**	97,229
		42,992,646	48,019,824
Current assets			
Accounts receivable and accrued assets	18	**9,861,094**	5,353,614
Due from related parties	19	**–**	1,050,000
Due from the ultimate holding company	20	**3,070,000**	3,162,000
Prepayments, deposits and other receivables	21	**2,840,886**	933,681
Land lease prepayments	15	**638,181**	638,181
Cash and cash equivalents	22	**72,906,100**	67,476,556
Short term investments	23	**8,834,938**	–
		98,151,199	78,614,032
Current liabilities			
Accounts payable	24	**903,096**	169,356
Accrued salary and welfare		**1,161,935**	1,461,179
Accruals and other payables	25	**12,663,203**	11,370,385
Due to immediate holding company	26	**2,102,428**	1,591,962
Current tax payable		**2,240,301**	–
		19,070,963	14,592,882
Net current assets		**79,080,236**	64,021,150
NET ASSETS		**122,072,882**	112,040,974
CAPITAL AND RESERVES			
Share capital	29	**70,000,000**	70,000,000
Reserves	30	**39,896,606**	39,585,104
Proposed final dividend	11	**9,800,000**	–
Total equity attributable to equity shareholders of the Company		**119,696,606**	109,585,104
MINORITY INTERESTS	30	**2,376,276**	2,455,870
TOTAL EQUITY		**122,072,882**	112,040,974

Approved and authorised for issue by the board of directors on 25 March 2008

Zhuang Xingfang	**Luo Wen**
Director	*Director*

The notes on pages 36 to 91 form part of these financial statements.

Balance Sheet of the Company

(At 31 December 2007)

	Note	2007 RMB	2006 RMB
Non-current assets			
Property, plant and equipment	14	**11,327,500**	11,794,954
Land lease prepayments	15	**16,531,069**	17,169,250
Interests in subsidiaries	16	**44,592,021**	44,592,021
Deferred tax assets	28	**97,229**	97,229
		72,547,819	73,653,454
Current assets			
Accounts receivable and accrued assets	18	**9,453,094**	3,345,561
Due from related parties	19	**–**	1,050,000
Prepayments, deposits and other receivables	21	**2,725,386**	787,609
Land lease prepayments	15	**638,181**	638,181
Cash and cash equivalents	22	**61,286,968**	51,954,292
Short term investments	23	**4,981,343**	–
		79,084,972	57,775,643
Current liabilities			
Accounts payable	24	**3,287,096**	169,356
Accrued salary and welfare		**1,060,440**	1,170,004
Accruals and other payables	25	**8,365,712**	7,028,633
Due to immediate holding company	26	**2,049,357**	1,591,962
Due to a subsidiary	27	**16,810,727**	15,810,727
Current tax payable		**2,240,301**	–
		33,813,633	25,770,682
Net current assets		**45,271,339**	32,004,961
NET ASSETS		**117,819,158**	105,658,415
CAPITAL AND RESERVES			
Share capital	29	**70,000,000**	70,000,000
Reserves	30	**38,019,158**	35,658,415
Proposed final dividend	11	**9,800,000**	–
TOTAL EQUITY		**117,819,158**	105,658,415

Approved and authorised for issue by the board of directors on 25 March 2008

Zhuang Xingfang
Director

Luo Wen
Director

The notes on pages 36 to 91 form part of these financial statements.

Consolidated Statement of Changes in Equity of the Group

(For the year ended 31 December 2007)

	Note	2007 RMB	2006 RMB
Share capital			
Balance at beginning and end of year	29	**70,000,000**	70,000,000
Capital reserve account			
Balance at beginning and end of year		**18,609,965**	18,609,965
Statutory reserve funds			
Balance at beginning of year		**7,005,874**	6,850,147
Deficit for staff welfare appropriations*		**(3,209)**	–
Appropriated from retained profit		**1,216,073**	155,727
Balance at end of year		**8,218,738**	7,005,874
Discretionary reserve funds			
Balance at beginning and end of year		**58,517**	58,517
Retained profits			
Balance at beginning of year		**13,910,748**	15,557,035
Profit/(loss) for the year		**10,114,711**	(1,490,560)
Appropriated to statutory reserve funds		**(1,216,073)**	(155,727)
Dividend for 2007		**(9,800,000)**	–
Balance at end of year		**13,009,386**	13,910,748
Proposed dividend			
Proposed final dividend for year and balance at end of year	11	**9,800,000**	–
Attributable to equity holders of the Company		**119,696,606**	109,585,104
Minority interests			
Balance at beginning of year		**2,455,870**	2,581,672
Profit/(loss) for the year		**(79,594)**	(125,802)
Balance at end of year		**2,376,276**	2,455,870
Total		**122,072,882**	112,040,974
Total income and expenses for the year			
Recognised in income statement		**10,035,117**	(1,616,362)
Recognised directly in equity*		**(3,209)**	–
		10,031,908	(1,616,362)
Attributable to minority interests		**79,594**	125,802
Attributable to equity holders of the Company		**10,111,502**	(1,490,560)

The notes on pages 36 to 91 form part of these financial statements.

Consolidated Cash Flow Statement of the Group

(For the year ended 31 December 2007)

	Note	2007 RMB	2006 RMB
Operating activities			
Profit/(loss) before taxation		**14,653,521**	(1,378,081)
Depreciation		**1,177,693**	1,764,302
Amortisation of land lease prepayments		**638,181**	638,181
Impairment loss for bad and doubtful debts		**34,300**	960,304
Amortisation of intangible assets		**3,635,479**	3,635,479
Interest income		**(858,741)**	(1,112,896)
Loss on disposal of property, plant and equipment		**180,315**	–
Bad debts recovered		**(746,050)**	–
Gain on investments		**(5,258,222)**	–
Fair value adjustment on financial assets		**(1,414,855)**	–
Operating profit before working capital changes		**12,041,621**	4,507,289
(Increase)/decrease in accounts receivable		**(3,795,730)**	3,432,878
(Increase)/decrease in prepayments, deposits and other receivables		**(1,907,205)**	450,124
Increase in accounts payables		**733,740**	7,297
(Decrease)/increase in accrued salary and welfare		**(299,244)**	748,060
Increase/(decrease) in accruals and other payables		**1,289,609**	(124,244)
Cash generated from operations		**8,062,791**	9,021,404
PRC enterprise income tax paid		**(2,378,103)**	(31,032)
Net cash from operating activities		**5,684,688**	8,990,372
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**(617,725)**	(493,748)
Receipts from sale of property, plant and equipment		**13,235**	–
Payments to acquire financial assets		**(18,234,508)**	–
Receipts from sale of financial assets		**16,072,647**	–
Decrease/(increase) in amounts due from ultimate holding company		**92,000**	(92,000)
Decrease/(increase) in time deposits with maturity of more than three months		**30,000,000**	(30,000,000)
Interest received		**858,741**	916,721
Net cash generated from/(used in) investing activities		**28,184,390**	(29,669,027)
Cash flows from financing activities			
Increase in amount due to related parties		**1,050,000**	–
Increase/(decrease) in amount due to immediate holding company		**510,466**	(1,830,948)
Net cash generated from/(used in) financing activities		**1,560,466**	(1,830,948)
Net increase/(decrease) in cash and cash equivalents		**35,429,544**	(22,509,603)
Cash and cash equivalents at beginning of year		**37,476,556**	59,986,159
Cash and cash equivalents at end of year	22	**72,906,100**	37,476,556

The notes on pages 36 to 91 form part of these financial statements.

Notes to the Financial Statements

(31 December 2007)

1. General

(a) Definition

In these financial statements, the following terms shall have the following meanings:

The Company	CCID Consulting Company Limited 賽迪顧問股份有限公司
The Directors	all of the directors of the Company
The Group	comprises the Company and all of its subsidiaries
HKICPA	Hong Kong Institute of Certified Public Accountants
Exchange	The Stock Exchange of Hong Kong Limited
HKFRS	Hong Kong Financial Reporting Standard issued by HKICPA
HKAS	Hong Kong Accounting Standard issued by HKICPA
HKFRS-Int	HKFRS Interpretation issued by HKICPA
HKAS-Int	HKAS Interpretation issued by HKICPA
HK-Int	Hong Kong Interpretation issued by HKICPA
HK(IFRIC)-Int	Hong Kong Interpretation issued by HKICPA based on equivalent Interpretation issued by International Financial Reporting Interpretation Committee
PRC	The People's Republic of China
MIICMD	Research Centre of Computer and Microelectronics Development, the Ministry of Information Industry of PRC
CCID	China Centre of Information Industry Development
Cash equivalents	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

Notes to the Financial Statements
(31 December 2007)

1. General *(Continued)*

(a) Definition *(Continued)*

Fair value	Amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Related company	a company in which one or more related parties have beneficial interests thereon or are in a position to exercise significant influence
GEM	Growth Enterprise Market

(b) Corporate information

The Company is a company registered in PRC as a joint stock company with limited liability and its H shares have been listed on the GEM of Exchange since 12 December 2002. The registered office of the Company is located at Room 210, No. 12 Huo Ju Jia Road, Chang Ping District, Beijing, PRC.

The Group principally engages in the provision of market research services, data information management services, management consultancy services and marketing consultancy services.

(c) Holding companies

In the opinion of the Directors, the Company's immediate holding company is MIICMD, which is established in the PRC. The Company's ultimate holding company is CCID which is established in the PRC. The ultimate controlling party is the Government of PRC. All of these parties do not prepare financial statements available for public use.

(d) Presentation currency and level of rounding

Unless stated otherwise, all currency figures in these financial statements are presented in Renminbi (RMB) rounded to the nearest one dollar.

(e) Other

The English names of those companies referred in the financial statements represent the unoffical translation of their respective registered Chinese names. Their English names have not been legally adopted by these entities.

Notes to the Financial Statements

(31 December 2007)

2. Basis of Preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRS, HKASs and Interpretations issued by the 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 GEM of Exchange.

(b) Basis of presentation of the financial statements

The consolidated financial statements for the year ended 31 December 2007 comprise the Company and its subsidiaries.

These financial statements are prepared under the historical cost convention as modified by the fair value of financial assets.

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 2(d).

Notes to the Financial Statements

(31 December 2007)

2. Basis of Preparation *(Continued)*

(c) Changes after adoption of HKFRS

In this year, the Company and the Group firstly adopts the following HKFRS, HKAS and HK(IFRIC)-Int, newly issued or revised as indicated, in these financial statements, viz:–

HKAS 1 amendment	Capital disclosures
HKFRS 7	Financial instruments: disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2

The comparatives have been amended, as required, in accordance with the relevant requirements.

Except for additional disclosures as required by the above newly adopted standards and interpretations, the adoption of HKAS, HKFRS and HK(IFRIC)-Int does not have material financial implications to the operating result and financial position of the Company and of the Group in prior years.

(d) Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies (as stated in note 3), 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.

Notes to the Financial Statements

(31 December 2007)

2. Basis of Preparation *(Continued)*

(d) Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

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 ageing 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 2007)

2. Basis of Preparation *(Continued)*

(e) Impact of issued but not yet effective HKFRS

HKICPA has issued the following new or revised HKFRS, HKASs and HK(IFRIC)-Ints ("New Standards") that would become effective from the accounting period beginning on or after the date set out below, viz:–

		Effective from
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HK(IFRIC)-Int 11	HKFRS 2-Group and treasury share transactions	1 March 2007
HK(IFRIC)-Int 12	Service concession arrangements	1 January 2008
HKFRS 8	Operating segments	1 January 2009
HKAS 23	Borrowing costs (revised)	1 January 2009
HK(IFRIC)-Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC)-Int 14	The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The Company has not early adopted these New Standards in this set of financial statements. The Company has already commenced an assessment of the impact of these New Standards but is not yet in a position to state whether these New Standards would have a significant impact on its results of operation and financial position.

3. Summary of Significant Accounting Policies

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements.

(a) 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.

Notes to the Financial Statements
(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(a) Subsidiaries and minority interests *(Continued)*

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 3(e)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) 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 3(e)).

– 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 3(d)); and

– other items of plant and equipment.

Notes to the Financial Statements
(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(b) Property, plant and equipment *(Continued)*

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 depreciable amount 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, fixtures 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.

(c) 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 3(e)). 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 3(e)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Notes to the Financial Statements
(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(c) Intangible assets *(Continued)*

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight line basis over the assets' estimated useful lives. 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.

(d) 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.

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 assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

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

Notes to the Financial Statements

(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(e) 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.

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 (excluding buildings stated at valuation);
– land lease prepayments;
– intangible assets; and
– investments in subsidiaries (excluding non-current assets held for sale and disposal group).

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

Notes to the Financial Statements

(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(e) Impairment of assets *(Continued)*

ii) Impairment of other assets (Continued)

– Calculation of recoverable amount

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

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating 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.

– Reversals of impairment losses

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

Notes to the Financial Statements

(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(f) 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 3(e)), 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 3(e)).

(g) 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.

(h) 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.

(i) Financial assets at fair value through profit or loss

Financial assets that are classified as held for trading or are designated at fair value through profit or loss at initial recognition are classified as financial assets at fair value through profit or loss. Derivatives are also categorized as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are initially recognised at fair value of transaction date. After initial recognition, financial assets at fair value through profit or loss are measured at fair value prior to the deduction of transaction cost. Gains or losses arising from change of fair value or otherwise are recognised in income statement.

Notes to the Financial Statements

(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(j) 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.

(k) 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 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(k) 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.

Notes to the Financial Statements

(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(k) Income tax *(Continued)*

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

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.

(l) 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 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(m) 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.

Notes to the Financial Statements

(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(n) 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 public relationship 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.

(o) 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.

Notes to the Financial Statements

(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(p) 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.

(q) Segment reporting

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

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

Notes to the Financial Statements

(31 December 2007)

3. Summary of Significant Accounting Policies *(Continued)*

(q) Segment reporting *(Continued)*

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

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

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

4. 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:

	2007	2006
	RMB	*RMB*
Market Research Services	**33,712,250**	24,619,708
Data Information Management Services	**2,383,392**	5,841,154
Management Consultancy Services	**20,425,938**	6,757,794
Public Relationship Consultancy Services	**3,910,108**	5,868,017
	60,431,688	43,086,673

Notes to the Financial Statements
(31 December 2007)

5. Other Revenue

	2007	2006
	RMB	*RMB*
Interest income from bank deposits	**858,741**	1,112,896
Sundry income	**16,076**	1,256
	874,817	1,114,152

6. Profit/(Loss) Before Taxation

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

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

	2007	2006
	RMB	*RMB*
Salaries, wages and other benefits	**17,592,448**	19,091,290
Retirement benefit scheme contributions	**3,510,778**	1,692,637
Total staff costs #	**21,103,226**	20,783,927

Total staff costs include research and development costs amounted to RMB1,471,664 (2006: RMB2,131,348).

At 31 December 2007, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2006: Nil).

Notes to the Financial Statements
(31 December 2007)

6. Profit/(Loss) Before Taxation *(Continued)*

b) Other items

	2007	2006
	RMB	*RMB*
Cost of services provided #	**36,949,436**	30,456,495
Auditors' remuneration	**227,500**	310,000
Amortisation of intangible assets #	**3,635,479**	3,635,479
Depreciation #	**1,177,693**	1,764,302
Amortisation of land lease prepayments #	**638,181**	638,181
Loss on disposal of property, plant and equipment	**180,315**	–
Operating lease charges		
Land and buildings	**253,056**	224,128
Motor vehicles	**183,150**	50,000
Impairment loss for bad and doubtful debts	**34,300**	960,304
Research and development cost #	**3,722,093**	2,161,348
Net exchange loss	**124,710**	169,449

The cost of services provided for the year ended 31 December 2007 includes amortisation of intangible assets of RMB3,635,479 (2006: RMB3,635,479), depreciation and amortisation of land lease prepayments of RMB1,815,874 (2006: RMB2,402,483), staff costs of RMB12,001,728 (2006: RMB14,177,853), and research and development cost of RMB3,722,093 (2006: RMB2,161,348), which were also included in the respective total amounts disclosed separately as above.

Notes to the Financial Statements

(31 December 2007)

7. Taxation

a) Taxation in the consolidated income statement represents:

	2007	2006
	RMB	*RMB*
PRC enterprise income tax		
– Provision for the year	**4,010,648**	238,281
– Understated for prior year	**607,756**	–
	4,618,404	238,281

No provision for Hong Kong profits tax has been made as the Group has no profits assessable to Hong Kong profits tax for the year ended 31 December 2007 (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group concerned operates, based on prevailing legislation, interpretations and practices during the year.

The Company is a new technology enterprise located in the Beijing New Technology Enterprise Development Zone. It has been granted certificate of new technology enterprise by Beijing City Science and Technology Committee on 29 February 2008. Pursuant to the Income Tax Law in the PRC, the Company should be entitled 15% PRC enterprise income tax. The tax bureau is reviewing the business affairs of the Company. The Company has submitted all relevant documents to the tax bureau according to the regulation. The result will be announced on or before 30 April 2008. If the Company were not meet the criteria of new technology enterprises, the Company will not be entitled 15% special tax rate. In accordance with an approval document issued by the relevant tax bureau, a 50% reduction in enterprise income tax was granted to the Company for 2006. Provision for PRC enterprise income tax, based on tax rate of 15% has been made for the year ended 31 December 2007 as the Company made profit in that year.

Beijing CCID Shiji Information Engineering Consulting Co., Ltd. ("CCID Info"), the Company's subsidiary incorporated in the PRC, is located 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 Info is subject to PRC enterprise income tax at a rate of 15%. No provision for PRC enterprise income tax has been made for the year ended 31 December 2007 as CCID Info made loss in the year (2006: Nil).

Notes to the Financial Statements
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7. Taxation *(Continued)*

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

Beijing CCID Classic Public Relationship Co. Ltd. ("CCID PR"), the Company's subsidiary incorporated in the PRC and is subject to PRC enterprise income tax. No provision for PRC enterprise income tax has been made for the year ended 31 December 2007 as CCID PR made loss in the year (2006: Nil).

Beijing CCID Shiji Advertising Co., Ltd. ("CCID Advertising"), the Company's subsidiary incorporated in the PRC and is subject to PRC enterprise income tax. No provision for income tax has been made for the year ended 31 December 2007 as CCID Advertising made loss in the year (2006: Nil).

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

	2007	2006
	RMB	*RMB*
Profit/(loss) before taxation	**14,653,521**	(1,378,081)
Applicable tax rate	**33%**	33%
Product of accounting profit/(loss) multiplied by applicable tax rate	**4,835,662**	(454,767)
Tax effect of non-deductible expenses	**3,286,306**	240,948
Favourable tax rate granted to high technology industry	**(4,609,547)**	248,055
Tax holiday	**–**	(116,795)
Tax effect of unused tax losses not recognised	**498,227**	374,119
Tax effect of utilization of tax losses not previously recognised	**–**	(53,279)
Adjustment on current tax of prior year	**607,756**	–
Tax expense	**4,618,404**	238,281

Notes to the Financial Statements
(31 December 2007)

8. 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:

	2007	2006
	RMB	*RMB*
Fees	**149,100**	142,000
Salaries and other benefits	**1,041,256**	669,840
Bonus	**124,023**	225,523
Retirement benefit scheme contributions	**103,880**	53,767
	1,418,259	1,091,130

Notes to the Financial Statements
(31 December 2007)

8. Directors' and Supervisors' Remuneration *(Continued)*

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

2007

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Executive directors					
Zhuang Xingfang	14,200	61,758	35,147	–	111,105
Luo Wen	14,200	476,001	35,147	34,686	560,034
Li Jun	10,650	280,874	40,000	34,508	366,032
Non-executive directors					
Li Ying	14,200	–	–	–	14,200
Liu Liehong	14,200	–	–	–	14,200
Independent non-executive directors					
Guo Xinping	14,200	–	–	–	14,200
Pan Xingwu	10,650	–	–	–	10,650
Han Fuling	14,200	–	–	–	14,200
Supervisors					
Gong Chenghe	14,200	–	–	–	14,200
Huang Yongjin	14,200	–	–	–	14,200
Zhao Gang	14,200	222,623	13,729	34,686	285,238
Total for 2007	149,100	1,041,256	124,023	103,880	1,418,259

Notes to the Financial Statements

(31 December 2007)

8. Directors' and Supervisors' Remuneration *(Continued)*

2006

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Executive directors					
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
Non-executive directors					
Li Ying	14,200	–	–	–	14,200
Liu Liehong	10,650	–	–	–	10,650
Independent non-executive directors					
Guo Xinping	14,200	–	–	–	14,200
Lu Mai	10,650	–	–	–	10,650
Han Fuling	14,200	–	–	–	14,200
Supervisors					
Gong Chenghe	14,200	–	–	–	14,200
Huang Yongjin	14,200	–	–	–	14,200
Zhao Gang	14,200	179,527	11,603	19,016	224,346
Total for 2006	142,000	669,840	225,523	53,767	1,091,130

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 year ended 31 December 2007 (2006: Nil).

No directors and supervisors waived any emoluments during the year ended 31 December 2007 (2006: Nil).

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(31 December 2007)

9. Individuals with Highest Emoluments

Of the five individuals with the highest emoluments, two (2006: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2006: three) individuals are as follows:

	2007	2006
	RMB	*RMB*
Salaries and other benefits	**843,254**	1,237,336
Bonuses	**73,863**	303,064
Retirement benefit scheme contributions	**69,372**	93,804
	986,489	1,634,204

The emoluments of each highest paid individual during the year ended 31 December 2007 fell within the band of nil to RMB1,000,000 (2006: Same).

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 year ended 31 December 2007 (2006: Nil).

10. Profit Attributable to Equity Holders of the Company

The consolidated profit attributable to equity holders of the Company includes RMB12,160,743 (2006: RMB1,318,989) which has been dealt with in the financial statements of the Company.

11. Dividends

	2007	2006
	RMB	*RMB*
Final, proposed of RMB0.014 each (2006: Nil)		
– domestic and legal person share	**6,874,000**	–
– H share	**2,926,000**	–
	9,800,000	–

Notes to the Financial Statements
(31 December 2007)

11. Dividends *(Continued)*

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Pursuant to the PRC Company Law and the Articles of Association of the Company and all of its subsidiaries, dividend shall only be distributed having deducted all of the following items from the profit after tax:

- Making up prior year's commutative losses, if any.

- Allocations to the statutory common reserve funds 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 funds can be used to offset prior years' losses, if any, and part of the statutory common reserve funds can be capitalised as share capital/registered capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital/registered capital.

- Allocations of profit after tax, to the statutory public welfare funds. As the PRC Company Law abolished statutory welfare funds since 1 January 2006 and the Articles of Association of the Companies within the Group have not defined minimum amount to be transferred from the post tax profit to the statutory welfare funds the Group and the Company do not transfer fund to this account in this year (2006: Nil).

- Allocations to the discretionary reserve funds if approved by the shareholders. A discretionary reserve funds can be used to offset prior years' losses, if any, and capitalised as the share capital/registered capital.

- 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 2007)

12. Earnings/(Loss) Per Share

a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of the Company of RMB10,114,711 (2006: loss of RMB1,490,560) and the weighted average of 700,000,000 (2006: 700,000,000) shares in issue during the year.

b) Diluted earnings/(loss) per share

As there were no diluted potential shares outstanding during the year ended 31 December 2007 (2006: Same situation), the diluted earnings/(loss) per share for the year ended 31 December 2007 is identical to the basic earnings/(loss) per share (2006: Same).

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

Notes to the Financial Statements

(31 December 2007)

13. Segment Reporting *(Continued)*

Business segments

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

The Group

	Market Research Services		Data Information Management Services		Management Consultancy Services		Public Relationship Consultancy Services		Total	
	2007 *RMB*	2006 *RMB*	2007 *RMB*	2006 *RMB*	2007 *RMB*	2006 *RMB*	2007 *RMB*	2006 *RMB*	2007 *RMB*	2006 *RMB*
REVENUE										
Sales to external customers	33,712,250	24,619,708	2,383,392	5,841,154	20,425,938	6,757,794	3,910,108	5,868,017	60,431,688	43,086,673
RESULTS										
Segment results after impairment loss on intangible assets	16,635,781	11,584,627	(3,255,945)	(99,701)	10,079,465	901,453	22,951	243,799	23,482,252	12,630,178
Unallocated expenses									(17,122,675)	(15,122,411)
Interest income									858,741	1,112,896
Other income									16,076	1,256
Bad debt recovered									746,050	–
Gain on investments									5,258,222	–
Fair value adjustment on financial assets									1,414,855	–
Profit/(loss) before taxation									14,653,521	(1,378,081)
Taxation									(4,618,404)	(238,281)
Profit/(loss) for the year									10,035,117	(1,616,362)
ASSETS										
Segment assets	14,256,934	12,441,879	51,602,312	52,969,278	6,240,853	2,698,637	2,268,445	2,312,140	74,368,544	70,421,934
Less: Intersegment assets	–	–	(19,610,727)	(15,810,727)	–	–	(1,000,000)	–	(20,610,727)	(15,810,727)
Unallocated corporate assets									87,386,028	72,022,649
Total assets	14,256,934	12,441,879	31,991,585	37,158,551	6,240,853	2,698,637	1,268,445	2,312,140	141,143,845	126,633,856
LIABILITIES										
Segment liabilities	988,132	643,764	4,160,696	4,359,695	1,257,089	491,751	882,465	259,212	7,288,382	5,754,422
Unallocated corporate liabilities									11,782,581	8,838,460
Total liabilities	988,132	643,764	4,160,696	4,359,695	1,257,089	491,751	882,465	259,212	19,070,963	14,592,882
OTHER INFORMATION										
Capital expenditure	–	–	10,118	–	–	–	2,080	102,852	12,198	102,852
Unallocated capital expenditure									605,527	390,869
Depreciation and amortisation of land lease prepayments	536,582	738,993	16,936	268,310	325,110	332,011	32,507	27,786	911,135	1,367,100
Unallocated depreciation and amortisation of land lease prepayments									904,739	1,035,383
Amortisation of intangible assets	–	–	3,635,479	3,635,479	–	–	–	–	3,635,479	3,635,479
Impairment loss for bad and doubtful debts, net	20,000	900,304	14,300	60,000	–	–	–	–	34,300	960,304

Notes to the Financial Statements
(31 December 2007)

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

	Cost *RMB*	Accumulated depreciation *RMB*	Net carrying value *RMB*
Building			
Balance at beginning of 2006	12,032,800	(1,470,675)	10,562,125
Depreciation charge	–	(401,093)	(401,093)
Balance at end of 2006 and beginning of 2007	12,032,800	(1,871,768)	10,161,032
Depreciation charge	–	(401,093)	(401,093)
Balance at end of 2007	12,032,800	(2,272,861)	9,759,939
Furniture, fixtures and equipment			
Balance at beginning of 2006	7,375,717	(4,432,959)	2,942,758
Additions	493,748	–	493,748
Depreciation charge	–	(1,312,865)	(1,312,865)
Balance at end of 2006 and beginning of 2007	7,869,465	(5,745,824)	2,123,641
Additions	617,725	–	617,725
Depreciation charge	–	(726,256)	(726,256)
Disposals	(3,740,171)	3,546,621	(193,550)
Balance at end of 2007	4,747,019	(2,925,459)	1,821,560
Motor vehicles			
Balance at beginning of 2006	264,967	(62,930)	202,037
Depreciation charge	–	(50,344)	(50,344)
Balance at end of 2006 and beginning of 2007	264,967	(113,274)	151,693
Depreciation charge	–	(50,344)	(50,344)
Balance at end of 2007	264,967	(163,618)	101,349
Total			
At 31 December 2007	**17,044,786**	**(5,361,938)**	**11,682,848**
At 31 December 2006	**20,167,232**	**(7,730,866)**	**12,436,366**

Notes to the Financial Statements
(31 December 2007)

14. Property, Plant and Equipment *(Continued)*

The Company

	Cost *RMB*	Accumulated depreciation *RMB*	Net carrying value *RMB*
Building			
Balance at beginning of 2006	12,032,800	(1,470,675)	10,562,125
Depreciation charge	–	(401,193)	(401,093)
Balance at end of 2006 and beginning of 2007	12,032,800	(1,871,868)	10,161,032
Depreciation charge	–	(401,193)	(401,093)
Balance at end of 2007	12,032,800	(2,273,061)	9,759,939
Furniture, fixtures and equipment			
Balance at beginning of 2006	4,070,840	(2,165,147)	1,905,693
Additions	390,896	–	390,896
Depreciation charge	–	(814,360)	(814,360)
Balance at end of 2006 and beginning of 2007	4,461,736	(2,979,507)	1,482,229
Additions	605,526	–	605,526
Depreciation charge	–	(557,896)	(557,896)
Disposals	(1,134,819)	1,071,172	(63,647)
Balance at end of 2007	3,932,443	(2,466,231)	1,466,212
Motor vehicles			
Balance at beginning of 2006	264,967	(62,930)	202,037
Depreciation charge	–	(50,344)	(50,344)
Balance at end of 2006 and beginning of 2007	264,967	(113,274)	151,693
Depreciation charge	–	(50,344)	(50,344)
Balance at end of 2007	264,967	(163,618)	101,349
Total			
At 31 December 2007	**16,230,210**	**(4,902,910)**	**11,327,500**
At 31 December 2006	**16,759,503**	**(4,964,649)**	**11,794,954**

Notes to the Financial Statements

(31 December 2007)

14. Property, Plant and Equipment *(Continued)*

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 2007, the Company had settled a total sum of RMB28,400,929 (2006: RMB28,400,929) 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 Directors, during the year ended 31 December 2007, 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
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15. Land Lease Prepayments

	The Group and the Company	
	2007	2006
	RMB	*RMB*
Balance at beginning of year	**17,807,431**	18,445,612
Amortisation	**(638,181)**	(638,181)
Balance at end of year	**17,169,250**	17,807,431
Current portion	**(638,181)**	(638,181)
Non-current portion	**16,531,069**	17,169,250

The leasehold land is held under medium term lease and situated in the PRC. The costs of the leasehold land are RMB20,786,054 (2006: RMB20,786,054).

16. Interests in Subsidiaries

	The Company	
	2007	2006
	RMB	*RMB*
Unlisted, at cost	**44,592,021**	44,592,021

Notes to the Financial Statements
(31 December 2007)

16. Interests in Subsidiaries *(Continued)*

Details of the subsidiaries at 31 December 2007 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
Beijing CCID Shiji Information Engineering Consulting Co., Ltd.("CCID Info") *(note a, e)*	Beijing, PRC	50,000,000	95%	Provision of data services and establishment of information database services
Beijing CCID Shiji Advertising Co., Ltd. ("CCID Advertising") *(note b, d, e)*	Beijing, PRC	500,000	80%	Provision for conference and exhibition services, inactive during the year
Beijing CCID Classic Public Relationship Co., Ltd. ("CCID PR") *(note c, d, e)*	Beijing, PRC	300,000	80%	Provision for intermediate planning and public relationship services

Notes:

(a) Beijing CCID Shiji Information Engineering Consulting Co., Ltd. is the new name of former CCID Datasource Co., Ltd. since 6 November 2007.

(b) Beijing CCID Shiji Advertising Co., Ltd. is the new name of former CCID Shiji Exhibition Co., Ltd. since 9 July 2007.

(c) Beijing CCID Classic Public Relationship Co., Ltd. is the new name of former CCID Chuangxin Marketing Co., Ltd. since 17 July 2007.

(d) CCID Info holds the remaining 20% equity in CCID Advertising and CCID PR.

(e) All of the subsidiaries are equity joint ventures incorporated in the PRC.

Notes to the Financial Statements

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17. Intangible Assets

	Cost	Accumulated depreciation and impairment loss	Net carrying value
	RMB	*RMB*	*RMB*
Information database			
Balance at beginning of 2006	38,268,201	(16,315,743)	21,952,458
Amortisation	–	(3,635,479)	(3,635,479)
Balance at end of 2006 and beginning of 2007	38,268,201	(19,951,222)	18,316,979
Amortisation	–	(3,635,479)	(3,635,479)
Balance at end of 2007	38,268,201	(23,586,701)	14,681,500

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 is included in "cost of sales" in the consolidated income statement.

In this year, the management of the Group has assessed the recoverable amount of the intangible assets. The recoverable amount has been determined on the basis of value in use. Their recoverable amount is based on certain key assumptions. The value in use is measured by reference to cashflow projections based on the financial budgets approved by the management cover a 5-year period, and a discount rate of 15%. The assessment indicates that the recoverable amount is greater than the net carrying value. Accordingly the Group does not make provision on impairment loss. However, the assessment involves the future cashflow which is uncertain. Accordingly, the Group does not reverse the impairment loss of RMB562,000 made in 2005.

Notes to the Financial Statements
(31 December 2007)

18. Accounts Receivable and Accrued Assets

An ageing analysis of the accounts receivable and accrued assets is as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Within 60 days	**3,731,026**	1,245,539	**3,731,026**	517,548
61 days to 180 days	**4,992,394**	2,835,768	**4,848,394**	2,003,806
181 days to 365 days	**810,371**	705,493	**804,371**	340,193
Over 365 days	**327,303**	566,814	**69,303**	484,014
	9,861,094	5,353,614	**9,453,094**	3,345,561

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.

a) Included in the balance of the Group's accounts receivable and accrued assets at 31 December 2007 was an amount due from contract customers of RMB7,274,377 (2006: RMB950,640).

b) Included in the accounts receivable are the following due from related parties:

Notes to the Financial Statements
(31 December 2007)

18. Accounts Receivable and Accrued Assets *(Continued)*

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Name of related parties				
Beijing CCID Jingwei Culture Communication Co., Ltd.	**146,480**	–	**146,480**	–
CCID Net	**95,256**	–	**95,256**	–
EIC	**20,000**	–	**–**	–
China Information World Newspaper	**–**	11,981	**–**	11,981
China Computer User Magazine	**103,393**	467,883	**103,393**	467,883
	365,129	479,864	**345,129**	**479,864**

The above related parties are controlled by CCID.

19. Due from Related Parties

The amounts are unsecured, interest-free and have no fixed terms of repayment. An analysis of the amounts due from related parties is as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Name of related parties				
Beijing Bi Ran Advertising Co., Ltd.	**–**	50,000	**–**	50,000
Vocation Training Centre, EIC, MII	**–**	350,000	**–**	350,000
CCID Marketing Consulting Co., Ltd.	**–**	350,000	**–**	350,000
CCID Advertising Co., Ltd.	**–**	300,000	**–**	300,000
	–	1,050,000	**–**	1,050,000

The above related parties are controlled by CCID.

Notes to the Financial Statements

(31 December 2007)

20. Due from the Ultimate Holding Company

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

21. Prepayments, Deposits and Other Receivables

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Advances to employees	**1,272,438**	545,753	**1,156,938**	431,756
Prepayments	**231,084**	84,145	**231,084**	84,145
Rental and other deposits	**1,318,234**	107,608	**1,318,234**	75,532
Interest receivables	**–**	196,175	**–**	196,176
Others	**19,130**	–	**19,130**	–
	2,840,886	933,681	**2,725,386**	787,609

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

Notes to the Financial Statements

(31 December 2007)

22. Cash and Cash Equivalents

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Cash at banks and on hand	**72,906,100**	16,469,506	**61,286,968**	8,447,242
Time deposits maturing within three months	–	21,007,050	–	13,507,050
Cash and cash equivalents in consolidated cash flow statement	**72,906,100**	37,476,556	61,286,968	21,954,292
Time deposits maturing over three months	–	30,000,000	–	30,000,000
Cash and cash equivalents in the balance sheet	**72,906,100**	67,476,556	**61,286,968**	51,954,292

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	
	2007	2006
	RMB	*RMB*
United States Dollars	**860**	64,572
Hong Kong Dollars	**36,059**	1,724,297

Notes to the Financial Statements
(31 December 2007)

23. Short Term Investments

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Designated financial assets at fair value through profit or loss at initial recognition, at fair value				
PRC listed securities	**650,160**	–	**650,160**	–
PRC listed investment funds	**8,184,778**	–	**4,331,183**	–
	8,834,938	–	**4,981,343**	–
Market value of listed securities and PRC listed investment fund	**8,834,938**	–	**4,981,343**	–

24. Accounts Payable

An ageing analysis of the accounts payable is as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Within 60 days	**827,147**	–	**3,211,147**	–
61 days to 180 days	**19,715**	169,356	**19,715**	169,356
181 days to 365 days	**2,234**	–	**2,234**	–
over 365 days	**54,000**	–	**54,000**	–
	903,096	169,356	**3,287,096**	169,356

The accounts payable of the Group includes balances due to related companies of RMB21,949 (2006: RMB61,347).

Notes to the Financial Statements
(31 December 2007)

25. Accruals and Other Payables

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Provision for social insurance fees and the public housing funds	**7,152,369**	7,072,455	**3,633,592**	3,565,186
Other tax payables	**1,873,366**	1,503,620	**1,807,340**	31,950
Due to database information contracts customers	**–**	80,000	**–**	–
Received in advance	**2,141,268**	1,036,160	**1,961,268**	–
Others	**1,496,200**	1,678,150	**963,512**	3,431,497
	12,663,203	11,370,385	**8,365,712**	7,028,633

26. Due to Immediate Holding Company

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Acquisition of the ninth and tenth floors of CCID Plaza *(note (a))*	**1,577,829**	1,577,829	**1,577,829**	1,577,829
Others *(note (b))*	**524,599**	14,133	**471,528**	14,133
	2,102,428	1,591,962	**2,049,357**	1,591,962

a) The amount due to the immediate holding company at 31 December 2007 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). 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.

Notes to the Financial Statements
(31 December 2007)

27. Due to a Subsidiary

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

28. Deferred Taxation

a) Recognised deferred tax

The principal components of deferred tax assets/(liabilities) recognised are as follows:

	The Group and the Company	
	2007	2006
	RMB	*RMB*
Impairment for bad and doubtful debts	**44,090**	44,090
Provision for social insurance fees and public housing funds	**55,139**	55,139
	97,229	97,229

The deferred tax assets/(liabilities) did not have movement during the year (2006: No movement).

b) Deferred taxation not recognised

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Tax loss	**257,000**	7,430,000	**–**	1,634,000

The Group and the Company have not recognised deferred tax assets in respect of tax losses as it is uncertain 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 2007)

29. Share Capital

	The Group and the Company			
	2007		2006	
	Number of share	Nominal value RMB	Number of share	Nominal value RMB
Registered, issued and fully paid:				
Domestic shares of RMB0.1 each	**485,900,000**	**48,590,000**	485,900,000	48,590,000
Legal person shares of RMB0.1 each	**5,100,000**	**510,000**	5,100,000	510,000
H shares of RMB0.1 each	**209,000,000**	**20,900,000**	209,000,000	20,900,000
	700,000,000	**70,000,000**	700,000,000	70,000,000

By the extraordinary general meeting and the separate class meetings of the holders of H shares and domestic shares held on 12 November 2007, the shareholders passed resolutions to grant the right to the Board of Directors of the Company to issue and allot not more than 200 million new H shares at a price between Hong Kong Dollars 0.25 and Hong Kong Dollars 0.60 by 11 November 2008. The Company is getting the approval of relevant authorities. Further information will be announced soon

30. Reserves

a) The Group

	Attributable to equity holders of the Company						
	Capital reserve account RMB (note (a))	Statutory reserve funds RMB (note (b))	Discretionary reserve funds RMB (note (b))	Retained profits RMB	Total RMB	Minority interest RMB	Total RMB
Balance at beginning of 2006	18,609,965	6,850,147	58,517	15,557,035	41,075,664	2,581,672	43,657,336
Loss for the year	–	–	–	(1,490,560)	(1,490,560)	(125,802)	(1,616,362)
Transferred to statutory reserve funds	–	155,727	–	(155,727)	–	–	–
Balance at end of 2006 and beginning of 2007	18,609,965	7,005,874	58,517	13,910,748	39,585,104	2,455,870	42,040,974
Profit for the year	–	–	–	10,114,711	10,114,711	(79,594)	10,035,117
Transferred to statutory reserve funds	–	1,216,073	–	(1,216,073)	–	–	–
Deficit for staff welfare appropriations	–	(3,209)	–	–	(3,209)	–	(3,209)
Dividend for 2007	–	–	–	(9,800,000)	(9,800,000)	–	(9,800,000)
Balance at end of 2007	18,609,965	8,218,738	58,517	13,009,386	39,896,606	2,376,276	42,272,882

Notes to the Financial Statements
(31 December 2007)

30. Reserves *(Continued)*

b) The Company

	Capital reserve account RMB (note (a))	Statutory reserve funds RMB (note (b))	Discretionary reserve funds RMB (note (b))	Retained profits RMB	Total RMB
Balance at beginning of 2006	18,100,000	5,520,820	58,517	10,660,089	34,339,426
Profit for the year	–	–	–	1,318,989	1,318,989
Transferred to statutory reserve funds	–	155,727	–	(155,727)	–
Balance at end of 2006 and beginning of 2007	18,100,000	5,676,547	58,517	11,823,351	35,658,415
Profit for the year	–	–	–	12,160,743	12,160,743
Transferred to statutory reserve funds	–	1,216,073	–	(1,216,073)	–
Dividend for 2007	–	–	–	(9,800,000)	(9,800,000)
Balance at end of 2007	18,100,000	6,892,620	58,517	12,968,021	38,019,158

Notes:

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

(b) 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.

Notes to the Financial Statements
(31 December 2007)

30. Reserves *(Continued)*

b) The Company *(Continued)*

Notes: (Continued)

– The statutory common reserve funds can be used to offset prior years' losses, if any, and part of the statutory common reserve funds can be capitalised as share capital/registered capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital/registered capital.

– Allocations of profit after tax, to the statutory public welfare funds. Since the PRC Company Law abolished statutory welfare funds since 1 January 2006 and the Articles of Association of the companies within the Group have not defined minimum amount to be transferred from the post tax profit to the statutory welfare funds, the Group and the Company do not transfer fund to this account in this year (2006: Nil).

– Allocations to the discretionary reserve funds if approved by the shareholders. A discretionary reserve funds can be used to offset prior years' losses, if any, and capitalised as the share capital/registered capital.

– Accordingly, the Company, CCID Info and CCID PR 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 funds was appropriated for 2007 (2006: Nil).

– In accordance with the articles of association of the Companies, 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 2007)

30. Reserves *(Continued)*

b) The Company *(Continued)*

Notes: (Continued)

– The Company's reserve available for distribution pursuant to Section 79B of Companies Ordinance is as follow:–

	2007	2006
	RMB	*RMB*
Retained profits (before deduction of final dividend)	22,768,021	13,910,748
Less: Unrealised profit	(1,414,855)	–
	21,353,166	13,910,748

31. Share Option Scheme

The Company adopted a share option scheme on 20 November 2002. Pursuant to the share option scheme, 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. Until 31 December 2007, no options were granted to the Group's employees since the listing of the Company in the Exchange.

Notes to the Financial Statements

(31 December 2007)

32. Commitments

a) At 31 December 2007, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Within 1 year	**206,064**	180,016	**151,876**	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 include contingent rentals.

b) Capital commitments outstanding at 31 December 2007 not provided for in the financial statements were as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Contracted for				
– research and development project	**–**	240,000	**–**	–

Notes to the Financial Statements

(31 December 2007)

33. Material Related Party Transactions

a) The following companies mentioned are within the group 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:

	2007	2006
	RMB	*RMB*
Gross revenue earned before sales surtaxes		
Provision for consulting services to:		
Beijing CCID Net IT Co., Ltd.	**354,663**	–
CCID	**938,000**	–
Beijing CCID Convention Company Ltd.	–	20,000
China Information World Newspaper	**39,660**	–
	1,332,323	20,000
Provision for data management services to:		
Training Centre, CCID	–	421,000
Electronic Information Centre	**605,000**	–
Beijing CCID Net IT Co., Ltd.	–	1,088
Beijing CCID Jingwei Culture Communication Co., Ltd.	**30,000**	–
	635,000	422,088

Notes to the Financial Statements
(31 December 2007)

33. Material Related Party Transactions *(Continued)*

a) *(Continued)*

	2007	2006
	RMB	*RMB*
Promotional expenses (including advertising services, and website and hyperlink services)		
Translation, advertising, promotional and consultancy expenses charged by Beijing China Electronics News Technology Development Co., Ltd.	**120,000**	800
Promotional and consultancy expenses charged by CCID Net	**31,435**	37,082
Promotional and consultancy expenses charged by CCID Call Centre	**175,667**	396,641
Consultancy expenses charged by CCID (Holding) Ltd.	**980,000**	–
Consultancy expenses charged by CCID	**195,000**	–
Promotional expenses, internet expenses and building management fee charged by MIICMD	**1,741,829**	1,165,145
Translation expense charged by CCID Translation Co., Ltd.	**137,814**	265,329
Promotional expenses charged by Beijing CCID "Sheng Shi" Advertising Co., Ltd.	**–**	8,000
	3,381,745	1,872,997

The Company and the related companies are within the CCID Group and are under common control of the same ultimate controlling party.

The Directors 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.

Articles 20.31 and 20.33 of GEM listing rule have exempted the Group to disclose connected person transactions in accordance with article 20.45 of GEM listing rule. The Directors have confirmed that the Group had complied with the disclosure requirements set out in the Chapter 20 of GEM listing rule.

Notes to the Financial Statements
(31 December 2007)

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 8 and certain of the highest paid employees ad disclosed in note 9, is as follows:

	2007	2006
	RMB	*RMB*
Salaries, wages and other benefits	**1,378,985**	1,109,286
Retirement benefit scheme contributions	**138,379**	85,116
	1,517,364	1,194,402

Total remuneration is included in staff costs (see note 6(a)).

c)

In 2006, MIICMD has given an unconditional guarantee to indemnify the Company for any losses in the event that the Company cannot recover, in full, the balances due from the following related companies. As at 31 December 2007, the following balances have fully settled.

Name of related parties

	The Group		**The Company**	
	2007	2006	**2007**	2006
	RMB	*RMB*	***RMB***	*RMB*
Beijing Bi Ran Advertising Co., Ltd.	–	50,000	–	50,000
Vocation Training Centre, EIC, MII	–	350,000	–	350,000
CCID Marketing Consulting Co., Ltd.	–	350,000	–	350,000
CCID Advertising Co., Ltd.	–	300,000	–	300,000
China Information World Newspaper	–	11,981	–	11,981
China Computer User Magazine	–	467,883	–	467,883
	–	1,529,864	–	1,529,864

Notes to the Financial Statements

(31 December 2007)

34. Event After Balance Sheet Date

The Group is considering a related possible acquisitions. Up to the issue date of these financial statements, there were no agreement or memorandum for such event.

35. Financial Risk Management

Financial assets and liabilities carried on the balance sheet include the following assets and liabilities which are carried at approximately their fair value:–

- Financial assets and liabilities at fair value through profit or loss;
- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

Exposure to financial risks on its financial assets and liabilities comprises:–

- Currency risk on monetary assets, monetary liabilities and commitments denominated in foreign currencies resulting from change of foreign exchange rate;
- Price risk on financial assets at fair value through profit or loss of which the value is subject to fluctuation as a result of changes in market price;
- Fair value interest rate risk on change of value of investment measured by fair value because of the change of market interest rate;
- Credit risk on credit period offered to its trade debtors and advances to other debtors; and
- Liquidity risk on withdrawal or cutting of credit limit and credit period offered by trade creditors.

Financial risk management objectives and policies

Risk management is carried out by a group's Financial Controller under policies approved by the Board of Directors. The financial Controller identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

Notes to the Financial Statements
(31 December 2007)

35. Financial Risk Management *(Continued)*

Currency risk

The Group's monetary assets and transactions are principally denominated in United States Dollars ("USD"), Renminbi ("RMB") and Hong Kong Dollars ("HKD"). The Group is exposed to foreign exchange risk arising from the exposure of RMB against USD and HKD. Considering that the exchange rate between RMB and USD and between RMB and HKD, the Group believes its exposure to foreign exchange 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.

As at 31 December 2007, if RMB had strengthened or weakened by 1% against the foreign currencies with all other variables held constant, the profit/loss for the year after tax would have been increased or decreased by RMB357 (2006: RMB19,011).

Price risk

It is the Group's policy to make profit on the price fluctuation of the financial assets at fair value through profit or loss. The Group has set up a professional investment team to take care the investment profolio in accordance with the Group's policies. The professional investment team will meet and discuss will Directors on regular basis. The Group will adjust its investment profolio by reference to the market information and the advices of professional investment team. The Group does not have contract held on margin basis. Accordingly, the maximum exposure to price risk is the carrying amount at balance sheet date.

At 31 December 2007, if the fair value of the investment profolio had been 1% higher or lower with all other variables held constant, the profit/loss for the year after tax would have been increased or decreased by RMB75,097 (2006: Not applicable).

Fair value interest rate risk

Management has observed the market interest rate that may affect the fair values of Group's investment profolio. The Group will adjust its investment strategies having alerted the signal of market interest rate.

If the interest rate had strengthened or weakened by 0.1% with all other variables held constant, the profit/loss for the year after tax would have been increased by RMB915,817 or decreased by RMB1,211,242 (2006: Not applicable).

Notes to the Financial Statements
(31 December 2007)

35. Financial Risk Management *(Continued)*

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 Group has designated personnel to take care the overdue debts. Moreover, 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 consider that the Group's credit risks is significantly reduced. The Group has no significant concentrations on credit risk.

Liquidity risk

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

Cash flow interest rate risk

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 cash flow interest rate risk is low.

Had interest rates been 1% higher or lower with all other variables held constant, the profit/loss for the year after tax would increase or decrease by RMB619,665 (2006: RMB573,506), arising mainly as a result of the change of interest expense and deposit interest income.

Notes to the Financial Statements

(31 December 2007)

35. Financial Risk Management *(Continued)*

Maturity analysis

The following table details the remaining contractual maturities at the balance sheet date of the Group's and Company's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date of the Group and the Company to be required to pay:–

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	RMB	***RMB***	RMB
Trade and other payables				
Payable on demand or within one year	**16,968,535**	13,000,920	14,953,549	7,311,993
No defined repayment term	**2,102,428**	1,591,962	18,866,084	17,402,689
	19,070,963	14,592,882	33,813,633	24,714,682

36. Managing Capital

	The Group		The Company	
	2007	2006	**2007**	2006
	RMB	RMB	***RMB***	RMB
Managing capital comprises:–				
Issued and paid up share capital	**70,000,000**	70,000,000	**70,000,000**	70,000,000
Retained profits	**13,009,386**	13,910,748	**12,968,021**	11,823,351
Other reserves	**26,887,220**	25,674,356	**25,051,137**	23,835,064
	109,896,606	109,585,104	**108,019,158**	105,658,415

The Group is not subject to any externally imposed capital requirements. Accordingly, the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Notes to the Financial Statements

(31 December 2007)

36. Managing Capital *(Continued)*

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings and trade and other payables) plus accrued proposed dividend. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During 2007, the Group's strategy, which was unchanged from 2006, was to maintain the net debt-to-adjusted capital ratio at the lower end of the range 20% to 30%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividend paid to shareholders, issue new shares, return capital to shareholders, raise new debt financings or sell assets to reduce debt.

37. Comparative Figures

The audited financial statements of the Group and of the Company for the year ended 31 December 2006 were audited by another firm of certified public accountants (practising). The following comparative figures have been reclassified to conform with current year's presentation:–

	As previously stated	**As restated**
	RMB	*RMB*
Earnings/(loss) per share		
Diluted (cents)	N/A	(0.2)

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				
	2003	2004	2005	2006	**2007**
	RMB	*RMB*	*RMB*	*RMB*	***RMB***
Turnover	48,831,071	56,283,777	43,069,471	43,086,673	**60,431,688**
Cost of sales	(22,969,966)	(31,091,844)	(32,830,999)	(30,456,495)	**(36,949,436)**
Gross profit	25,861,105	25,191,933	10,238,472	12,630,178	**23,482,252**
Other revenue	124,663	189,440	514,524	1,114,152	**8,293,944**
Selling and distribution costs	(3,256,688)	(4,451,221)	(4,692,785)	(4,427,106)	**(5,215,451)**
Administrative expenses	(9,824,179)	(11,235,250)	(9,827,262)	(9,556,698)	**(11,522,053)**
Other operating expenses	(794,983)	(654,375)	(3,443,259)	(1,138,607)	**(385,171)**
Profit/(loss) from operating activities	12,109,918	9,040,527	(7,210,310)	(1,378,081)	**14,653,521**
Profit/(loss) before taxation	12,109,918	9,040,527	(7,210,310)	(1,378,081)	**14,653,521**
Taxation	–	(667,193)	–	(238,281)	**(4,618,404)**
Profit/(loss) for the year	12,109,918	8,373,334	(7,210,310)	(1,616,362)	**10,035,117**
Attributable to:					
Equity holders of the Company	11,976,945	8,158,591	(6,926,843)	(1,490,560)	**10,114,711**
Minority interests	132,973	214,743	(283,467)	(125,802)	**(79,594)**
Profit/(loss) for the year	12,109,918	8,373,334	(7,210,310)	(1,616,362)	**10,035,117**

ASSETS AND LIABILITIES

	31 December				
	2003	2004	2005	2006	**2007**
	RMB	*RMB*	*RMB*	*RMB*	***RMB***
TOTAL ASSETS	133,201,205	137,595,683	129,450,053	126,633,856	**141,143,845**
TOTAL LIABILITIES	(20,706,894)	(16,728,037)	(15,792,717)	(14,592,882)	**(19,070,963)**
	112,494,311	120,867,646	113,657,336	112,040,974	**122,072,882**