

CCID Consulting

賽迪顧問股份有限公司

CCID Consulting Company Limited

(A joint stock limited company incorporated
in the People's Republic of China with limited liability)

(Stock Code: 08235)

2011

First Quarterly Report

政府決策第一智庫

企業戰略第一顧問

信息化諮詢第一品牌

思維創造世界

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Perspective 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 characteristic 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 and no assurance given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report, in both English and Chinese versions, is available on the Company’s website at www.ccidconsulting.com (the “Company Website”).

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the “Corporate Communications”) via the Company Website and who for any reason have difficulty in receiving or gaining access to this report posted on the Company Website will promptly upon request be sent this report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications. Shareholders may send their request to receive this report in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Hong Kong Share Registrar of the Company, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong or by sending an email to the Hong Kong Share Registrar of the Company at is-ecom@hk.tricorglobal.com.

HIGHLIGHTS

- For the three months ended 31 March 2011, the revenue of the Company was approximately RMB26.3 million, representing an increase of approximately 36% over the corresponding period in the previous year;
- For the three months ended 31 March 2011, gross profit margin of the Company was approximately 51%, representing an increase of approximately 11% over the corresponding period in the previous year;
- For the three months ended 31 March 2011, the net profits from ordinary activities attributable to shareholders of the Company was approximately RMB0.86 million, representing an increase of 17% over the corresponding period in the previous year;
- For the three months ended 31 March 2011, the basic earnings per share were about RMB0.12 cents;
- The board of directors (the “Board”) does not recommend the payment of any dividend for the three months ended 31 March 2011.

2011 FIRST QUARTERLY RESULT

The board of directors (the “Board”) of CCID Consulting Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiary (the “Group”) for the three months and the three months ended 31 March 2011, together with the comparative unaudited figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Unaudited	
		For the three months	
		ended 31 March	
	<i>Note</i>	2011	2010
		RMB	RMB
Turnover	2	26,251,937	19,277,063
Cost of sales	3	(12,849,473)	(10,430,746)
Gross profits		13,402,464	8,846,317
Other revenue		94,655	24,573
Selling and distribution costs		(3,830,958)	(2,757,243)
Administrative expenses		(8,327,561)	(5,338,581)
Profits before tax	4	1,338,600	775,066
Tax	5	(876,360)	(387,138)
Profits before minority interests		462,240	387,928
Minority interests		397,205	348,042
Net profits from ordinary activities attributable to shareholders		859,445	735,970
Earnings per share			
– Basic (cents)	6	0.12	0.11
Dividend	7	–	–

NOTES:

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

The accounting policies and basis of preparation of the unaudited consolidated results are consistent with those used in the annual financial statements for the year ended 31 December 2010.

Impact of issued but not yet effective HKFRS

HKICPA has issued the following new and revised HKFRSs, HKAS, HK(IFRIC)-Ints and their amendments and improvements (“Revised Standards and Amendments”) that would become effective from the accounting period beginning on or after the date set out below, viz:

		Effective from
Amendment to HKFRS 1	First-time Adoption of HKFRSs – Limited Exemption for First-time Adopters	1 July 2010
Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of Financial Assets	1 July 2011
HKFRS 9 (Revised)	Financial instruments	1 January 2013
HKAS 24 (Revised)	Related party disclosures	1 January 2011
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010
Amendment to HKAS 12	Income taxes	1 January 2012
Amendment to HKAS 32	Financial instruments: Presentation – Classification of right issues	1 February 2010
Amendment to HK(IFRIC)-Int 14	HKAS 19 – The limit on defined benefit asset, minimum funding requirements and their interactions	1 January 2011
Improvement to HKFRSs 2010	Amendments to HKFRS and related basis for conclusion and guidance made in response to the IASB annual improvement project in 2010	1 July 2010 or 1 January 2011

The Company as well as the Group had early adopted HKAS 24 (Revised) in the financial statements for 2010.

The Company as well as the Group have not early adopted the other New Standards and Amendments in this set of financial statements. The Company and the Group have already commenced an assessment of the impact of the other New Standards and Amendments but not yet in a position to state whether the other New Standards and Amendments would have a significant impact on their operating results and financial positions.

2. TURNOVER

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

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

3. TAXATION

	Unaudited	
	For the three months ended	
	31 March	31 March
	2011	2010
	RMB	RMB
PRC corporate income tax	876,360	387,138

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the three months ended 31 March 2011 (three months ended 31 March 2010: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

Pursuant to the Income Tax Law of the PRC, the Company is subject to a corporate income tax at a rate of 25%.

Beijing CCID Shiji Information Engineering Consulting Co. Ltd. (“CCID Info”), the Company’s subsidiary established in the PRC. Pursuant to the Income Tax Law in the PRC, CCID Info is subject to a corporate income tax at a rate of 25%.

Beijing CCID Strategic Management Consulting Co. Ltd. (“CCID Management”) and Beijing CCID Innovation Investment Consulting Co. Ltd. (“CCID Investment”), the Company’s two subsidiaries established in the PRC. Pursuant to the Income Tax Law in the PRC, CCID PR and CCID Advertising are subjected to a corporate income tax at a rate of 25%.

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

There was no unprovided deferred tax with respect to the three months ended 31 March 2011 (three months ended 31 March 2010: Nil).

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months and the three months ended 31 March 2011 was based on the net profits from ordinary activities attributable to shareholders of RMB859,445 (three months and three months ended 31 March 2010: net profits of RMB735,970) and the weighted average of 700,000,000 (three months and three months ended 31 March 2010: 700,000,000) ordinary shares in issue during the period.

Diluted earnings per share amounts for the three months ended 31 March 2011 and 2010 have not been calculated because no diluting events existed during these periods.

5. RESERVE

	Issued share capital <i>RMB</i>	Statutory reserve funds <i>RMB</i>	Non- controlling interest <i>RMB</i>	Proposed final dividend <i>RMB</i>	Retained profits <i>RMB</i>	Total <i>RMB</i>
As at 1 January 2010	70,000,000	2,483,194	9,234,907	3,990,000	7,007,257	92,715,358
Profits for the period	—	—	—	—	735,970	735,970
As at 31 March 2010	<u>70,000,000</u>	<u>2,483,194</u>	<u>9,234,907</u>	<u>3,990,000</u>	<u>7,743,227</u>	<u>93,451,328</u>
As at 1 January 2011	70,000,000	3,271,434	10,084,103	3,010,000	15,999,568	102,365,105
Profits for the period	—	—	—	—	859,445	859,445
As at 31 March 2011	<u>70,000,000</u>	<u>3,271,434</u>	<u>10,084,103</u>	<u>3,010,000</u>	<u>16,859,013</u>	<u>103,224,550</u>

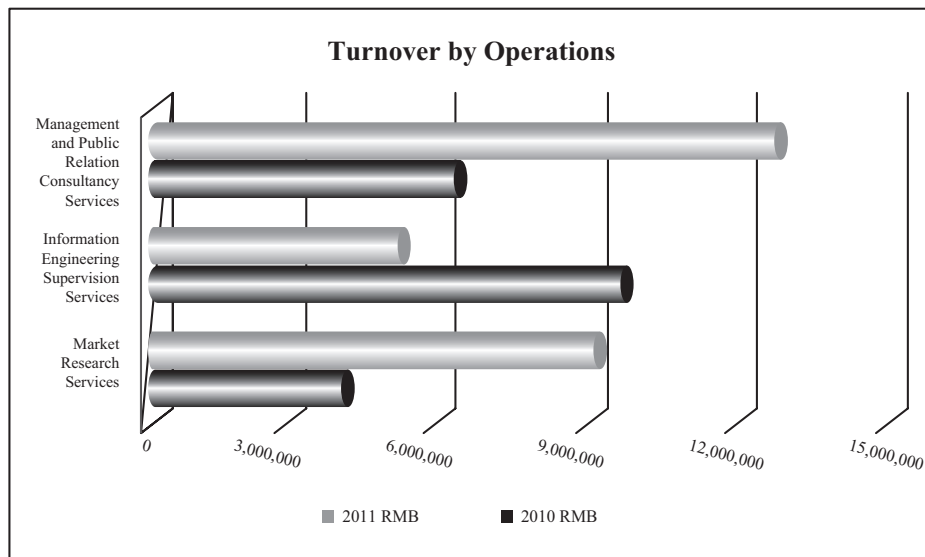
6. DIVIDEND

The Board does not recommend payment of a dividend for the three months ended 31 March 2011 (three months ended 31 March 2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the three months ended 31 March 2011, the turnover by operations can be classified as follows:



	For the three months ended 31 March 2011		For the three months ended 31 March 2010	
	<i>Turnover RMB</i>	<i>Percentage (approximately)</i>	<i>Turnover RMB</i>	<i>Percentage (approximately)</i>
Management and Public Relation Consultancy Services	12,457,865	47%	6,054,262	31%
Information Engineering Supervision Services	4,941,330	19%	9,391,776	49%
Market Research Services	8,852,742	34%	3,831,025	20%
Total	26,251,937	100%	19,277,063	100%

Business Review

For the three months ended 31 March 2011, the turnover and gross profit of the Group amounted to RMB26,251,937 and RMB13,218,336 respectively. They were increased by approximately 36% and 49% as compared to the corresponding period of last year. The increase was mainly attributable to the Group's continuous efforts to promote business reform.

In terms of management consultancy service, the Group had accumulated many customer resources and possessed established channels and technical support in management consultancy with its understanding and follow-up and recent trends grasp of the IT market since its formal commencement of this kind of business. Therefore, the position of the Group in respect of this kind of business can be enhanced by its strengths to promote management efficiency of enterprises and governments, i.e. enterprise digitalization and e-government, through advanced information techniques. The Group had earned RMB12,457,865 for the three months ended 31 March 2011 in management consultancy service, which constituted approximately 47% of the Group's turnover. The operation's turnover was increased by approximately 105% as compared to the corresponding period of last year. The increase was mainly due to the Group's continuous efforts to promote business reform, based on market research consultation to extend the promotion in management consultancy market during the period.

In terms of Information Engineering Supervision service, the Group provides software, networking, telecommunication, internet safety etc, IT project quality assurance services to the PRC Government and private entities. The revenue in information supervision engineering consultancy was RMB4,941,330 for the three months ended 31 March 2011, which constituted approximately 19% of the Group's turnover, decreased by approximately 47% as compared to the corresponding period of last year. The decrease was mainly due to the improved market demand.

In terms of market research service, the Group mainly provide data information, market research and industry research to businesses. For the three months ended 31 March 2011, the Group had issued 298 annual research reports, of which 268 are annual reports and 30 are quarterly analysis reports, thus realizing a revenue of RMB8,852,742 for the three months ended 31 March 2011, which constituted approximately 34% of the Group's turnover. The operation's turnover was increased by approximately 131% as compared to the corresponding period of last year, which was mainly due to better suit the market demand of high-valued added products and services during the period.

Market Promotions and Publicity

For the three months ended 31 March 2011, the Group hosted or co-sponsored research meetings, including, “2010 China IT Market Annual Conference”, “2011 Semi Conductor Market Annual Conference” and “2010 China Consuming Electronic Market Annual Conference” in major cities like Beijing and Shanghai etc.

Future Developments

In 2011, the Company will break through the high end consulting projects, promote subsidiary business development, develop key regional markets and improve the overall competitiveness as well as further enhance the profitability.

Breakthrough the High End Consulting Projects

In 2011, the Company will follow the high end consulting trend to select a group of influential, strong assistance, high technology, high value-added consulting projects as a breakthrough in the high end implementation projects, the Company will enhance the overall competitiveness to accelerate the upgrading of business transformation.

To Promote Subsidiary Business Development

The Company is actively implementing the “1 Body 2 Wings” strategy, for the Company as the body and for the subsidiary company as Beijing CCID Shiji Information Engineering Consulting Company Limited, and Beijing CCID New Investment Consultant Ltd. be the two wings. With the full use of various resources, the Company actively create a favorable environment to develop the two subsidiaries by promoting and enhancing both the informative consulting business and finance consulting business, in collaborating with the Company to form a good business pattern.

Developing Key Regional Markets Actively Implement

The Company is actively implementing the “1 Headquarter 3 Branches” strategy, by setting up branches in Shanghai, Guangzhou, Shenzhen. By taking Shanghai, Guangzhou, Shenzhen as the stepping stones to give focus on developing Eastern and Southern China market etc and expanding the Company’s market influence in those key areas, so as to better promote our business and to implement the project s in those locations.

Despite of the challenges ahead, the Board and I have full confidence in the future of the Group, and I will lead the Group to overcome all difficulties together with all employees in order to create the maximum values for all shareholders.

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

As at 31 March 2011, the interests and short positions of the Directors, Supervisors, and chief executive in the share capital, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 to 5.67 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%
Lu Shan	The Company	Personal	1,020,000 domestic shares	0.15%

Save as disclosed above, 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 (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

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

SHARE OPTION SCHEME

The Company adopted a share option scheme on 20 November 2002. A summary of principle terms and conditions of the share option scheme are set out in the section headed “Summary of principle terms of the share option scheme” in Appendix IV of the prospectus of the Company dated 29 November 2002. Up to 31 March 2011, no option has been granted pursuant to such share option scheme.

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

As at 31 March 2011, the following persons (other than the directors and supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

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

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
Lam William Ka Chung (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	15,000,000 H shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management Holdings Inc. (note 4)	Investment manager	Corporate	15,000,000 H shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc. (note 4)	Investment manager	Corporate	15,000,000 H shares	7.18%	2.14%
JF Asset Management Limited (note 4)	Investment manager	Corporate	10,700,000 H shares	5.12%	1.53%

Note:

1. CCID, through Research Centre (which is controlled by, and under the supervision of, CCID) and Beijing CCID Riyue Investment Co. Ltd. (which is, directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 93,290,000 domestic shares held directly by Beijing CCID Riyue Investment Co. Ltd.
2. Grade Win International Limited holds 20,000,000 H shares of the company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited; Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited; Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Legend Group Limited; Legend Holdings Limited holds 57.76% equity interests in Legend Group Limited; Employees' Shareholding Society of Legend Holdings Ltd holds 35.00% equity interests in Legend Holdings Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.
3. Kingsway Financial Services Limited holds 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 owns or controls approximately 40% equity interests in Kingsway International Holdings Limited. Mr. Lam William Ka Chung is 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 nc. holds 4,300,000 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 nc. 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 15,000,000 H shares of the Company.

Save as disclosed above, as at 31 March 2011, no person, other than the directors of the Company, whose interests are set out in the section “Directors and supervisors’ interests and short positions in shares and underlying shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPETING INTEREST

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rules 5.28 of the GEM Listing rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee has three members comprising the three independent non-executive directors of the Company, namely Mr. Guo Xinping, Mr. Pan Xingwu and Mr. Han Fuling. Mr. Guo Xinping is the chairman of the audit committee. The audit committee has reviewed the Group’s unaudited consolidated results for the three months ended 31 March 2011 and was of the view that the preparation of the results has complied with all applicable accounting standards and relevant regulations and laws, and made sufficient disclosure.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules during the three months ended 31 March 2011.

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.

INTERNAL CONTROL

The Board reviews the internal monitoring system regularly to guarantee that related systems are effective and appropriate. The Board of directors holds meetings regularly to discuss matters concerning finance, operation and risk management and monitoring.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has complied with the public float requirement under Rule 11.23 of the GEM Listing Rules.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their dedication and commitment throughout the period. Besides, I would like to thank all shareholders, business partners, customers and vendors for their support and encouragement given to the Group in the past period. My thanks are also extended to the lawyers, auditors, consultants and relevant enterprises who always give us help and support.

By order of the Board
Mr. Luo Wen
Chairman

Beijing, The People's Republic of China
13 May 2011

As at the date of this report, Mr. Luo Wen and Mr. Li Jun are executive Directors, Mr. Hong Jingyi, Mr. Lu Shan and Mr. Wang Peng are the non-executive Directors, Mr. Guo Xinping, Mr. Han Fuling and Mr. Pan Xingwu are the independent non-executive Directors.