

**CCID CONSULTING COMPANY LTD :
THE PRC STATE PASSES ROUND THE BEGGING BOWL**

The wonderful thing about investing in a company, controlled by organs of a Sovereign State, is that there is a pretty good chance that that company will not go belly up.

On the other hand, investing in a company, controlled by organs of a Sovereign State, requires one to be a little more fleet of foot than normal because, should there be a change in the government of that Sovereign State, there could be dire results for the company, which falls from grace.

In Asia and, especially, in the People's Republic of China (PRC), the above 2 paragraphs have a ring of truth to them that cannot be denied.

CCID Consulting Company Ltd (Code: 8235, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) went public in the Hongkong Special Administrative Region (HKSAR) of the PRC on November 29, 2002.

This Company Placed a total of 209 million, 0.10 renminbi Shares at a price of 25 cents (Hongkong) per Share.

The Company raised a total of \$HK35.10 million, net of expenses, that money to be used for the following purposes:

1. \$HK8 million for the development of new products;
2. \$HK11.20 million for the establishment of data banks and simulated information platforms in the PRC;
3. \$HK4.30 million for the expansion of sales networks in the PRC;
4. \$HK7.50 million for the extension of marketing facilities and enhancing the Company's brand name; and,
5. \$HK4.10 million to be tipped into the General Working Capital Account.

The Principal Activities of CCID Consulting is in the provision of consulting services for the information industry of the PRC.

For the 28 months, ended April 30, 2002, CCID Consulting's main source of revenue has been derived from market research.

The Company's history, the Prospectus states at Page 63, *'can be traced back to the former Research Centre of Computer and Information Industry Development of the former Ministry of Electronic Industry of PRC, established in 1986. One of its businesses was to conduct market information surveys and information technology consulting services for the Government (of the PRC). It was the first organization engaged in computer and IT (Information Technology) related market survey in China.*

The final paragraph on Page 63 states:

'In July 2000, CCID (China Center of Information Industry Development), an institution established as a legal person by, and under the supervision of, MII, the Ministry of Information Industry of the

PRC) was formed under MII's instructions by combining four institutions under the control and supervision of MII, namely Research Centre, China Research Centre for Electronic Industrial Development and Planning, Electronic Information Centre and China Electronic News, to regulate, and to capitalise on their capabilities in, the development of the industry ... '.

By rationalising the various PRC Government legal entities, today, the Placing Prospectus of CCID Consulting has reached the HKSAR; and, the PRC faithful have put their money on the table as an indication of their love for the motherland.

It is clear that this is a company that is completely dominated by the PRC Government; its actions are predicated on the requirements of the State.

Page 89 of the Prospectus makes this point only too clearly:

'MII is the Ministry of Information Industry of the PRC under direct supervision of the State Council. MII is responsible for setting PRC information industry policies. The ultimate controlling shareholder of the Company, CCID is a research institution directly under the control and supervision of MII.'

The Government of the PRC owns 70.14 percent of the Issued and Fully Paid-Up Share Capital of CCID Consulting, with the remaining 29.857 percent of the Share Capital, having been Placed in the first week of December 2002.

For the 28-month period, ended April 30, 2002, the following are the trading results of this Company:

	Financial Year ended December 31		Four Months, ended April 30
	2000	2001	2002
	All Figures are Denominated in Renminbi (except where otherwise stated)		
Turnover	5,929,150	20,800,326	19,711,754
Cost of Sales	(3,223,870)	(7,840,799)	(6,830,461)
Gross Profit	2,705,280	12,959,527	12,881,293
Gross Profit Margin*	45.63 percent	62.30 percent	65.35 percent
Other Revenue	2,398	19,491	3,137
Selling and Distribution Costs	(810,531)	(4,555,547)	(1,808,267)
Administrative Expenses	(1,315,972)	(4,908,277)	(4,693,524)
Profit from Operating Activities	581,175	3,515,194	6,382,639
Share of Loss of an Associate	Nil	(960,148)	Nil
Profit before Taxation	581,175	2,555,046	6,382,639
Taxation	(87,176)	(2,817)	Nil
Profit before Minority Interests	493,999	2,552,229	6,382,639
Minority Interests	Nil	2,089	(154,864)
Net Profit Attributable to Shareholders	493,999	2,554,318	6,227,775
Net Profit Margin*	8.33 percent	12.28 percent	31.59 percent

*These are TARGET's calculations

With regard to Directors' and Senior Executives' Emoluments, they were ... [CLICK TO ORDER FULL ARTICLE](#)

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