CCIDConsulting

CCID Consulting Company Limited

(A joint stock limited company incorporated in the People's Republic of China)
Stock Code: 8235

政府決策第一智庫 •
企業戰略第一顧問 •
信息化咨詢第一品牌 •

思維創造世界

Annual 2011 Report

CCIDConsulting

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 higher investment risk may be attached than other companies listed on the Stock Exchange. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of CCID Consulting Company Limited (the"Company") jointly and severally accept full responsibility, provides particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purposes 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: (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
羅文 (Luo Wen) *(Chairman)*
李峻 (Li Jun) *(Chief Executive Officer)*

Non-executive Directors
盧山 (Lu Shan)
王鵬 (Wang Peng)
洪京一 (Hong Jingyi) (Resigned on 28 March 2012)

Independent Non-executive Directors
郭新平 (Guo Xinping)
韓復齡 (Han Fuling)
李雪梅 (Li Xuemei)

SUPERVISORY COMMITTEE

宮承和 (Gong Chenghe) *(Chairman of the Committee)*
趙澤明 (Zhou Zeming)
趙秀珍 (Zhao Xiuzhen)

AUDIT COMMITTEE

李雪梅 (Li Xuemei) *(Chairman of the Committee)*
郭新平 (Guo Xinping)
韓復齡 (Han Fuling)

REMUNERATION COMMITTEE

郭新平 (Guo Xinping) *(Chairman of the Committee)*
李雪梅 (Li Xuemei)
李峻 (Li Jun) *(Chief Executive Officer)*

NOMINATION COMMITTEE

羅文 (Luo Wen) *(Chairman of the Committee)*
郭新平 (Guo Xinping)
李雪梅 (Li Xuemei)
韓復齡 (Han Fuling)

COMPLIANCE OFFICER

羅文 (Luo Wen) *(Chairman)*

COMPANY SECRETARY

Chan Yin Wah (Appointed on 28 March 2012)
Wong Ki Yan Davhen (Resigned on 28 March 2012)

AUTHORISED REPRESENTATIVES

羅文 (Luo Wen) *(Chairman)*
Chan Yin Wah

REGISTERED ADDRESS

Room 210, No. 12 Huo Ju Jia Road,
Chang Ping District, Beijing,
The People's Republic of China (the "PRC")

OFFICE AND CORRESPONDENCE ADDRESS

10th Floor, CCID Plaza, 66 Zizhuyuan Road,
Hai Dian District, Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY'S WEBSITE

www.ccidconsulting.com

STOCK CODE

08235

AUDITORS

Ho & Chung CPA Limited

HONG KONG "H" SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre,
28 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKERS

China Construction Bank
Bank of Beijing

Chairman's Statement

I am pleased to present the annual report of CCID Consulting Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2011.

FINANCIAL RESULTS

For the year ended 31 December 2011, the Group recorded a turnover of RMB127,118 thousand and a gross profit of RMB59,163 thousand, with the profit for the year of RMB16,571 thousand and the basic earnings per share of RMB2.1 cents.

FUTURE DEVELOPMENTS

In 2012, the Group will persistently promote businesses related to strategic emerging industries, expand the reporting and execution of major projects and expedite the development of subsidiaries and branches, so as to upgrade the overall competitiveness.

To persistently promote the business related to strategic emerging industries — The Group will closely integrate the national development plannings, to itemize, deepen, go through and substantiate the research areas of strategic emerging industries, including the persistent launch of a series of high-end research and books for the strategic emerging industries, and the organization of high-end forums related to the areas of the strategic emerging industries, so as to further enhance the overall competitiveness of the Group in the researches and consultation services in the areas of strategic emerging industries.

To expand the reporting and execution of major projects — The Group will establish an authoritative integrated platform encompassing data collection, analysis, announcement, and alert in the areas of electronic information industry and strategic emerging industries, and expedite the business transformation and upgrade through the implementation of a number of highly influential, motivating, highly technical and high added value high-end projects in consultation. We will form an informatization project to integrate supervision and service platform, thereby driving the transformation of supervision business from "Supervision Service Provider" into "Overall solution provider of project management".

To expedite the business exploration of subsidiaries and branches — The Group will fully utilize various resources to proactively create good development environment for the holding subsidiaries, and promote the expansion and enhancement of information consultation, management consultation, investment and financing consultation, and information engineering supervision businesses to establish a fine business synergy with the Group. The strategy of"1 Headquarter 3 Branches" will be implemented further, leveraging the branches in Shanghai, Guangzhou and Shenzhen as the stepping stone to focus on the development of the regional markets in East and South China, and expand the Group's market influence in the key regional markets, so as to fulfill the localization of the exploration and execution of projects.

Despite the challenges ahead, the Board and I have full confidence in the future development. I will continue to lead the Group to proactively overcome all difficulties together with all employees in order to create the greatest value for all shareholders.

ACKNOWLEDGEMENT

I would like to avail myself of this opportunity to thank all directors, the management of the Group and all the employees for their dedication and commitment as well as all suppliers, clients, bankers and shareholders for their persistent support.

Luo Wen
Chairman
Beijing, the People's Republic of China
28 March 2012

Management Discussion And Analysis

INDUSTRY OVERVIEW

Development of High-end Business As The Direction for Business Transformation of Consulting Companies

Following the rapid economic development in China, the consultancy business market is increasingly competitive. Enterprises are facing more new challenges in the increasingly complicated economic environment and the ever-changing technological progress. The demand for market research and management consultation services has moved upwards from a single basis to a diversified basis. There is also a higher demand for the depth and operability of consultation services, that is, moving upwards from the low-end information consultation to the management consultation, as well as from strategic consultation to information technology consultation.

Seizure of High-end Market Has Become the Core of Competition among Consulting Companies

High-end client consultation is characterized by its sizable project amount, high added value, and low rate of defaulting payment. To seize the high-end clients will not only help improve the consulting company's operating income and business capability, but also shape the Company's brand image. Therefore, the high-end client market has become the core of competition among leading consulting companies. The great majority of high-end clients are large and medium enterprises which tend to seek help from the well-experienced consulting companies with good reputation. In order to seize the high-end clients, the consulting companies not only need to build up their own internal strength and train up qualitative and experienced professional consultants but also need to have a standardized scientific management system with global coordination network featuring rapid response, and even have to establish a global information centre, to attain the capability of solving problems quickly, so as to provide qualitative consultation services for high-end clients.

Ever-innovative Profit-making Models for Consultation Services

With ever-increasing awareness of consultation services, the client has begun to place emphasis on the actual effects of consultation for the enterprise. Gradually, the client has moved on to be concerned with the substantiation and implementation of the scheme. Consequently, the profit-making model of the consultation industry has undergone changes as well. The payment of project fee in advance mode has shifted to the payment based on the subsequent implementation effects of the consultation. Some consulting companies have even begun to hold the equity of the enterprises in lieu of the consultation fee and obtain more revenue by assisting the enterprises in the process of listing, or financing withdrawal. It has caused more consulting companies to bind their own value with the value of the enterprises in the process of formulating the consultation scheme and have greater concern with the feasible operation and practicality of the scheme so as to create greater value for the client.

Ever-obvious Trend of Localized Consultation Services

The consultation services have originated from the ever-emerging new problems in the course of the enterprise development. These ever-increasing problems have caused the demand of the enterprises for consultation to change from the consultation services for one project alone to the persistent and serial consultation services. The consultation services are heading for the trend of localization. The localized service team getting closer to the clients is able to respond faster to the requirements of the clients and provide tailor made services for the enterprise on timely basis. On the other hand, following the increase of participants in the consultation industry, the keen competition among the consulting companies is on the rise. The main approach to deal with such competition is to find out the requirements of the clients expeditiously and effectively. The localized team familiarizes with the local market, understands the requirements of the clients and is in a much better position to provide timely and personalized consultation services to the clients.

Future market development focus — providing information engineering supervision consulting service to corporations

As the developing goal of business management is to improve competitiveness and lower costs by the way of informatization, its development trend has gradually turned to information resources integrity from automated management in earlier stage. Accordingly, the construction direction of large state-owned enterprises has gradually deviated from physical inputs into system research and development. For the moment, the primary task of the electronic commerce construction is to further study the overall plan, goal and role of the information resources and their application and development from the point of overall planning and top-level design. On this basis, how to apply overall management, project supervision, operation management and performance appraisal to the informatization construction which has been implemented have become the focus of the market.

Performance Analysis

For the year ended 31 December 2011, the turnover by business activities of the Group is classified as follows:

	2011		2010 (Restated)	
	RMB ('000)	**%**	RMB ('000)	%
Market consultation services	**22,300**	**18%**	25,173	22%
Data information management services	**2,384**	**2%**	1,120	1%
Management and public relation consultation services	**68,981**	**54%**	53,249	47%
Information engineering supervision services	**28,483**	**22%**	30,212	28%
Training and technical services	**4,970**	**4%**	2,713	2%
Total	**127,118**	**100%**	112,467	100%

BUSINESS REVIEW

Establishment of Major Product Lines with Outstanding Achievements

In 2011, the Group focused on upgrading a total of 16 major product lines for new businesses, with a total of 70 product lines. It has covered various areas such as strategic emerging industries, urban economic development research, enterprise management reform research, perception city series research as well as investment and financing research. In respect of supervision business, there was a total of 10 major product lines established or under construction in 2011. Regarding the engineering supervision businesses, the electronic government framework and the intelligent weak current projects are on the rise steadily. The supervision business of the scientific and technical research projects have become the pillar business. The confidential project supervision, the project construction management and consultation have begun to take shape. The supervision businesses in light of the enterprise information project, the industry information project and the information operation and maintenance project have also made substantial breakthrough.

Breakthrough in Major Projects

In 2011, the Group, with the great support from CCID, successfully applied for the analysis and decision supporting platform for information industry alert, the development project for the IT services and knowledge base system for various industries, and the platform project of product quality control and alert for electronic information products, and implemented, one after another, to facilitate and progressively achieve the acceptance and completion of various projects such as "Golden Gate Project"(金關工程), "Golden Faith Project"(金信工程), Airborne Remote Sensing and "Large Aircraft Project" (大飛機).

Persistent Implementation of Proactive Service System

In 2011, the Group set up the proactive service system featuring 5C accountability (product manager, account manager, client service manager, brand manager and online manager) in light of promoting product lines. The number of big clients and the contribution rate to the sales results enjoyed greater boosts.

System for Research on Strategic Emerging Industries Taking Shape Gradually

In 2011, the Group has compiled a total of 35 books of high-end media covering the strategic research on strategic emerging industries. Volume I of the Strategic Emerging Industries Series of the Group — Development and Practices of Strategic Emerging Industries in China (中國戰略性新興產業發展及應用實踐) was officially published at the end of 2011. Volume II and Volume III are under planning. It will be very helpful for the Group to take the leading position in securing the market share of strategic emerging industries and create the high-end consultation brand.

Training System for Talents in Mature Trend

In 2011, the Group organized more than 200 external training, company level training, departmental level training and such like, which covered the issues of leadership, professional competitiveness, establishment of major product lines, and successful cases for the mid-level and high-level management members, key personnel, and new employees. The Group has launched the "continuation project" for the key personnel, and the methods of implementing the training for new employees and the tutorial system.

Establishment of Harmonious Culture with Excellent Effects

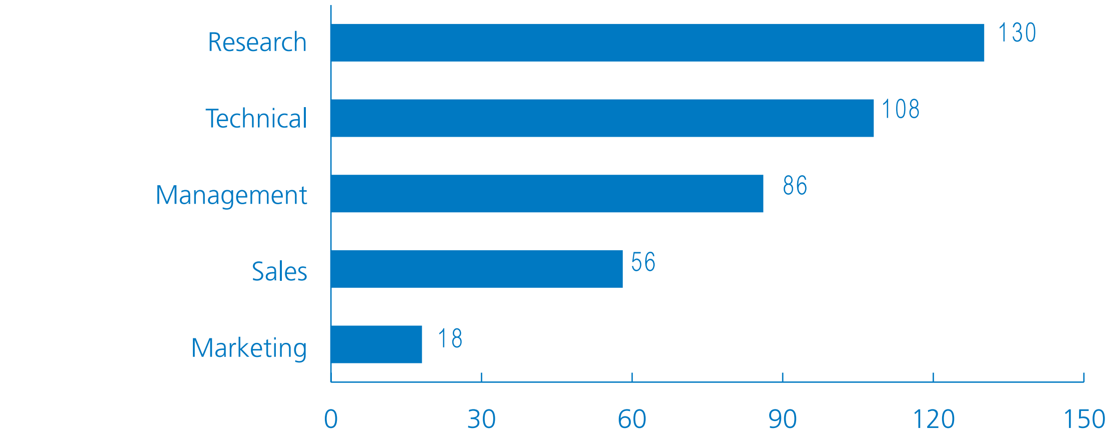
The Company has given full play to the labour unions of Communist Party by carrying out a variety of spectacular corporate cultural activities. A series of activities for the 90th Party Anniversary was organized which included Red Journey to Xibopo, collective viewing of"Beginning of the Great Revival (建黨偉業)" for employees, collection and selection of articles for the 90th Party Anniversary Series, and participation in the grand choir of one hundred people to celebrate the 90th Party Anniversary by the institute. The Company proactively joined the youth basket ball league and became the champion to win the "CCID Cup", held the first CCID Consulting contest for English speech to screen international talents, organized the large-scale cultural trip "Appreciate the Colourful Wonder of Dun Huang and Create the Bright Future Together", and persistently launched the activities of the interest groups of CCIDConsulting Series such as basketball, badminton, tennis as well as mountain-climbing team.

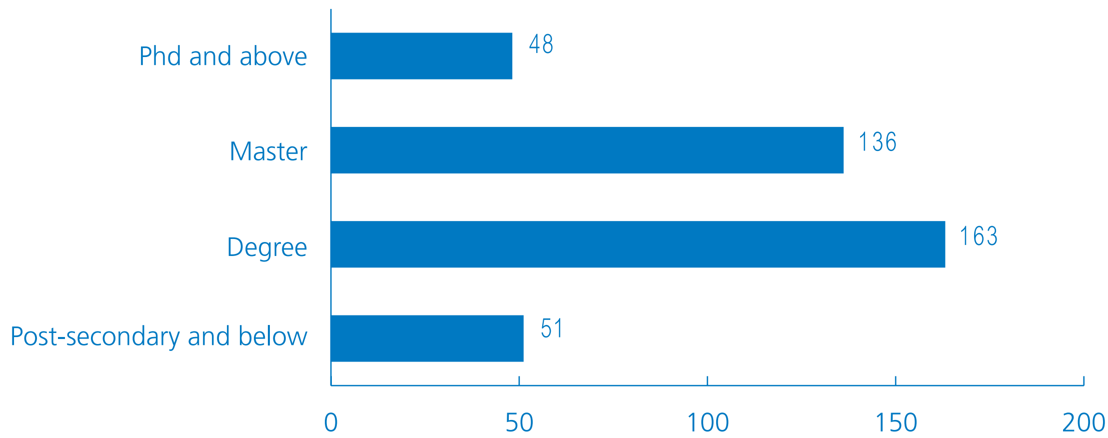
Marketing and Promotion

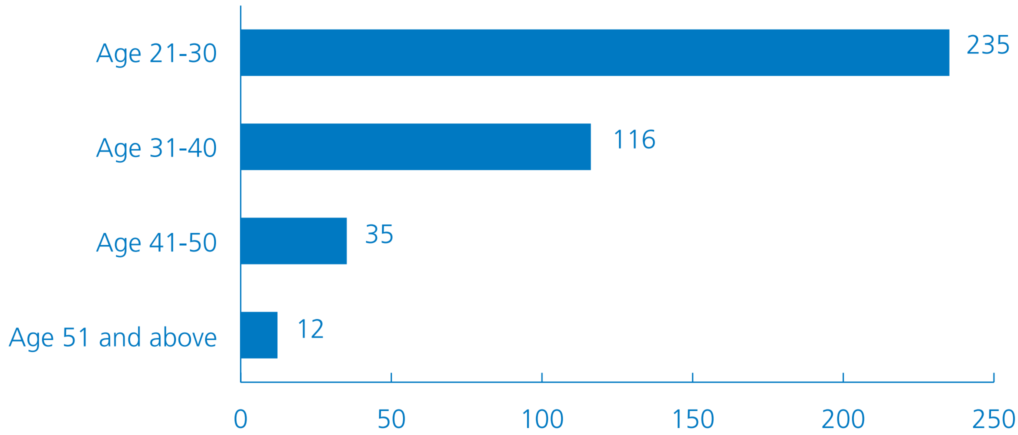
In 2011, the Group organized ten large-scale marketing conferences, including the 2011 Summit Forum (Shanghai, Guangzhou and Shenzhen) for Strategic Emerging Industries and Growth Enterprises in China, and 2011 Summit Forum (Zhenjiang) for the Cloud Computing Industry in China, coupled with a total of 14 occasions of press release at high-end media for the strategic emerging industries, and the issue of more than 1,000 articles via related mass media.

Human Resources

The Group had a total of 398 staff members as at 31 December 2011, categorized as follows:







Liquidity and Financial Resources

As at 31 December 2011, the Group held bank deposits of RMB39,565 thousand, HK$36,519 and USD2 respectively. The Group's primary source of funds was the cash flow generated from operating activities and the funds raised from listing in 2002. The management believes that the Group has adequate working capital for the present requirements.

Capital Structure

The capital structure of the Group for the year ended 31 December 2011 is summarized as below:–

	RMB ('000)	Percentage
Equity holders of the Company	101,720	90%
Non-controlling Interests	11,422	10%
Total	113,142	100%

Capital Expenditure Commitment and Contingent Liability

As at 31 December 2011, the Group had no significant capital expenditure commitment and contingent liability.

Pledge of Assets

As at 31 December 2011, the Group did not pledge any asset.

Gearing Ratio

As at 31 December 2011, the Group's gearing ratio was approximately 35% (2010: 21%), calculated by dividing total liabilities by total net assets.

Acquisition, Disposal and Major Investment

As at 31 December 2011, the Group had no acquisition, disposal and major investment.

Foreign Exchange Risk

The Group maintains the conservative policy in terms of the foreign exchange risk and the interest rate management with the majority of deposits are in Renminbi. The bank deposits in Hong Kong dollar are exposed to foreign exchange risk when converted to Renminbi. In consideration of the exchange rate between Renminbi and Hong Kong Dollar, the Group is of the opinion that the relevant foreign exchange risk is normal and will regularly convert the deposits in foreign currency to Renminbi.

Biographical Details of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Luo Wen (羅文), aged 47, Executive Director, Chairman of the Board, compliance officer, and the chairman of the nomination committee, is currently President of China Electronic Information Industry Development Research Institute, and Director of Computer and Microelectronics Research and Development Center (China Software Testing Center) of Ministry of Industry and Information Technology. Mr. Luo graduated from Beijing Jiaotong University with a Master Degree in Business Administration. He has been the assistant to Director of the Computer and Microelectronics Development Research Center of Ministry of Information Industry. He has over 10 years of experience in enterprise operation and management. He has been a Director of CCID Information Consulting (the predecessor company of the Company) since 14 March 2001. Mr. Luo was appointed as an Executive Director of the Company with effect from 15 March 2002, and was re-appointed on 25 November 2011.

Mr. Li Jun (李峻), aged 36, Executive Director and Chief Executive Officer, is responsible for overall operation management and the administration of the Company. He is also Chairman of Beijing CCID Shiji Information Engineering Limited and Beijing CCID Innovative Investment Consulting Co., Ltd. and Chief Executive Officer of Beijing CCID Strategic Consulting CCID Co., Ltd.. Mr. Li graduated from Wu Han University, held a doctorate degree in Geographical Information System. With over 9 years of Senior Management experience, Mr. Li was appointed as an Executive Director of the Company with effect from 29 December 2006, and was re-appointed on 25 November 2011.

NON-EXECUTIVE DIRECTORS

Mr. Lu Shan (盧山), aged 39, Non-Executive Director of the Company, is currently the Vice President of China Electronic Information Industry Development Research Institute, and also an independent director of Hytera Communication Co., Ltd.（002583.SZ）. Mr. Lu graduated from Northern Jiaotong University, with a doctorate degree in management and engineering. Served as an assistant to the president of CCID Consulting Co., Ltd., CEO of Beijing CCID Information Technology Testing Co., Ltd., Executive Vice President and Editor-in-Chief of China Information World, General Manager and Chairman of Beijing CCID Media Investment Co., Ltd. Mr. Lu was appointed as a Non-executive Director of the Company with effect from 25 November 2009, and was re-appointed on 25 November 2011.

Mr. Wang Peng (王鵬), aged 36, Non-executive Director of the Company, is currently Director of Industrialization Research Center of China Electronic Information Industry Development Research Institute. Mr. Wang graduated from Wu Han University with a master degree in finance. He has taken up the posts of deputy general manager, the director, deputy general manager and secretary to the board of 北京賽迪傳媒投資股份有限公司 and chief investment and financing officer of the Company, with over 10 years of experience in the field of investment management. Mr. Wang was appointed as a Non-executive Director of the Company with effect from 25 November 2008, and was re-appointed on 25 November 2011.

Mr. Hong Jingyi (洪京一), aged 49, Non-Executive Director (has resigned on 28 March 2012). Mr. Hong, graduated from the Xidian University, with the technology bachelor's degree, has possessed the qualifications of senior engineer. Mr. Hong has been a technician of the 15th Research Institute of Ministry of Electronics Industry, Deputy Head and Head of Human Resources and Education Department of Ministry of Machinery and Electricity and Ministry of Electronics Industry, Head and Deputy Director-General of Department of Informatisation Promotion of Ministry of Information Industry, and Deputy Director-General of Department of Informatisation Promotion of Ministry of Industry and Information Technology. Mr. Hong was appointed as a Non-executive Director of the Company with effect from 24 November 2010, was re-appointed on 25 November 2011 and was resigned on 28 March 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guo Xinping (郭新平), aged 48, Independent Non-executive Director of the Company, is currently the Vice-Chairman of the Board of UFIDA Software Co. Ltd and an independent director of Glodon Company Limited (002410.SZ) and Sound Environmental Resources Company Limited (000826.SZ). Mr.Guo graduated from Zhong Nan Financial University with a bachelor degree and from Hong Kong University of Science and Technology with a master degree. Mr. Guo has worked in the Department of Fiscal and Tax System Reform of Ministry of Finance, taken up the posts of General Manager, and Vice-Chairman cum Chief Finance Officer of UFIDA Software Co. Ltd. With over 20 years of experience in the field of enterprise operation and finance, he was appointed as an Independent Non-executive Director of the Company with effect from 25 May 2002, and was re-appointed on 25 November 2011.

Ms. Li Xuemei (李雪梅), aged 44, Independent Non-executive Director, is currently Deputy Executive President of Transport and Statistics Research Institute of Beijing Jiaotong University and also a member of The Chinese Input-output Association and a director of China Association of International Business Negotiation. Ms. Li graduated from Beijing Jiaotong University with a doctorate degree in management. Ms. Li has worked in Harbin Chinese Medicine No.2 Factory, Tianjin University and Beijing Jiaotong University and hosted various subject matters and project studies of Ministry of Technology, Ministry of Railways, Beijing Municipal Science and Technology Commission, Beijing Municipal Commission of Education and National Natural Science Foundation of China and such like. Ms. Li was appointed as an Independent Non-executive Director of the Company with effect from 25 November 2011.

Mr. Han Fuling (韓復齡), aged 48, Independent Non-executive Director of the Company, is currently Professor of Faculty of Finance, Department Head of Applied Finance, and President of Financial Securities Research Institute of Central University of Finance and Economics. He is also an independent director of Hwasu Corporation (000509.SZ) and Henan Lotus Flower Gourmet Powder Company Limited (600186.SH). Mr. Han graduated from Faculty of Management of University of Science and Technology Beijing with a master degree in management, and Faculty of Economics of Silesian University of Technology in Poland with a doctorate degree in economics. Mr. Han has worked in University of Science and Technology Beijing, China Securities Market Research Design Center, and Central University of Finance and Economics. Mr. Han was appointed as an Independent Non-executive Director of the Company with effect from 17 March 2005, and was re-appointed on 25 November 2011.

SUPERVISORS

Mr. Gong Chenghe (宮承和), aged 57, Chairman of Supervisor Committee of the Company, is currently the Deputy Secretary of Party Committee and Secretary of Discipline Committee of China Electronic Information Industry Development Research Institute. Mr. Gong graduated from The Economic Management of Correspondence College in Central Party School of the Communist Party of China with a bachelor degree. He held a number of positions such as Deputy Director and Office Manager of Planning Technology Division and Office Manager of Computer and Microelectronics Development Research Center of Ministry of Information Industry. Mr. Gong has over 22 years of experience in the field of enterprise and science research management. He was appointed as Supervisor of the Company with effect from 15 March 2002, and was re-appointed on 25 November 2011.

Mr. Zhao Zeming (趙澤明), aged 53, Supervisor of the Company, is currently the Director of Finance Department of China Electronic Information Industry Development Research Institute. Mr. Zhao graduated from Renmin University of China with a bachelor degree in election and industrial and financial accounting. Served as Accountant of Finance Department and Infrastructure Department of the General Office of Ministry of Electronic Industry; Accountant, Senior Accountant and Deputy Director of China Electronics Engineering Construction Development; Office Manager and Accountant of Jiangmen Electronics Engineering Company and Jiangmen Electronics Engineering Company; Director of Finance Department of Electronic Information Center of Ministry of Information Industry; Director of Audit Department, Finance Department and Enterprise Management Department, Personnel Department of China Electronic Information Industry Development Research Institute. Mr. Zhao was appointed as Supervisor of the Company with effect from 20 November 2009, and was re-appointed on 25 November 2011.

Ms. Zhao Xiuzhen (趙秀珍), aged 39, Staff Supervisor, is currently the Office Manager of the President Office of the Company. Ms. Zhao graduated from Party School of Beijing Municipal Committee in economic management, and is continuing her post-graduate studies with major in public administration at Faculty of Public Administration of Peoples' University of China. Ms. Zhao joined the Company in 1999, with over 10 years of experience in administration. Ms. Zhao was appointed as Supervisor of the Company with effect from 25 November 2008, and was re-appointed in the congress of staff on 25 November 2011.

SENIOR MANAGEMENT

Mr. Zhang Tao (張濤), aged 36, is currently the Deputy General Manager of the Company, General Manager of Beijing CCID Innovative Investment Consulting Company Limited. Mr. Zhang graduated from Beijing University of Industry and Commerce with a master degree in enterprise administration. Since April 2002, Mr. Zhang has held a number of positions including general manager of computer and software consultation business division; general manager, chief research officer and assistant to the president communication and network consultation business division. Mr. Zhang has nearly 10 years of hands-on experience in industry and market consultation.

Ms. Maggie Wang (王靖), aged 35, is currently the Deputy General Manager of the Company. She graduated from the University of International Business and Economics, with a bachelor degree in English for International Trade. Since December, 2002, Ms Wang held a number of positions including office manager of the president office of the Company, department head of human resources, as well as general manager of foreign business development department and enterprise planning department of the Company. Ms. Wang has over 10 years of experience in marketing.

Mr. Guan Dongsheng (管東升), aged 36, is currently the deputy director of Chinese Software Evaluation Center, Chief Executive Officer of Beijing CCID Information Engineering Supervision Co., Ltd., Vice President of Supervisor of Information Systems Association, and managerial expert of IPMP. Mr. Guan graduated from Dalian University of Technology, with a master degree in software engineering. Mr. Guan joined the Company in January 2006, served as general manager of supervision business division, assistant to the Director, deputy general manager of Beijing CCID Information Engineering Supervision Co., Ltd. and Chief Executive Officer of Beijing CCID Information Engineering Supervision Co., Ltd., with more than 10 years of project management experience in government affairs information, city information, telecommunications engineering and engineering concerned secret.

Ms. Wen Fang (文芳), aged 32 is currently Deputy General Manager of the Company and Chief Executive Officer of Beijing CCID Strategic Management Consulting Co., Ltd. Ms. Wen graduated from the Beijing Jiaotong University with a master degree in economics. Ms. Wen joined the Company in July 2004, served as general manager of the computer industry research center, chief business executive of computer and software industry, with more than 7 years of experience in the computer industry, IT application, IT enterprise development strategy, and industrial development planning.

Mr. Lu Kun (路琨), aged 33, is currently the Chief Executive Officer of Beijing CCID Shiji Information Engineering Company Limited. Mr. Lu graduated from Tianjin University with a doctorate degree in Management. Mr. Lu joined the Company in February 2007. He has served as general manager of the energy industry research center, and chief business executive for energy and information, with more than 6 years of experience in enterprise information, city information and electronic government affairs.

Mr. Wang Sanyi (王三義), aged 45, is currently Deputy General Manager of the Company, and General Manager of Shenzhen Branch. Mr. Wang graduated from Xi'an Jiaotong University, with a doctorate degree in management and MBA. Mr. Wang joined the Company in September 2007, served as general manager of marketing consultation services department, deputy general manager of enterprise strategic consultation center, chief business executive and an assistant to the president of enterprise strategy and Internet consultation business, with over 10 years of consultation experiences in strategic management, human resources management, marketing consultation, investment and financing consultation and growth enterprises and such like.

Sun Huifeng (孫會峰), aged 33, is currently Deputy General Manager of the Company. Mr. Sun graduated from Huazhong University of Science & Technology with a master degree. Mr. Sun joined the Company in July 2008. He has served as general manager and chief business officer of IT system industry research center, with over 6 years of experience in IT application for the industry, construction of information center, cloud computing and industry planning.

Li Ke (李珂), aged 35, is currently Deputy General Manager of the Company. Mr. Li graduated from Beijing Institute of Technology with a bachelor degree. Mr. Li joined the Company in April 2003. He has served as general manager of semi-conductor industry research center, and chief business officer of semi-conductor and consumer electronics, with over 10 years of experience in the industry research of semi-conductor, photo-electricity and Internet of Things

He Jianying (赫建營), aged 32, is currently Deputy General Manager of the Company. Mr. He graduated from "Beihang University" with a doctorate degree in computer software and theory. Mr. He joined the Company in July 2008. He has served as general manager of software and information service industry research center, chief business officer of software and communication, with over 4 years of experience in computer software and communication.

Mr. Bai Jiesong (白杰松), aged 36, is currently Chief Finance Officer of the Company. Mr. Bai graduated from Beijing University of Technology with a master degree. Mr. Bai, having worked in China Electronic Information Industry Development Research Institute, joined the Company in October, 2006. Mr. Bai held several positions such as general manager and chief finance officer of finance department. He has over 10 years of experience in finance.

Mr. Fu Changwen (付長文), aged 31, is currently Secretary of the Board of the Company and Deputy General Manager of Beijing CCID Innovative Investment Limited. Mr. Fu graduated from Renmin University of China with a master degree in economics. Mr. Fu joined the Company in July 2004. He has served in the investment consultation business department, strategy and investment consultation business department and investment management department, with over 7 years of experience in corporate governance.

Ms. Chan Yin Wah (陳燕華) was appointed as the company secretary and authorized representative on 28 March 2012. Ms. Chan is an associate member of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in UK and she is also a member of the Association of Chartered Certified Accountants (ACCA) in the United Kingdom. Ms Chan holds a Bachelor degree in Economics from the University of Hong Kong and a Master Degree in Professional Accounting from the Hong Kong Polytechnic University. Ms. Chan joined the Company in March 2012, and has over 10 years' professional experience in corporate secretarial matters.

Mr. Wong Ki Yan Davhen (黃基恩), aged 42, has resigned as the Company Secretary and Authorized Representative of the Company on 28 March 2012. Mr. Wong is an associate member of Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants (ACCA). He graduated from Tsinghua University and MIT Sloan School of Management with an International Master of Business Administration. He joined the Company in May 2006. He has over 18 years of experience in auditing, accounting and financial matters.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2011, the Company has complied with all the code provisions as set out in Appendix 15 ("Corporate Governance Practices") and the requirements in Appendix 16 ("Corporate Governance Report") of the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has complied with the requirements of the "Required Standard of Dealing" as set out in Rule 5.48 to 5.67 of the GEM Listing Rules in standardizing the transactions of the securities by the directors. The company has made specific enquiry of all directors and all of them have confirmed to have stuck to the "Required Standard of Dealing" throughout the year ended 31 December 2011.

BOARD OF DIRECTORS

The third Board of Directors (the "Board") of the Company currently comprises eight directors, including three influential Independent Non-Executive Directors who, with an abundance of business and financial experiences, are independent of the management of the Company. They have made significant contribution to the development of the Company. Biographical details of all Directors are set out on Page 11 to 12 of the annual report.

As at 31 December 2011, the Board has conformed to GEM Listing Rules. At any time, there were at least three Independent Non-executive Directors as required, and the number of Independent Non-executive Directors comprised one-third of all members of the Board, with one Independent Non-executive Director possessing the appropriate professional qualifications or specializing in accountancy or relevant financial management.

The Company considers that all Independent Non-executive Directors are independent of the company, after having received from each of them the confirmation letter of independence as required by Rule 5.09 of the GEM Listing Rules.

The members of the Board for the year ended 31 December 2011 were:–

Executive Directors
Mr. Luo Wen *(Chairman)*
Mr. Li Jun *(Chief Executive Officer)*

Non-executive Directors
Mr. Lu Shan
Mr. Wang Peng
Mr. Hong Jingyi (Resigned on 28 March 2012)

Independent Non-executive Directors
Mr. Guo Xinping
Ms. Li Xuemei (Appointed on 25 November 2011)
Mr. Han Fuling
Mr. Pan Xingwu (Retired on 25 November 2011)

The Board is responsible for the shareholders of the Company. Its duties include the operation, strategy, finance and other major operating businesses of the Company while the management is responsible for making decision on the daily and routine operation.

In 2011, the Board held ten meetings, the attendance records at the Board meetings are as follows:–

Directors		Number of Board meetings held during the term of directorship in 2011	Attendance
Mr. Luo Wen		10	7
Mr. Li Jun		10	9
Mr. Hong Jingyi	Resigned on 28 March 2012	10	7
Mr. Lu Shan		10	7
Mr. Wang Peng		10	8
Mr. Guo Xinping		10	10
Mr. Han Fuling		10	10
Mr. Pan Xingwu	Retired on 25 November 2011	8	8
Ms. Li Xuemei	Appointed on 25 November 2011	2	2

Note:

(1) The executive director, Mr. Luo Wen, the non-executive director, Mr. Hong Jingyi and Mr. Lu Shan abstained from voting for the related transactions considered on the board meetings for three times.

(2) The executive director, Mr. Li Jun abstained from voting for the related transactions considered on the board meeting for once.

(3) The non-executive director, Mr. Wang Peng abstained from voting for the related transactions considered on the board meeting for twice.

Chairman and Chief Executive Officer

The Chairman of the Company is Mr. Luo Wen, Executive Director, who is responsible for Board's operation whereas General Manager of the Company is Mr. Li Jun, Chief Executive Director, who is responsible for the Company's daily business operation. The Articles of Association of the Company has explained the respective responsibilities of Chairman and Chief Executive Officer separately in details.

Non-executive Directors

Non-executive Directors of the Company, Messrs Hong Jingyi, Lu Shan, and Wang Pen were re-appointed with effect from 25 November 2011. All of them have signed the service agreement with the Company with effect from 25 November 2011 to 24 November 2014. The Non-Executive Director Mr. Hong Jingyi has resigned on 28 March 2012, and the resignation is subject to the approval at general meeting in accordance with the Article 51 of the Articles of Association.

Independent Non-executive Directors of the Company, Messrs Guo Xinping and Han Fuling were re-appointed with effect from 25 November 2011. Ms. Li Xuemei was appointed as Independent Non-executive Director with effect from 25 November 2011. The three Independent Non-executive Directors have signed the service agreements with the Company for a term of three years from 25 November 2011 to 24 November 2014. Mr. Pan Xingwu had retired from Independent Non-executive Director on 25 November 2011.

Remuneration Committee

The remuneration committee of the Company was established according to the requirements of GEM Listing Rules. The Chairman of the Remuneration Committee is Mr. Guo Xinping, Independent Non-executive Director, and other members include Mr. Li Jun, Executive Director and Ms. Li Xuemei, Independent Non-executive Director, in compliance with the requirement of GEM Listing Rules that the majority of the remuneration committee shall be independent non-executive directors.

The Company has complied with the requirement of Rule 5.29 of GEM Listing Rules by setting out its terms of reference and duties in writing. The major duties of the remuneration committee shall include the determination of the specific remuneration packages of all Executive Directors, including benefits in kind, pension rights, compensation payments, compensation payments for leaving office or appointment, and make recommendations to the Board on the remuneration of Non-executive Directors. The remuneration committee shall consider various factors including the salaries paid by comparable companies, time commitment and duties of the directors, employment conditions in the Company and feasibility of performance-based remuneration.

In 2011, the Remuneration Committee held one meeting. Details of the attendance of members of the Remuneration Committee at the meeting for the year of 2011 are as follows:

Members attended		**No. of meetings/ Attendance**
Mr. Guo Xinping	Appointed as Chairman of the Committee on 25 November 2011	1/1
Mr. Li Jun		1/1
Ms. Li Xuemei	Appointed on 25 November 2011	—
Mr. Pan Xingwu	Retired from Chairman of the Committee on 25 November 2011	1/1

The remuneration committee has reviewed the existing terms of service contracts of Executive Directors and the letters of appointment of Independent Non-executive Directors. The remuneration committee considers the existing terms of the employment contracts of the Executive Directors and the letters of appointment of Independent Non-executive Directors are fair and reasonable.

Nomination Committee

The Company has set up the Nomination Committee on 28 March 2012. The chairman of the Committee is Mr. Luo Wen, the Chairman, other members include Independent Non-executive Directors, namely Mr. Guo Xinping, Ms. Li Xuemei, and Mr. Han Fuling.

The Company has complied with the requirement of Rule 5.29 of GEM Listing Rules by setting out its terms of reference and duties in writing. The major duties of the Nomination Committee shall include the regular review of the structure of the Board and the number and composition of its members (including the aspects of skills, knowledge and experience), according to the equity structure of the Company and requirements for management and operation of the Company, with recommendations to the Board for proposed changes; the identification of competent candidates capable of taking up the office of directors, with nomination of the relevant persons to be the directors or provision of opinions to the Board in this regard; the independent evaluation of the independence of Independent Non-executive Directors; and the recommendation to the Board in respect of the appointment or re-appointment of directors and the succession plan of directors.

The Company has not set up the Nomination Committee yet in 2011, therefore no meeting of the Nomination Committee has been held.

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 would lead to any potential material adverse effect on the Company. During the year, the Company was required to pay an aggregate of approximately RMB213 thousand to the external auditors for their auditing services, and apart from the above, there was no significant non-audit service provided by the external auditors for the Company.

Audit Committee

The Company has set up the Audit Committee, which currently comprises Independent Non-executive Directors, namely, Ms. Lu Xuemei, Mr. Guo Xinping and Mr. Han Fuling, with Ms. Lu Xumei being the Chairperson of the Audit Committee. The Chairperson, Ms. Lu Xuemei has corresponding professional qualifications and financial experience. The Company has complied with the requirement of Rule 5.29 of GEM Listing Rules by setting out the terms of reference and duties of the Audit Committee in writing.

In 2011, the Audit Committee held four meetings. Details of the attendance of the members of the Committee at the meetings for the year of 2011 are as follows:

Members attended		No. of meetings/ Attendance
Ms. Li Xuemei	Appointed as Chairperson of the Committee on 25 November 2011	—
Mr. Guo Xinping	Retired from the Chairman of the Committee on 25 November 2011	4/4
Mr. Han Fuling		4/4
Mr. Pan Xingwu	Retired on 25 November 2011	4/4

The Audit Committee has reviewed the financial statements for the year ended 31 December 2011 and was of the view that the preparation of such results has compiled with all applicable accounting standards and relevant regulatory and law provisions, and made sufficient disclosure.

Internal Control

The Board has conducted regular review of the internal monitoring system to ensure that the relevant system is effective and appropriate. The Board of directors has convened regular meetings to discuss matters concerning finance, operation and risk management and monitoring.

The Company reviews the internal monitoring system once a year and the Board monitors the effectiveness of the internal monitoring system through the internal audit program, including finance, operation, compliance control and risk management functions. The reports prepared by the internal audit group and the investigation findings shall be submitted to relevant committees of the Board for review. If necessary, the internal audit group may also submit the investigation findings and the proposed audit plan to the Auditing Committee for approval.

Report of the Directors

The Directors hereby present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of market research, management consultation services, information engineering supervision services, data information management services, public relationship consultation services and information engineering supervision service. There was 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 2011 and the financial status of the Company and the Group as at the date were set out in the financial statements on page 33–106.

The Board does not recommend the payment of the final dividend.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities for the past five financial years extracted from the audited financial statements was set out on page 107–108. This summary is not a part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year were set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

There was no movement in the Group's authorized and issued share capital during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the Company Law of the PRC. Therefore, the Company is not obliged to offer new shares on pro rata basis to existing shareholders.

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 Group are set out in Note 29 to consolidated financial statements and in the consolidated statement of changes in equity respectively during the year.

DISTRIBUTABLE RESERVES

As at 31 December 2011, in accordance with the Hong Kong Companies Ordinance, and as defined under the Hong Kong Accounting Standards and regulations, no capital reserve was available for distribution by way of a future capitalization issue. In addition, the Company had, as detailed in Note 29 to consolidated financial statements, the retained profits of approximately RMB26,818 thousand available, after provisions, for distribution as dividends.

MAJOR CLIENTS AND SUPPLIERS

During the year, sales to the Group's five largest clients accounted for approximately 12% of the total annual sales, and sales to the largest client included therein represented 5%.

The Group has provided certain consultation services to the companies under the same ultimate shareholder of the Company, details of which were set forth in Note 34 to consolidated financial statements "Material Related Party Transactions". Save as disclosed above, none of the directors of the Company or any of their associates or any other shareholders which own more than 5% of the Company's issued share capital, to the best knowledge of the directors, had any interests in the Group's five largest clients.

DIRECTORS

As at 31 December 2011, the Board of the Company comprised:–

Executive Directors
Luo Wen *(Chairman)*
Li Jun *(Chief Executive Officer)*

Non-executive Directors
Lu Shan
Wang Peng
Hong Jingyi (Resigned on 28 March 2012)

Independent Non-executive Directors
Guo Xinping
Li Xuemei (Appointed on 25 November 2011)
Han Fuling
Pan Xingwu (Retired on 25 November 2011)

In accordance with the Company's Articles of Association, all current directors have been elected for a term of three years and may serve consecutive terms upon re-election.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors, supervisors and senior management of the Company were set out on Page 11 to 15 of the annual report.

SERVICE CONTRACTS FOR DIRECTORS AND SUPERVISORS

The Company's Executive Directors Messrs Luo Wen and Li Jun have been re-appointed on 25 November 2011, have entered into a 3-year service contract from 25 November 2011 to 24 November 2014 with the Company.

Messrs Hong Jingyi, Lu Shan, and Wang Peng have been re-elected as Non-executive Directors of the Company on 25 November 2011. All of them have entered into a 3-year service contract from 25 November 2011 to 24 November 2014 with the Company. Mr. Hong Jingyi, a Non-executive Director, has resigned on 28 March 2012, and the resignation is subject to the approval at general meeting in accordance with the Article 51 of the Articles of Association.

Messrs Guo Xinping and Han Fuling have been re-elected as Independent Non-executive Director of the Company since 25 November 2011. Both of them have entered into a 3-year service contract from 25 November 2011 to 24 November 2014 with the Company.

Mr. Li Xuemei has been appointed as Independent Non-executive Director of the Company on 25 November 2011 and has entered into a 3-year service contract with the Company from 25 November 2011 to 24 November 2014.

Mr. Gong Chenghe, Mr. Zhao Zeming, and Ms. Zhao Xiuzhen have been re-elected as Supervisor of the Company since 25 November 2011 respectively. All of them have entered into a 3-year service contract from 25 November 2011 to 24 November 2014 with the Company.

Apart from above contracts, all directors or supervisors have not entered into any other service contracts with the Company and its subsidiaries.

DIRECTORS' AND SUPERVISORS' REMUNERATION

The directors' remuneration shall be approved at the general meeting of shareholders. Other emoluments shall be determined by the Board based on the directors' duties, responsibilities and performance as well as the Company's results. The details of the directors' remuneration are set out in Note 8 to the consolidated financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Apart from disclosed in this annual report, none of the directors had material interests, either direct or indirect, in any contract of significance related to the business of the Company, in which the Company, its holding company or any of its subsidiaries was a party during the year.

CONTRACTS OF SIGNIFICANCE

The Company entered into certain contracts with its related companies. The contract terms were reviewed by the independent non-executive directors, who confirmed that such transactions had been entered into according to:

(i) the ordinary and usual course of the Company's business;

(ii) the terms which are fair and reasonable so far as the Company's shareholders are concerned and are in the interests of the shareholders of the Company as a whole; and

(iii) the normal commercial terms or, where there is no available comparison, the 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 were set out in Note 34 to consolidated financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2011, the interests and short positions of the Directors, Supervisors, and the Chief Executive in shares, 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 inform the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including the interests in shares and short positions which they are taken or deemed to have taken 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 inform the Company and the Stock Exchange pursuant to the required standards of the dealings by the Directors mentioned in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions and short positions in ordinary shares of the Company:–

Name of director	Name of company, associated corporations	Nature of interests	Capacity	Number and class of shares	Percentage of issued share capital
Luo Wen	The Company	Long position	Beneficial owner	1,020,000 domestic shares	0.15%
Lu Shan	The Company	Long position	Beneficial owner	1,020,000 domestic shares	0.15%

Save as disclosed above, as at 31 December 2011, none of the Directors, Supervisors or their associates have 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 inform the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including the interests in shares and short positions which they are taken or deemed to have taken 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 inform the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors as mentioned in Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES

Save as disclosed above under the heading "Directors' and Supervisors' Interests and Short Positions in Shares and Underlying Shares", at no time during the period were rights to obtain benefits by means of purchasing shares 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, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the director and supervisor of the Company to obtain such rights.

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 December 2011, no option has been granted pursuant to such share option scheme.

INTERESTS AND SUBSTANTIAL SHAREHOLDERS REQUIRED TO DISCLOSE PURSUANT TO THE SFO

As at 31 December 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 and required to be kept under Section 336 of the SFO.

Name	Capacity	Nature of interest	Number and class of shares	Percentage in the same class of shares	Percentage of issued share capital
China Centre of Information Industry Development ("CCID") (Note 1)	Interest of controlled corporation	Long position	485,900,000 domestic shares	98.96%	69.41%
Research Center of MII Computer and Microelectronics Development ("Research Centre") (Note 1)	Beneficial owner	Long position	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd (Note 1)	Beneficial owner	Long position	93,290,000 domestic shares	19.00%	13.32%
Employees' Shareholding Society of Legend Holdings Ltd (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Holdings Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Group Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Holdings (BVI) Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited (Note 2)	Beneficial owner	Long position	20,000,000 H shares	9.57%	2.86%
Liao Shengfang (廖聖芳)	Interest of controlled corporation	Long position	19,970,000 H shares	9.56%	2.85%
J.P. Morgan Fleming Asset Management Holdings Inc. (Note 3)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc.	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
Lam William Ka Chung (Note 4)	Interest of controlled corporation	Long position	14,600,000 H shares	6.99%	2.09%
JF Asset Management Limited (Note 3)	Investment manager	Long position	10,700,000 H shares	5.12%	1.53%

Notes:

1. CCID, through Research Centre (controlled and supervised by CCID) and Beijing CCID Riyue Investment Co., Ltd.(directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Center of MII Computer and Microelectronics Development and the 93,290,000 domestic shares held directly by Beijing CCID Riyue Investment Co., Ltd.

2. Grade Win International Limited directly 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% interests in shares of Legend Group Limited; Employees' Shareholding Society of Legend Holdings Limited holds 35.00% interests in shares of Legend Holdings Limited, and the above corporations are deemed to have owned 20,000,000 H shares of the Company.

3. JF Asset Management Limited directly holds 10,700,000 H shares of the Company. JF International Management Inc. directly holds 4,300,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. respectively holds 99.99% and 100% interests in shares of JF Asset Management Limited and JF International Management Inc. 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 have owned 15,000,000 H shares of the Company.

4. Kingsway Financial Services Limited directly 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 directly holds 74% interests in shares of 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 directly and indirectly owns or controls approximately 40% interests in shares of Kingsway International Holdings Limited. Mr. Lam William Ka Chung is deemed to have owned 14,600,000 H Shares of the Company.

Save as disclosed above and under the heading of "Directors' and Supervisors' Interests in Shares", as at 31 December 2011, no other persons' interests and short position in shares and underlying shares were required to be registered and kept pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the sufficiency of public float requirement as specified in the Listing Rules to the date of this Annual Report.

COMPETING INTERESTS

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

CONNECTED TRANSACTIONS

Details of the material related party transactions for the year are set out in Note 34 to consolidated financial statements. Save as disclosed therein, there were no other material transactions to be disclosed as connected transactions and connected 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 2011, the Group had a total of 398 employees (2010: 350). The Group, with reference to the market remuneration standard in the industry, shared its enterprise development with the employees, to further enrich the remuneration and welfare security system, coupled with the implementation of the average remuneration standard in the industry and full contribution to the social insurance and the provision of commercial insurance including the supplementary medical and accidental injury insurance. The employees are rewarded or punished based on a policy of results-oriented performance appraisal. Those with outstanding results will be rewarded on a timely basis, in order to take the initiative to strive for excellent corporate culture.

AUDITORS

The financial statements for the year ended 31 December 2011 have been audited by Ho & Chung CPA Limited who retire and offer them for re-appointment at the 2012 annual general meeting.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on Page 16 to 20 of the annual report.

FUTURE PLANS FOR MATERIAL ACQUISITION AND DISPOSAL

The Company has engaged a financial adviser to proceed with the feasibility study of the potential issue of new H shares and related potential acquisitions. In this aspect, the Company will strictly comply with the relevant announcement and reporting (if necessary) and/or shareholders' approval requirements under the GEM Listing Rules.

EVENTS AFTER THE BALANCE SHEET DATE: THE PROPOSED SPECIFIC MANDATE TO ISSUE NEW H SHARES WITH POTENTIAL PLACEMENT OF NEW H SHARES

On 12 October 2011, 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 (collectively referred to as the "Class Meetings") for the shareholders, the holders of H shares and the holders of domestic shares of the Company (collectively referred to as the "Shareholders") to consider and approve (if thought fit) respectively the grant of the specific mandate (the "Proposed Specific Mandate") to the Board to issue new H shares. The EGM and the Class Meetings were held on 25 November 2011.

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 25 November 2011;

(2) To issue new H Shares at a price not higher than HK$0.60 per H Share, but in any event, the issue price shall 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 effective period of the Proposed Specific Mandate shall be from the date of passing the relevant resolutions at the EGM and the Class Meetings to the earliest of: (i) the expiry of the 12-month period after passing the relevant resolution(s) at the EGM and/or the Class Meetings; or (ii) the revocation or variation of the power granted under the relevant resolution(s) passed at the EGM and/or the Class Meetings by special resolution(s) of the Shareholders in a general meeting or a class meeting.

The issue of new H Shares pursuant to the Proposed Specific Mandate shall be subject to, among other things, the obtaining of the necessary approval documents from the relevant PRC regulatory authorities, (including the respective approval by China Securities Regulatory Commission for the issue of 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 reduced holding of the state-owned shares). Depending on market the 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), the Company shall publish a separate announcement as required by the GEM Listing Rules.

The potential placement of new H Shares will expand the respective bases of shareholders and capital of the Company and strengthen the financial position of the Company.

Should the Board, proceed to exercise the Proposed Specific Mandate to issue new H Shares, the Company shall 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 potential placement and the H Shares converted from domestic shares involved in the reduced holding of state-owned shares.

ON BEHALF OF THE BOARD

Luo Wen
Chairman

Beijing, the People's Republic of China
28 March 2012

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, performed conscientiously its duties, safeguarded the interests of the shareholders and the benefits of the Company, and complied with the principle of good faith and launched its work on the loyal, reasonable, cautious, diligent and proactive basis.

During the year, the Supervisory Committee reviewed cautiously the operation and development plans of the Company and provided reasonable suggestions and opinions for the Board of Directors, strictly and effectively supervised the Company's management in making significant policies and specific decisions in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in safeguarding the interests of its shareholders.

We have reviewed conscientiously and agreed to the report of the Directors, the audited financial statements and the proposed distribution of dividends for 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 have strictly observed the principle of good faith, stuck to their fiduciary duties, and have exercised their authority of office faithfully in the best interests of the Company, and been capable of launching various kinds of work in line with the Articles of Association, featuring more standardized operation and ever-perfecting internal control system. Up to now, none of the Directors, general manager and senior management staff has been found abusing their authority of office, damaging the interests of the Company and infringing upon the interests of its shareholders and employees. None of them were found to have committed breach of any laws and regulations and the Articles of Association of the Company as well.

The Supervisory Committee is satisfied with the performance of the various projects and the attainment of economic benefits for the Company in 2011 and has great confidence in the future development of the Company.

By Order of the Supervisory Committee

Gong Chenghe
Chairman

Beijing, the People's Republic of China
28 March 2012

Independent Auditor's Report

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 consolidated financial statements of the Group set out on pages 33 to 106 which comprise the consolidated and separate statements of financial position as at 31 December 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRS and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 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 disclosure requirements of the Hong Kong Companies Ordinance.

Ho & Chung CPA Limited
Certified Public Accountants
Room 2203, 22/F.,
Tung Wai Commercial Building,
109–111 Gloucester Road,
Wanchai,
Hong Kong

28 March 2012
Chung Ho Shing
Practising Certificate number P03728

Consolidated Income Statement of the Group

Year ended 31 December 2011

	Notes	2011 RMB('000)	(Restated) 2010 RMB('000)
Turnover	4a	**127,118**	112,467
Cost of sales		**(67,955)**	(62,456)
Gross profit		**59,163**	50,011
Other revenue	4b	**1,026**	2,813
Gain on investments		**—**	6
Fair value adjustment on financial assets		**4**	—
		1,030	2,819
		60,193	52,830
Operating expenses			
Selling and distribution expenses		**(14,512)**	(11,925)
Administrative expenses		**(22,697)**	(21,025)
Other operating expenses		**—**	(11)
		(37,209)	(32,961)
Impairment of assets	5	**(409)**	(2,402)
Fair value adjustment on financial assets		**—**	(54)
		(37,618)	(35,417)
Profit before taxation	6	**22,575**	17,413
Taxation	7	**(6,004)**	(3,429)
Profit for the year		**16,571**	13,984
Attributable to:			
Equity holders of the Company	10	**14,686**	12,611
Non-controlling interests		**1,885**	1,373
		16,571	13,984
Dividends paid and proposed disclosed pursuant to Tenth Schedule of Hong Kong Companies Ordinance are as follow:–			
Final: Nil (2010: RMB0.43 cents per share)	11	**—**	3,010
Earnings per share			
Basic (RMB cents)	12	**2.1**	1.8
Diluted (RMB cents)	12	**2.1**	1.8

The notes on pages 41 to 106 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income of the Group

Year ended 31 December 2011

	Note	2011 RMB('000)	(Restated) 2010 RMB('000)
Profit for the year		**16,571**	13,984
Other comprehensive income		**—**	—
Total comprehensive income		**16,571**	13,984
Attributable to:			
Equity holders of the Company	10	**14,686**	12,611
Non-controlling interests		**1,885**	1,373
		16,571	13,984

The notes on pages 41 to 106 form part of these consolidated financial statements.

Consolidated Statement of Financial Position of the Group

As at 31 December 2011

	Notes	2011 RMB('000)	(Restated) 2010 RMB('000)	(Restated) Opening RMB('000)
Non-current assets				
Property, plant and equipment	14	**25,287**	25,943	26,429
Intangible assets	16	**14,681**	14,681	14,681
Accrued assets	18	**14,408**	11,765	7,167
Long term investments	22	**1,990**	1,990	1,990
Deferred tax assets	27	**631**	367	494
		56,997	54,746	50,761
Current assets				
Accounts receivable	17	**14,402**	14,439	15,666
Accrued assets	18	**32,826**	20,140	10,437
Prepayment, deposits and other receivable	20	**6,409**	4,687	4,738
Cash and cash equivalents	21	**39,988**	27,268	33,312
Short term investments	22	**2,205**	236	290
		95,830	66,770	64,443
Current liabilities				
Accounts payable	23	**1,585**	1,016	978
Accruals and other payables	24	**21,970**	17,143	19,457
Due to related parties	25	**12,410**	1,921	1,749
Current tax liabilities		**2,283**	377	2,233
		38,248	20,457	24,417
Net current assets		**57,582**	46,313	40,026
Total assets less current liabilities		**114,579**	101,059	90,787
Non-current liabilities				
Deferred tax liabilities	27	**1,437**	878	—
NET ASSETS		**113,142**	100,181	90,787

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

As at 31 December 2011

	Notes	2011 RMB('000)	(Restated) 2010 RMB('000)	(Restated) Opening RMB('000)
EQUITY				
Share capital	28	**70,000**	70,000	70,000
Reserves	29	**31,720**	20,752	12,131
Total equity attributable to equity shareholders of the Company		**101,720**	90,752	82,131
Non-controlling interests	29	**11,422**	9,429	8,656
TOTAL EQUITY		**113,142**	100,181	90,787

Approved and authorized for issue by the board of Directors on 28 March 2012.

Li Jun
Director

Luo Wen
Director

The notes on pages 41 to 106 form part of these consolidated financial statements.

Separate Statement of Financial Position of the Company

As at 31 December 2011

	Notes	2011 RMB('000)	(Restated) 2010 RMB('000)	(Restated) Opening RMB('000)
Non-current assets				
Property, plant and equipment	14	**25,098**	25,903	25,935
Interests in subsidiaries	15	**60,181**	44,592	94,293
Deferred tax assets	27	**619**	355	141
		85,898	70,850	120,369
Current assets				
Interests in subsidiaries	15	**—**	49,701	—
Accounts receivable	17	**10,823**	12,932	14,105
Accrued assets	18	**32,826**	20,240	10,673
Prepayment, deposits and other receivable	20	**4,416**	3,003	3,001
Cash and cash equivalents	21	**12,306**	12,143	14,219
Short term investments	22	**2,205**	236	290
		62,576	98,255	42,288
Current liabilities				
Accounts payable	23	**1,511**	13,567	10,427
Accruals and other payables	24	**10,134**	9,727	9,937
Due to related parties	25	**1,800**	1,799	1,689
Due to subsidiaries	26	**—**	26,411	500
Current tax liabilities		**1,820**	457	1,285
		15,265	51,961	23,838
Net current assets		**47,311**	46,294	18,450
Total assets less current liabilities		**133,209**	117,144	138,819
Non-current liabilities				
Due to subsidiaries	26	**500**	500	26,411
NET ASSETS		**132,709**	116,644	112,408

SEPARATE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2011

	Notes	**2011 RMB('000)**	(Restated) 2010 RMB('000)	(Restated) Opening RMB('000)
EQUITY				
Share capital	28	**70,000**	70,000	70,000
Reserves	29	**62,709**	46,644	42,408
TOTAL EQUITY		**132,709**	116,644	112,408

Approved and authorized for issue by the board of Directors on 28 March 2012.

Li Jun
Director

Luo Wen
Director

The notes on pages 41 to 106 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity of the Group

Year ended 31 December 2011

	Notes	2011 RMB('000)	(Restated) 2010 RMB('000)
Share capital			
Balance at beginning and end of year	28	**70,000**	70,000
Statutory reserve			
Balance at beginning of year		**3,271**	2,483
Intra-group restructuring	31	**(102)**	—
Appropriated from retained profits and non-controlling interests		**1,733**	788
Balance at end of year		**4,902**	3,271
Retained profits			
Balance at beginning of year		**19,010**	10,998
Prior period adjustments	30	**(1,529)**	(1,350)
Restated balance at beginning of year		**17,481**	9,648
Profit for the year*		**14,686**	12,611
Appropriated to statutory reserve		**(1,804)**	(788)
Intra-group restructuring	31	**(535)**	—
2009 final dividend: RMB0.57 cents per share		**—**	(3,990)
2010 final dividend: RMB0.43 cents per share		**(3,010)**	—
Balance at end of year		**26,818**	17,481
Attributable to equity holders of the Company		**101,720**	90,752
Non-controlling interests			
Balance at beginning of year		**10,084**	9,235
Prior period adjustments	30	**(655)**	(579)
Restated balance at beginning of year		**9,429**	8,656
Profit for the year*		**1,885**	1,373
Intra-group restructuring	31	**637**	—
Appropriated to statutory reserve		**71**	—
Final dividend		**(600)**	(600)
Balance at end of year		**11,422**	9,429
Total		**113,142**	100,181
Total comprehensive income for the year*			
Attributable to equity holders of the Company		**14,686**	12,611
Attributable to non-controlling interests		**1,885**	1,373
		16,571	13,984

The notes on pages 41 to 106 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows of the Group

Year ended 31 December 2011

	Note	2011 RMB('000)	(Restated) 2010 RMB('000)
Cash flows from operating activities			
Profit before taxation		**22,575**	17,413
Depreciation		**1,720**	1,687
Interest income		**(116)**	(194)
Loss on disposal of property, plant and equipment		**12**	57
Fair value adjustment on financial assets		**31**	54
Operating profit before changes of working capital		**24,222**	19,017
Increase in accounts receivable		**(3,122)**	(214)
Increase in accrued assets		**(14,934)**	(12,890)
Decrease in prepayment, deposits and other receivable		**1,042**	73
Increase in accounts payable		**638**	412
Increase in accrued sub-contractors' charges		**—**	(373)
Increase/(decrease) in accruals and other payable		**14,647**	(2,314)
Cash generated from operations		**22,493**	3,711
PRC enterprise income tax paid		**(3,803)**	(4,281)
Net cash from/(used in) operating activities		**18,690**	(570)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**(1,078)**	(1,258)
Sales proceeds of property, plant and equipment		**2**	—
Decrease in amount due from related parties		**—**	8
Interest received		**116**	194
Increase in short term investment		**(2,000)**	—
Increase in pledged deposits		**(391)**	—
Net cash used in investing activities		**(3,351)**	(1,056)
Cash flows from financing activities			
Increase in amount due to immediate holding company		**—**	172
Dividend paid		**(3,010)**	(4,590)
Net cash used in financing activities		**(3,010)**	(4,418)
Net increase/(decrease) in cash and cash equivalents		**12,329**	(6,044)
Cash and cash equivalents at beginning of year		**27,268**	33,312
Cash and cash equivalents at end of year	21	**39,597**	27,268

The notes on pages 41 to 106 form part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. GENERAL

(a) Definition

In these consolidated 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
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 Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development, the immediate holding company of the Company
CCID	China Centre of Information Industry Development, the ultimate holding company of the Company
CCID Database	Beijing CCID Information Engineering Consulting Co., Ltd., a subsidiary of the Company
CCID Supervision	Beijing CCID Information Engineering Supervision Co., Ltd., a subsidiary of CCID Database
CCID Capital	Beijing CCID Capital Consulting Co., Ltd., a subsidiary of the Company
CCID Management	Beijing CCID Management Consulting Co., Ltd., a subsidiary of the Company
CCID Exhibition	Beijing CCID Exhibition Co., Ltd., a former associate of the Group and now the available-for-sale financial assets
CCID Group	Comprises CCID and all of its subsidiaries, connected parties, controlling entities and agents
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
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 controlling interests thereon or are in a position to exercise significant influence on financial and operation decision
GEM	Growth Enterprise Market of Exchange

1. GENERAL (Continued)

(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 in PRC is located at Room 210, No. 12 Huo Ju Jia Road, Chang Ping District, Beijing, PRC. Its registered office in Hong Kong is located at Level 28, Three Pacific Place, 1 Queen's Road East, Wanchai, Hong Kong.

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

(c) Holding companies

In the opinion of the Directors, the Company's immediate holding company is MIICMD, a company established in the PRC. The Company's ultimate holding company is CCID, a company 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 thousand dollars.

(e) Other

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of Exchange.

2. BASIS OF PREPARATION (Continued)

(b) Basis of presentation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2011 comprise the Company and all of its subsidiaries. These consolidated financial statements are prepared under the historical cost convention as modified by the fair value of financial assets. The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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. Judgments 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(c).

(c) Critical accounting judgments 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 end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Impairment of property, plant and equipment, intangible assets and long-term investments

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgment 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.

2. BASIS OF PREPARATION (Continued)

(c) Critical accounting judgments and key sources of estimation uncertainty (Continued)

Income recognition

The Group's major income are measured on percentage of completion basis. To secure proper measurement of recognized income, the Group has established multi-layer approval procedures in its internal control system. However, the approval procedures inevitably involve human judgment in the assessment of the level of completion that lead to estimation uncertainty on income recognition.

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.

(d) Effective HKFRS

HK(IFRIC)-Int 19, HKAS 24 (Revised), Amendment to HKFRS 1, HKAS 32 and HK(IFRIC)-Int 14 and Improvement to HKFRSs 2010 become effective in this year. The Group had early adopted HKAS 24 (Revised) in 2009. The other new interpretation, revised accounting standard, amendments and improvement do not have financial implication to the Group as well as the Company in this financial year.

(e) Voluntary change of accounting policies

CCID Supervision used to recognize information engineering supervision contract revenue in profit or loss on straight-line basis or percentage of completion basis over the contract period. In case of variation of contract period, the unrecognized revenue will be equally allocated to the remaining contract period. When contracts involve out-sourcing contractors, the sub-contractors' charges were recognized in proportion to the recognised income.

2. BASIS OF PREPARATION (Continued)

(e) Voluntary change of accounting policies (Continued)

In 2010, CCID Supervision changed management. The new management strengthened the function of Project and Knowledge Management Department and introduced computerized operation management system to CCID Supervision. The new operation management system is updated regularly so that the progress of the information engineering supervision and the amount recovered can be monitored continuously. The operation management system has a rigorous approval system whereby the management masters the progress of information engineering supervision accurately. In September 2010, the operation management system began operation officially. Thereafter, except for the income generated by the services provided by out-sourcing contractors, the income of all of the information engineering supervision contracts are subject to the approval of various level of management and are measured at the percentage of completion basis. For contracts involving out-sourcing contractors, the operation management system monitors that part of service provided by the in-house staff of CCID Supervision and the staff-in-charge monitors the services provided by out-sourcing contractors.

From 2011 onward, all of the information engineering supervision contracts are divided into two parts. Part A is handled by the in-house staff of CCID Supervision whereas Part B is handled by out-sourcing contractors. Project and Knowledge Management Department prepares lists of recognized income on monthly basis ("the Lists"). The Lists state the department, project name and the amount of income recognized for the month. The Accounting Department verifies the recognized income and the approval of management before recognizing the income of Part A in accounting records. Income of Part B is recognized only after the staff-in-charge approving the payment requisition of out-sourcing contractors. For contracts having retention period, 10% of income will be recognized after the retention period.

Following the above change, CCID Supervision has changed accounting policies in 2011 as follow:–

1. Revenue arising from that part of information engineering supervision contracts handled by the in-house staff of CCID Supervision is recognized on percentage of completion basis. For contracts having retention period, 10% of income will be recognized after the retention period.

2. Revenue arising from that part of information engineering supervision contracts handled by out-sourcing contactors is recognized having the staff-in-charge approved the payment requisitions submitted by the out-sourcing contractors.

In the opinion of the Directors, both old and new accounting policies comply with HKFRS but the new accounting policies have provided reliable and more relevant information about the income of CCID Supervision and has resulted a better presentation of financial performance, financial position and cash flows on the consolidated financial statements.

The new accounting policies become effective on 1 January 2011. The consolidated financial statements for 2011 have been prepared in accordance with the new accounting policies.

2. BASIS OF PREPARATION (Continued)

(e) Voluntary change of accounting policies (Continued)

According to HKAS 8, the Group applies the new accounting policies retrospectively. Prior period adjustments following the retrospective application of accounting policies have been stated in note 30 to consolidated financial statements.

Moreover, the Group and the Company changed the presentation of consolidated and separate statements of financial position in this year. In this year, accounts receivable and accrued assets are presented in consolidated and separate statements of financial position separately but the accrued salaries and welfare and the accruals and other payables are presented in consolidated and separate statements of financial position altogether. According to HKAS 8, change of the presentation of financial statements is a change of accounting policies. The Group as well as the Company have presented the consolidated and separate statements of financial position at 1 January 2010 (opening), 31 December 2010 and 31 December 2011 respectively. The changes of presentation of the statements of financial position do not have impact on the operating result, financial position and cash flows of the Group and of the Company.

(f) Impact of issued but not yet effective HKFRS

HKICPA has issued the following HKFRSs, HKASs, HK(IFRIC)-Ints, newly issued or revised as indicated, and their amendments ("the 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 7	Financial instruments: Disclosures – Transfer of Financial Assets	1 July 2011
HKFRS 9 (Revised)	Financial instruments	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
Amendment to HKAS 1 (Revised)	Presentation of financial statements	1 July 2012
Amendment to HKAS 12	Income taxes	1 January 2012
HKAS 19 (2011)	Employee benefits	1 January 2013
HKAS 27 (2011)	Separate financial statements	1 January 2013
HKAS 28 (2011)	Investments in associates and joint ventures	1 January 2013
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
Amendment to HKAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendment to HKFRS 7	Financial instruments: Disclosures – Common disclosure requirements	1 January 2013
Amendment to HKFRS 9	Financial instruments: Deferral of mandatory effective date	1 January 2015

2. BASIS OF PREPARATION (Continued)

(f) Impact of issued but not yet effective HKFRS (Continued)

The Group as well as the Company had early adopted Amendment to HKAS 12 in the consolidated financial statements of 2010. The Group as well as the Company has not early adopted the other Standards and Amendments in this set of consolidated financial statements. The Group as well as the Company have already commenced an assessment of the impact of the other Standards and Amendments but not yet in a position to state whether the other Standards and Amendments would have a significant impact on their operating results and financial positions.

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 non-controlling interests

Subsidiaries are entities, including unincorporated body such as partnership, which are controlled by the Company. 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 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.

Non-controlling 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. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between non-controlling interests and the equity shareholders of the Company.

Where losses attributable to the non-controlling interests exceed their interest in the equity of a subsidiary, the excess are still charged against the non-controlling interests. The Group shall not bear the liabilities attributable to non-controlling interests.

In the Company's separate statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Intangible assets

Intangible assets with indefinite useful lives are stated at cost less accumulated amortisation and impairment losses, if any brought forward from previous years. They are not subject to amortisation but reviewed for impairment annually.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price and conversion cost. Expenditure such as repairs and maintenance, overhaul costs and cost of restoring are normally charged to profit or loss when they are incurred. Where expenditure has resulted in an increase in the future economic benefit from the use of the property, plant and equipment, the expenditure is capitalised. On disposal or retirement, the cost together with associated accumulated depreciation and impairment losses, if any, of the property, plant and equipment are removed from the accounts and any gain or loss resulting from the disposal is included in profit or loss.

The residual value and useful lives of property, plant and equipment are reviewed annually. Depreciation is calculated to write off the depreciable amount of items of property, plant and equipment, using the straight-line method over their estimated useful lives as follows:

	2011	2010	Opening
Land and buildings held under finance lease	**30 years**	30 years	Not applicable
Land and buildings held under operating lease	**Not applicable**	30 years	30 years
Furniture, fixtures and equipment	**5 years**	5 years	5 years
Motor vehicles	**5 years**	5 years	5 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the lessee are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities, as appropriate. The interest element of the finance cost is recognised in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets held under finance lease are depreciated over the shorter of the estimated useful life of the asset or the lease term on straight-line basis.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to profit or loss on a straight-line basis over the lease term. Upfront payments on leasehold land and land use rights are charged to profit or loss on a straight-line basis over the lease term. Incentives such as rent-free period or subsidy on decoration, if any, are recognised as a reduction of rental expenses over the lease term on straight-line basis.

(e) Impairment of assets

i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period 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.

An impairment loss is reversed if the impairment loss reduced by subsequent favourable changes 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.

ii) Intangible assets with indefinite useful lives

Intangible assets are evaluated based on the relevant profit after tax, appropriate discounting factor and expected growth rate, and computed using dividend model with several major assumptions. Impairment loss is determined by comparing the recoverable amount with carrying value of the intangible assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of assets (Continued)

iii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period 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;
- investments in subsidiaries (excluding those classified as current assets);
- available-for-sale financial assets stated at cost.

If any such indication exists, the asset's recoverable amount is estimated.

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.

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, 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.

(g) Accounts and other payables

Accounts and other payables are initially recognised at fair value and 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 in 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 statement of cash flows.

(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 categorised 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 profit or loss.

(j) Available-for-sale financial assets

Unlisted equity instruments whose fair value cannot be reliably measured are classified as available-for-sale financial assets. Available-for-sale financial assets are initially recognised and subsequently measured at cost. Impairment loss, exchange gain or loss and gain or loss after derecognition are recognised in profit or loss. All other gains or losses are dealt with directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee benefits

Salaries, 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. Annual bonus determined by the management by reference to the operating result of previously years, unless there are objective evidences showing that the bonuses are associated to the services rendered by employees in previous years are recognised as expenses at the time of payment.

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

(l) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income tax (Continued)

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 end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each end of reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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

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; or

- 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

When the outcome of a contract can be estimated reliably, revenue from the rendering of services is recognised using the percentage of completion method, measured by reference to the progress reports submitted by the staff-in-charge with the assessment of Project Manager and Department Head. Contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period.

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.

The expected loss foreseeable by management 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Information engineering supervision

Information engineering supervision contract revenue on the rendering of services comprises the sum agreed by contractual parties. Cost of rendering services comprise labour and other cost directly engaged in providing the services and attributable overheads.

Information engineering supervision contracts are divided into two parts, namely Part A and Part B. Part A refers to those services provided by the in-house staff of CCID Supervision. This part of revenue is measured on percentage of completion basis. For contracts having retention period, 10% of income willl be recognized after the retention period. Part B refers to those services provided by out-sourcing contractors which are subject to the approval of the staff-in-charge of CCID Supervision. This part of revenue is recognized having the staff-in-charge approved the payment requisitions submitted by the out-sourcing contractors.

(p) 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 in note 3(n) above;

ii) Revenue from rendering of information engineering supervision service is recognised according to note 3(o) above;

iii) Revenue from the provision of training courses is recognised in accordance with the progress of the training programme; and

iv) Interest income is recognised as it accrues using the effective interest method.

Revenue is presented after deduction of sales taxes, where applicable.

(q) 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 end of reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(I) A person or a close member of that person's family is related to the Group if that person:–

i. has control or joint control over the Group;

ii. has significant influence over the Group; or

iii. is a member of the key management personnel of the Group or of a parent of the Company.

(II) An entity is related to the Group if any of the following conditions applies:–

i. Both the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. The members of the Group are associates or joint ventures of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) or vice versa.

iii. The members of the Group and the entity are joint ventures of the same third party.

iv. The members of the Group are joint ventures of a third entity and the entity is an associate of the third entity or the members of the Group are associates of the third entity and the entity is a joint venture of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

vi. The entity is controlled or jointly controlled by a person identified in (I) above.

vii. A person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependants of that person or that person's spouse or domestic partner.

4. REVENUE

(a) 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:–

	2011 RMB('000)	(Restated) 2010 RMB('000)
Market research services	**22,300**	25,173
Data information management services	**2,384**	1,120
Management and public relation consultancy services	**68,981**	53,249
Information engineering supervision services	**28,483**	30,212
Other segments	**4,970**	2,713
	127,118	112,467

(b) Other revenue

	2011 RMB('000)	2010 RMB('000)
Interest income from bank deposits	**116**	194
Sundry income	**910**	1,313
Trade and other payables written off	**—**	1,306
	1,026	2,813

5. IMPAIRMENT OF ASSETS

	2011 RMB('000)	2010 RMB('000)
Trade receivables and accrued assets		
Bad and doubtful debts recognised in profit or loss	**1,316**	2,570
Bad and doubtful debts released	**(862)**	—
Bad and doubtful debts recovered	**(45)**	(168)
	409	2,402

The Directors have carried out individual assessment on accounts receivable at the end of reporting period based on the result of collection actions taken by Credit Control Department and/or Accounting Department, collaterals on hand, guarantee obtained and the experience of the Directors. The Directors have also carried out collective assessment based on ageing analysis and the irrecoverable rate of bad debt. Impairment losses recognised during the year include:–

	2011 RMB('000)	2010 RMB('000)
Individually assessed		
New and additions	**1,316**	2,570
Less: Recovered	**(45)**	(168)
Less: Released	**(862)**	—
	409	2,402

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

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

	2011 RMB('000)	2010 RMB('000)
Salaries, wages and other benefits	**55,024**	42,527
Retirement benefit scheme contributions	**10,711**	8,811
Total staff costs	**65,735**	51,338

Total staff costs include research and development costs amounted to RMB2,496 thousand (2010: RMB2,370 thousand).

At 31 December 2011, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2010: Nil).

(b) Other items

	2011 RMB('000)	(Restated) 2010 RMB('000)
Cost of services provided#	**67,955**	62,456
Auditor's remuneration	**213**	235
Depreciation#	**1,720**	1,687
Loss on disposal of property, plant and equipment	**2**	57
Operating lease rental: Land and buildings#	**1,419**	724
Research and development cost#	**2,496**	2,370
Net exchange gain	**(22)**	(17)
# The cost of services provided included:		
Depreciation	**903**	884
Staff cost	**37,390**	28,520
Operating lease rental: Land and buildings	**895**	—
Research and development costs	**2,496**	2,370

7. TAXATION

(a) Taxation in the consolidated income statement represents:

	2011 RMB('000)	(Restated) 2010 RMB('000)
PRC enterprise income tax		
Provision for the year	**5,708**	2,885
Deferred tax — temporary differences	**296**	544
	6,004	3,429

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 2011 (2010: 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.

Pursuant to the Income Tax Law of PRC, the Company and other members in the Group (except CCID Supervision) are subject to a corporate income tax at a rate of 25% (2010: 25%).

CCID Supervision is a high technology enterprise registered in the Beijing New Technology Enterprise Development Zone. Pursuant to the Income Tax Law of PRC, it is subject to a corporate income tax at a rate of 15% (2010: 15%).

Major unrecognised deferred tax as at 31 December 2011 is disclosed in note 27(b) to the consolidated financial statements.

7. TAXATION (Continued)

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

	2011 RMB('000)	(Restated) 2010 RMB('000)
Profit before taxation	**22,575**	17,413
Applicable tax rate	**25%**	25%
Product of accounting profit multiplied by applicable tax rate	**5,644**	4,353
Tax effect of non-deductible expenses	**646**	720
Preferential tax rate granted to high technology industry	**(266)**	(41)
Tax effect of unused tax losses	**1,250**	250
Tax effect of recognised but non-deductible expenses	**(797)**	(86)
Tax effect of unrecognised but taxed income	**19**	125
Tax effect of deductible but not recognised expenses	**109**	(2,538)
Tax effect of recognised but untaxed income	**(921)**	—
Adjustment on deferred tax expenses	**296**	544
Other adjustment	**24**	102
Tax expense	**6,004**	3,429

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:–

	2011 RMB('000)	2010 RMB('000)
Fees	**355**	335
Salaries and other benefits	**689**	1,007
Bonus	**672**	596
Retirement benefit scheme contributions	**128**	186
	1,844	2,124

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

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

2011

	Fees RMB('000)	Salaries and other benefits RMB('000)	Bonus RMB('000)	Retirement benefit scheme contributions RMB('000)	Total RMB('000)
Executive directors					
Luo Wen	29	—	—	—	29
Li Jun	30	529	652	66	1,277
Non-executive directors					
Wang Peng	29	—	—	—	29
Lu Shan	29	82	—	—	111
Hong Jingyi	29	—	—	—	29
Independent non-executive directors					
Guo Xinping	43	—	—	—	43
Pan Xingwu (Note (b))	32	—	—	—	32
Han Fuling	43	—	—	—	43
Li Xuemei (Note (c))	4	—	—	—	4
Supervisors					
Gong Chenghe	29	—	—	—	29
Zhao Xiuzhen	29	78	20	62	189
Zhao Zeming	29	—	—	—	29
Total for 2011	355	689	672	128	1,844

Notes:

a) The Directors have retired on 25 November 2011 at the expiry of their terms. Except for Mr. Pan Xingwu, all the other directors offerred for re-election and were elected for re-appointment.

b) The independent non-executive director, Mr. Pan Xingwu retired on 25 November 2011 and did not offer for re-election.

c) Madam Li Xuemei was appointed as an independent non-executive director of the Company on 25 November 2011.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

2010

	Fees RMB('000)	Salaries and other benefits RMB('000)	Bonus RMB('000)	Retirement benefit scheme contributions RMB('000)	Total RMB('000)
Executive directors					
Luo Wen	29	—	—	—	29
Li Jun	30	441	278	62	811
Non-executive directors					
Wang Peng	29	—	—	—	29
Lu Shan	29	436	278	62	805
Hong Jingyi	2	—	—	—	2
Independent non-executive directors					
Guo Xinping	43	—	—	—	43
Pan Xingwu	43	—	—	—	43
Han Fuling	43	—	—	—	43
Supervisors					
Gong Chenghe	29	—	—	—	29
Zhao Xiuzhen	29	130	40	62	261
Zhao Zeming	29	—	—	—	29
Total for 2010	335	1,007	596	186	2,124

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 2011 (2010: Nil).

No directors and supervisors forfeited any emolument during the year ended 31 December 2011 (2010: Nil).

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2010: two) is director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2010: three) individuals are as follows:–

	2011 RMB('000)	2010 RMB('000)
Salaries and other benefits	**1,578**	1,131
Bonuses	**1,454**	499
Retirement benefit scheme contributions	**229**	183
	3,261	1,813

The emoluments of all highest paid non-director individuals during the year ended 31 December 2011 falls below one million RMB (2010: 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 2011 (2010: Nil).

10. PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company includes RMB19,074,854 (2010: RMB8,226,659) which has been dealt with in the consolidated financial statements of the Company.

11. DIVIDENDS

	2011 RMB('000)	2010 RMB('000)
Final: Nil (2010: RMB0.43 cents) per share		
— Domestic and legal person share	**—**	2,111
— H share	**—**	899
	—	3,010

The Board of Directors does not recommend the payment of final dividend for the year ended 31 December 2011.

11. DIVIDENDS (Continued)

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:–

(i) Making up prior year's accumulative losses, if any.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

12. EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted

As there were no diluted potential shares outstanding during the year, the diluted earnings per share is identical to the basic earnings per share.

The basic and diluted earnings per share are computed as follows:–

	2011	(Restated) 2010
Profit attributable to equity holders of the Company (RMB ('000))	**14,686**	12,611
Divided by weighted average number of issued shares (thousand shares)	**700,000**	700,000
Basic and diluted earnings per share (RMB cents)	**2.1**	1.8

13. OPERATING SEGMENTS

Descriptive information about the Group's reportable segments

The Group's operating segments are structured and managed separately, according to the nature of their operations and the products and services they provide. Each operating segment represents a strategic business unit that provides services which are subject to risks and returns that are different from those of other operating segments. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following four reportable segments.

- the market research services segment provides two kinds of services: standard research on specific sectors and tailor-made research;
- 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;
- the management and public relation 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, marketing, brand name promotion, public relationship and advertising; and
- the information engineering supervision services segment provides information engineering supervision services to undertaken projects.

In addition, the Group has provision of training services segment whose scale of operation does not meet quantitative thresholds of reportable segments. Provision for training services segment has been included in other segments.

Measurement of segment profit or loss, assets and liabilities

For the purpose of assessing segment performance and allocating resources among segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:–

Segment assets include all tangible assets, intangible assets and current assets directly managed by the segments. Segment liabilities include trade creditors, accruals and loans attributable to the operating and sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

13. OPERATING SEGMENTS (Continued)

Measurement of segment profit or loss, assets and liabilities (Continued)

The measure used for reporting segment profit is "adjusted earnings before taxation". To arrive at adjusted earnings before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segment, such as head office or corporate administration cost.

Financial information about profit and loss, assets and liabilities of reportable segments

2011	Market Research Services Segment RMB('000)	Management and Public Relationship Consultancy Services Segment RMB('000)	Information Engineering Supervision Services Segment RMB('000)	Data Information Management Segment RMB('000)	Other Segment RMB('000)	Total RMB('000)
Revenue from external customers	**22,300**	**68,981**	**28,483**	**2,384**	**4,970**	**127,118**
Inter-segment income	**—**	**—**	**185**	**4,328**	**—**	**4,513**
Segment profit/(loss)	**11,784**	**36,854**	**13,062**	**(3,439)**	**1,806**	**60,067**
Other material non-cash items:						
— Impairment loss	**(426)**	**(600)**	**617**	**—**	**—**	**(409)**
Reportable segment assets	**5,938**	**37,547**	**16,932**	**15,712**	**214**	**76,343**
Reportable segment liabilities	**1,022**	**2,123**	**4,887**	**103**	**101**	**8,236**
	40,618	**144,905**	**64,166**	**19,088**	**7,091**	**275,868**
2010 (Restated)						
Revenue from external customers	25,173	53,249	30,212	1,120	2,713	112,467
Inter-segment income	—	—	—	4,100	—	4,100
Segment profit/(loss)	11,560	24,184	13,873	(333)	1,612	50,896
Other material non-cash items:						
— Impairment loss	(95)	(708)	(1,599)	—	—	(2,402)
Reportable segment assets	7,166	25,659	13,229	559	43	46,656
Reportable segment liabilities	603	1,159	2,097	2,877	42	6,778
	44,407	103,543	57,812	8,323	4,410	218,495

13. OPERATING SEGMENTS (Continued)

Reconciliations of reportable segment revenues, profit, assets and liabilities

2011	Revenue RMB('000)	Profit RMB('000)	Assets RMB('000)	Liabilities RMB('000)
Total per reportable segments	131,631	60,067	76,343	8,236
Elimination	(4,513)	—	—	—
Other revenue and net gains	—	1,030	—	—
Other operating expenses	—	(36,393)	—	—
Unallocated assets	—	—	76,484	—
Unallocated liabilities	—	—	—	31,449
Other material non-cash items:				
— Depreciation	—	(1,720)	—	—
— Impairment loss	—	(409)	—	—
Total per consolidated financial statements	127,118	22,575	152,827	39,685

2010 (Restated)	Revenue RMB('000)	Profit RMB('000)	Assets RMB('000)	Liabilities RMB('000)
Total per reportable segments	116,567	50,896	46,656	6,778
Elimination	(4,100)	—	—	—
Other revenue and net gains	—	2,819	—	—
Other operating expenses	—	(32,159)	—	—
Unallocated assets	—	—	74,860	—
Unallocated liabilities	—	—	—	14,557
Other material non-cash items:				
— Depreciation	—	(1,687)	—	—
— Impairment loss	—	(2,402)	—	—
Fair value adjustment on financial assets	—	(54)	—	—
Total per consolidated financial statements	112,467	17,413	121,516	21,335

13. OPERATING SEGMENTS (Continued)

Reconciliations of other material items

	2011			2010 (Restated)		
	Reportable segment total RMB('000)	Adjustment RMB('000)	The Group's total RMB('000)	Reportable segment total RMB('000)	Adjustment RMB('000)	The Group's total RMB('000)
Interest revenue	—	116	116	—	194	194
Interest expenses	—	—	—	—	—	—
Depreciation	—	1,720	1,720	—	1,687	1,687
Segment profit	60,067	(37,492)	22,575	50,896	(33,483)	17,413
Expenditure for assets	—	1,078	1,078	886	273	1,159
Other material non-cash items:						
— Impairment loss	—	(409)	(409)	—	(2,402)	(2,402)
	60,067	(34,987)	25,080	51,782	(33,731)	18,051

Geographical segments

Further analysis of geographical segment information is not presented as substantially all the assets, operations and customers of the Group are located in the PRC, which is considered as one geographic location in an economic environment with similar risks and returns.

Information about major customers

No single external customer generated the revenue which represented 10 per cent or more of the Group's total revenue.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Cost RMB('000)	Accumulated depreciation and impairment losses RMB('000)	Net carrying value RMB('000)
Land and buildings held under operating lease in PRC under medium term			
Balance at beginning of 2009	32,819	(6,931)	25,888
Depreciation charge	—	(1,041)	(1,041)
Balance at end of 2009 and at beginning of 2010	32,819	(7,972)	24,847
Depreciation charge	—	(781)	(781)
Transfer of assets	(32,819)	8,753	(24,066)
Balance at end of 2010 and beginning and end of 2011	—	—	—
Land and buildings held under finance lease in PRC under medium term			
Balance at beginning and end of 2009 and beginning of 2010	—	—	—
Transfer of assets	32,819	(8,753)	24,066
Depreciation charged	—	(260)	(260)
Balance at end of 2010 and beginning of 2011	32,819	(9,013)	23,806
Depreciation charged	—	(1,051)	(1,051)
Balance at end of 2011	32,819	(10,064)	22,755
Furniture, fixtures and equipment			
Balance at beginning of 2009	5,562	(3,811)	1,751
Additions	257	—	257
Depreciation charged	—	(615)	(615)
Disposals	(958)	958	—
Balance at end of 2009 and beginning of 2010	4,861	(3,468)	1,393
Additions	1,007	—	1,007
Depreciation charged	—	(603)	(603)
Disposals	(57)	—	(57)
Balance at end of 2010 and beginning of 2011	5,811	(4,071)	1,740
Additions	604	—	604
Depreciation	—	(553)	(553)
Disposals	(107)	100	(7)
Balance at end of 2011	6,308	(4,524)	1,784

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group (Continued)

	Cost RMB('000)	Accumulated depreciation and impairment losses RMB('000)	Net carrying value RMB('000)
Motor vehicles			
Balance at beginning of 2009	490	(221)	269
Depreciation charged	—	(80)	(80)
Balance at end of 2009 and beginning of 2010	490	(301)	189
Additions	251	—	251
Depreciation charged	—	(43)	(43)
Balance at end of 2010 and beginning of 2011	741	(344)	397
Additions	474	—	474
Depreciation charged	—	(116)	(116)
Disposals	(7)	—	(7)
Balance at end of 2011	1,208	(460)	748
Total			
Balance at beginning of 2009	38,871	(10,963)	27,908
Additions	257	—	257
Depreciation charged	—	(1,736)	(1,736)
Disposals	(958)	958	—
Balance at end of 2009 and beginning of 2010	38,170	(11,741)	26,429
Additions	1,258	—	1,258
Depreciation charged	—	(1,687)	(1,687)
Disposals	(57)	—	(57)
Balance at end of 2010 and beginning of 2011	**39,371**	**(13,428)**	**25,943**
Additions	1,078	—	1,078
Depreciation charged	—	(1,720)	(1,720)
Disposals	(114)	100	(14)
Balance at end of 2011	**40,335**	**(15,048)**	**25,287**

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company

	Cost RMB('000)	Accumulated depreciation and impairment losses RMB('000)	Net carrying value RMB('000)
Land and buildings held under operating lease in PRC under medium term			
Balance at beginning of 2009	32,819	(6,931)	25,888
Depreciation charged	—	(1,041)	(1,041)
Balance at end of 2009 and beginning of 2010	32,819	(7,972)	24,847
Depreciation charged	—	(781)	(781)
Transfer of assets	(32,819)	8,753	(24,066)
Balance at end of 2010 and beginning and end of 2011	—	—	—
Land and buildings held under finance lease in PRC under medium term			
Balance at beginning and end of 2009 and beginning of 2010	—	—	—
Transfer of assets	32,819	(8,753)	24,066
Depreciation charged	—	(260)	(260)
Balance at end of 2010 and beginning of 2011	32,819	(9,013)	23,806
Depreciation charged	—	(1,051)	(1,051)
Balance at end of 2011	32,819	(10,064)	22,755
Furniture, fixtures and equipment			
Balance at beginning of 2009	4,299	(2,992)	1,307
Additions	196	—	196
Depreciation charged	—	(428)	(428)
Disposals	(958)	958	—
Balance at end of 2009 and beginning of 2010	3,537	(2,462)	1,075
Additions	1,485	—	1,485
Depreciation charged	—	(425)	(425)
Disposals	(51)	—	(51)
Balance at end of 2010 and beginning of 2011	4,971	(2,887)	2,084
Additions	593	—	593
Depreciation charged	—	(578)	(578)
Disposals	(106)	103	(3)
Balance at end of 2011	5,458	(3,362)	2,096

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company (Continued)

	Cost RMB('000)	Accumulated depreciation and impairment losses RMB('000)	Net carrying value RMB('000)
Motor vehicles			
Balance at beginning of 2009	265	(214)	51
Depreciation charged	—	(38)	(38)
Balance at end of 2009, beginning and end of 2010 and beginning of 2011	265	(252)	13
Additions	263	—	263
Depreciation charged	—	(29)	(29)
Balance at end of 2011	528	(281)	247
Total			
Balance at beginning of 2009	37,383	(10,137)	27,246
Additions	196	—	196
Depreciation charged	—	(1,507)	(1,507)
Disposals	(958)	958	—
Balance at end of 2009 and beginning of 2010	36,621	(10,686)	25,935
Additions	1,485	—	1,485
Depreciation charged	—	(1,466)	(1,466)
Disposals	(51)	—	(51)
Balance at end of 2010 and beginning of 2011	**38,055**	**(12,152)**	**25,903**
Additions	856	—	856
Depreciation charged	—	(1,658)	(1,658)
Disposals	(106)	103	(3)
Balance at end of 2011	**38,805**	**(13,707)**	**25,098**

In 2002, the Company entered into a sale and purchase agreement with MIICMD to purchase the ninth and tenth floors of the CCID Plaza in Beijing (the "Properties") at a total consideration of RMB32,818,854, including deed tax of RMB1,262,264. Prior to 2010, the Company had yet obtained the title deed of the Properties. In the opinion of the Directors, the significant risks and rewards of ownership associated with the Properties had yet been fully transferred to the Company. Accordingly, the Company as well as the Group used to recognise the Properties as land and buildings under operating lease in accordance with HKAS 17 in and before 2009.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

On 29 September 2010, the Company obtained the title deed of the Properties. At the same time, all the risks and rewards of the ownership associated with the Properties were passed to the Company. Accordingly, the Company as well as the Group reclassified the Properties as land and buildings held under finance lease since 2010.

15. INTERESTS IN SUBSIDIARIES

The Company

	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Unlisted share, at cost	**44,592**	94,293	94,293
Loan term loans	**15,589**	—	—
	60,181	94,293	94,293
Current portion (Note a)	**—**	49,701	—
	60,181	44,592	94,293

Details of the subsidiaries at 31 December 2011 are as follows:–

Name	**Place of incorporation and operations**	**Registered and paid up capital** RMB ('000)	**Percentage of equity directly attributable to the Company**	**Principal activities**
Beijing CCID Information Engineering Consulting Co., Ltd	Beijing, PRC	50,000	95%	Provision of data services and establishment of information database services
Beijing CCID Information Engineering Supervision Co., Ltd. (Note a)	Beijing, PRC	10,000	66.5%	Provision of information engineering supervision and training services
Beijing CCID Capital Consulting Co., Ltd.	Beijing, PRC	500	80%	Provision for investment consultancy
Beijing CCID Management Consulting Co., Ltd. (Note b)	Beijing, PRC	300	80%	Provision for management consultancy, it is inactive during the year

15. INTERESTS IN SUBSIDIARIES (Continued)

The Company (Continued)

Notes:

a) On 23 October 2010, the Company entered into a sale and purchase agreement with CCID Database whereby the Company sold its 70% equity interests in CCID Supervision to CCID Database at a consideration of RMB53,900,000. After the share transfer, the Company still indirectly holds 66.5% equity interests in CCID Supervision through CCID Database. On 30 June 2011, the legal title of the subject shares was transferred.

b) CCID Management formerly named Beijing CCID Classic Public Relationship Co., Ltd. On 18 January 2011, it changed the name to Beijing CCID Management Consulting Co., Ltd.

16. INTANGIBLE ASSETS

The Group	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Information database with indefinite useful lives			
Cost	**38,268**	38,268	38,268
Accumulated amortisation and impairment losses	**(23,587)**	(23,587)	(23,587)
Balance at beginning and end of year	**14,681**	14,681	14,681

The information database is stored in the computer system to offer assistance in providing customers with data content of consultation business. The information database is updated on a continuous basis, and now it has stored more than 16,000,000 units. The Company and the Group depend on the information provided by the information database to earn subscription fees, as well as service charges of standard research reports, special research reports, and providing consultation on public relations.

Prior to 2008, the intangible assets used to be recognised as expenses on straight-line basis based on its estimated useful life of 10 years. The amortised expenses were included in cost of sales in the profit or loss.

16. INTANGIBLE ASSETS (Continued)

At the beginning of 2008, the Group reformed its website, and introduced a website with brand new layout in the middle of 2008, which was named www.cciddata.com. As a new version of website was introduced to the market, the management held that the carrying value of the information database might not reflect its fair value. They engaged LCH (Asia-Pacific) Surveyors Limited (hereinafter referred to as "the Surveyor") to revalue the information database. Because the Group reformed its website at the beginning of 2008, the Surveyor, in order to clearly differentiate values of the original and present websites and the associated costs, revalued the information database on the basis of 1 January 2008, and measured the information database by means of weighted-average cost of capital. In considering the basis of measurement, one of the major presumptions of the Surveyor was the useful life of the information database. The surveyor presumed that the useful life of the information database could be prolonged indefinitely on the condition that it was under ongoing maintenance and data update. As such, the estimated useful life of the information database is indefinite. According to the Directors, the Group relies on the information provided by the information database to make profits, and the Group has to maintain the information database and to update its data in the foreseeable future. The Directors regard that the foregoing assumption made by the Surveyor corresponds to the present situation and long-term development orientation of the Group.

According to the Surveyor's report, the valuation of the information database at 1 January 2008 is RMB15,000,000. As the information database does not have active market to justify its fair value, it is stated at cost less accumulated amortisation and impairment losses in accordance with paragraph 74 of HKAS 38 ("Intangible assets"). As the useful life of the information database is indefinite, no amortisation is made for it according to paragraph 107 of HKAS 38 ("Intangible assets"), but it needs to be tested for impairment annually according to paragraph 10 of HKAS 36 ("Impairment of assets").

At the end of reporting period, the Group re-appointed the Surveyor to evaluate the recoverable amount of the intangible assets. The Surveyor applied dividend model with the following major assumptions.

	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Relevant net cash flows	**1,356**	3,254	2,038
Long-term growth rate	**3.22%**	3%	3%
Return on capital employed	**13.14%**	13.86%	13.86%
Recoverable amount measured by dividend model	**15,000**	30,866	19,330

According to the Surveyor's report, the recoverable amount of the information database at the end of reporting period is not less than its carrying value, so provision for impairment loss is not necessary. At the opening and end of 2010, the recoverable amount of the information database was evaluated by the management of the Group.

17. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable is as follow:–

The Group

	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2011			
Within 60 days	**835**	**2,895**	**3,730**
61 days to 180 days	**128**	**2,761**	**2,889**
181 days to 365 days	**—**	**2,570**	**2,570**
Over 365 days	**438**	**4,775**	**5,213**
	1,401	**13,001**	**14,402**
2010 (Restated)			
Within 60 days	—	3,971	3,971
61 days to 180 days	—	3,644	3,644
181 days to 365 days	938	2,019	2,957
Over 365 days	189	3,678	3,867
	1,127	13,312	14,439
Opening (Restated)			
Within 60 days	763	3,204	3,967
61 days to 180 days	—	2,303	2,303
181 days to 365 days	—	4,707	4,707
Over 365 days	315	4,374	4,689
	1,078	14,588	15,666

The general credit terms of the Group range from 60 to 365 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 clients' request.

17. ACCOUNTS RECEIVABLE (Continued)

Reconciliation of allowance account for credit losses:

	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Balance at beginning of year	**10**	277	186
New and additions	**1,316**	—	280
Released	**(862)**	—	—
Recovered	**(45)**	(168)	(189)
Other adjustments	**1,716**	(99)	—
Balance at end of year	**2,135**	10	277

An ageing analysis of the accounts receivable is as follow:

The Company

	Related parties RMB('000)	**Third parties** RMB('000)	**Total** RMB('000)
2011			
Within 60 days	**22**	**1,935**	**1,957**
61 days to 180 days	**128**	**2,282**	**2,410**
181 days to 365 days	**—**	**1,291**	**1,291**
Over 365 days	**438**	**4,727**	**5,165**
	588	**10,235**	**10,823**
2010			
Within 60 days	—	2,773	2,773
61 days to 180 days	—	3,425	3,425
181 days to 365 days	938	1,983	2,921
Over 365 days	189	3,624	3,813
	1,127	11,805	12,932
Opening			
Within 60 days	763	1,773	2,536
61 days to 180 days	—	2,255	2,255
181 days to 365 days	—	4,663	4,663
Over 365 days	315	4,336	4,651
	1,078	13,027	14,105

17. ACCOUNTS RECEIVABLE (Continued)

The general credit terms of the Company range from 60 to 180 days. The Company may, on a case by case basis and after evaluation of the business relationship and credit worthiness, extend the credit period upon clients' request.

Reconciliation of allowance account for credit losses:

	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Balance at beginning of year	**10**	277	186
New and additions	**1,925**	—	280
Recovered	**(45)**	(168)	(189)
Other adjustments	**—**	(99)	—
Balance at end of year	**1,890**	10	277

18. ACCRUED ASSETS

The Group	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Total	**49,431**	34,710	18,267
Impairment losses	**(2,197)**	(2,805)	(663)
	47,234	31,905	17,604
Current portion	**32,826**	20,140	10,437
Non-current portion	**14,408**	11,765	7,167
The Company			
Total	**33,178**	21,446	10,812
Impairment losses	**(352)**	(1,206)	(139)
	32,826	20,240	10,673

The Company as well as the Group recognise major revenue based on the percentage of completion of respective projects. The accounts receivable is recognised in accordance with the payment terms as stated in the service contracts. The corresponding assets of recognised revenue that has yet met the condition to be recognised as accounts receivable is recognised as accrued assets until these assets can be recognised as accounts receivable.

19. DUE FROM RELATED PARTIES

Amounts due from related parties included in accounts receivable and accrued assets are as follows:–

The Group	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Name of related parties			
CCID	**949**	1,147	1,155
CCID (Holding) Ltd	**960**	—	—
Beijing CCID Software Licensing Co., Ltd.	**—**	—	6
CCID IT Co., Ltd	**96**	—	—
Beijing CCID Information Technology Appraisal Co., Ltd.	**—**	—	16
	2,005	1,147	1,177
The Company			
Name of related parties			
CCID	**949**	2,084	1,155
CCID (Holding) Ltd.	**147**	—	—
CCID Supervision	**—**	188	275
Others	**—**	—	25
	1,096	2,272	1,455

The above related parties are controlled by CCID. The amounts due from related parties are unsecured, interest-free and have no fixed terms of repayment.

20. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

The Group	2011 RMB('000)	(Restated) 2010 RMB('000)	(Restated) Opening RMB('000)
Advances to employees	**4,040**	1,705	2,353
Prepayments	**525**	—	—
Rental and other deposits	**70**	949	1,972
Pledged deposits	**—**	334	392
Other receivable	**1,774**	1,699	21
	6,409	4,687	4,738
The Company			
Advances to employees	**2,388**	1,262	1,118
Prepayments	**525**	246	371
Rental and other deposits	**53**	53	71
Other receivable	**1,450**	1,442	1,441
	4,416	3,003	3,001

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

21. CASH AND CASH EQUIVALENTS

The Group	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Cash at banks and in hand	**39,597**	27,268	33,312
Pledged deposits	**391**	—	—
Balance per consolidated statement of financial position	**39,988**	27,268	33,312
Less: pledged deposits	**(391)**	—	—
Balance per consolidated statement of cash flows	**39,597**	27,268	33,312
The Company			
Cash at banks and in hand	**12,306**	12,143	14,219

21. CASH AND CASH EQUIVALENTS (Continued)

Included in cash and cash equivalents in the consolidated and separate statements of financial position are the following amounts denominated in a currency other than the functional currency of the Group:

The Group and the Company

	Original currency			RMB equivalent		
	2011	2010	Opening	**2011 RMB('000)**	2010 RMB('000)	Opening RMB('000)
United States dollars	**2**	2	72	**—**	—	1
Hong Kong dollars	**36,519**	36,512	36,505	**32**	32	32

22. INVESTMENTS

The Group	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Designated financial assets at fair value through profit or loss at initial recognition, at fair value			
Securities listed in PRC (Note a)	**205**	236	290
Available-for-sale financial assets, at cost			
Unlisted shares (Note b)	**8,657**	8,657	8,657
Open portfolio financial product (Note c)	**2,000**	—	—
Less: Impairment losses	**(6,667)**	(6,667)	(6,667)
	3,990	1,990	1,990
Total			
Long-term investments	**1,990**	1,990	1,990
Short-term investments	**2,205**	236	290
	4,195	2,226	2,280
Market value of listed shares	**205**	236	290
The Company			
Designated financial assets at fair value through profit or loss at initial recognition, at fair value			
Securities listed in PRC (Note a)	**205**	236	290
Available-for-sale financial assets, at cost			
Open portfolio financial product (Note c)	**2,000**	—	—
Total	**2,205**	236	290
Market value of listed shares	**205**	236	290

22. INVESTMENTS (Continued)

Notes:

a) All of the financial assets stated at fair value are measured at quoted prices (unadjusted) in active market.

b) Unlisted shares refer to 19.9% (Opening and 2010: 19.9%) equitable interests in CCID Exhibition held by CCID Supervision.

c) Open portfolio financial product is a non-capital-preserved floating income financial product offered by a banker, a medium risk financial product according to the bank's internal risk rating. Open portfolio financial product does not have secondary market for trading. Accordingly, it does not have available fair value for reference. The Company has redeemed the open portfolio financial product. A profit of approximately RMB50,000 has been recorded on redemption.

23. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable and accrued liabilities is as follows:–

The Group

	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2011			
Within 60 days	**55**	**1,096**	**1,151**
61 days to 180 days	**—**	**398**	**398**
181 days to 365 days	**30**	**—**	**30**
Over 365 days	**—**	**6**	**6**
	85	**1,500**	**1,585**
2010 (Restated)			
Within 60 days	22	964	986
61 days to 180 days	—	1	1
181 days to 365 days	18	—	18
Over 365 days	—	11	11
	40	976	1,016
Opening (Restated)			
Within 60 days	11	822	833
61 days to 180 days	—	82	82
181 days to 365 days	2	2	4
Over 365 days	—	59	59
	13	965	978

23. ACCOUNTS PAYABLE (Continued)

Amount due to related parties are analysed as follow:–

	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Name of related parties			
CCID Translation Co., Ltd.	**85**	40	13

The Group and the related parties are within the CCID Group and are under common control of the same ultimate holding company. Amounts due to related parties are unsecured, interest-free and have no fixed repayment term.

An ageing analysis of the accounts payable and accrued liabilities is as follows:–

The Company

	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2011			
Within 60 days	**146**	**931**	**1,077**
61 days to 180 days	**—**	**398**	**398**
181 days to 365 days	**30**	**—**	**30**
Over 365 days	**—**	**6**	**6**
	176	**1,335**	**1,511**
2010			
Within 60 days	922	615	1,537
61 days to 180 days	900	1	901
181 days to 365 days	1,818	—	1,818
Over 365 days	9,300	11	9,311
	12,940	627	13,567
Opening			
Within 60 days	911	971	1,882
61 days to 180 days	900	82	982
181 days to 365 days	1,802	2	1,804
Over 365 days	5,700	59	5,759
	9,313	1,114	10,427

23. ACCOUNTS PAYABLE (Continued)

The Company (Continued)

Amount due to related parties are analysed as follow:–

	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Name of related parties			
CCID Supervision	**91**	—	—
CCID Database	**—**	12,900	9,300
CCID Translation Co., Ltd.	**85**	40	13
	176	12,940	9,313

The Company and the related parties are within the CCID Group and are under common control of the same ultimate holding company. Amounts due to related parties are unsecured, interest-free and have no fixed repayment term.

24. ACCRUALS AND OTHER PAYABLE

The Group	2011 RMB('000)	(Restated) 2010 RMB('000)	(Restated) Opening RMB('000)
Accrued salaries and welfares	**3,234**	3,692	2,661
Provision for social insurance fees and the public housing funds	**6,578**	5,598	7,282
Other tax payables	**2,150**	1,713	2,529
Received in advance	**7,026**	3,217	4,992
Other payable	**2,982**	2,923	1,993
	21,970	17,143	19,457
The Company			
Accrued salaries and welfares	**1,854**	2,485	2,340
Provision for social insurance fees and the public housing funds	**3,844**	3,340	3,815
Other tax payables	**916**	700	1,862
Received in advance	**1,737**	965	665
Other payable	**1,783**	2,237	1,255
	10,134	9,727	9,937

25. DUE TO RELATED PARTIES

The Group	**2011** **RMB('000)**	(Restated) 2010 RMB('000)	(Restated) Opening RMB('000)
Immediate holding company	**11,799**	1,578	1,578
Other related companies	**611**	343	171
	12,410	1,921	1,749
The Company			
Immediate holding company	**1,578**	1,578	1,578
Other related companies	**222**	221	111
	1,800	1,799	1,689

Notes:

a) The amount due to the immediate holding company at 31 December 2011 included the amount payable to MIICMD for the acquisition of the ninth and tenth floors of CCID Plaza. The amount payable is interest-free and repayable in accordance with the terms of the relevant property purchase agreement.

b) The amounts due to other related companies are unsecured, interest-free and have no fixed terms of repayment.

26. DUE TO SUBSIDIARIES

The Company

	2011 **RMB('000)**	2010 RMB('000)	Opening RMB('000)
Current liabilities	**—**	26,411	500
Non-current liabilities	**500**	500	26,411
Total	**500**	26,911	26,911

The amounts are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, the non-current portion of amount due to subsidiaries will not be repayable in 2012.

27. DEFERRED TAXATION

(a) Recognised deferred tax

Components of recognised deferred tax:–

The Group	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Deferred tax assets			
Financial assets	**37**	41	15
Impairment loss on accounts receivable	**582**	326	139
Others	**12**	—	340
	631	367	494
Deferred tax liabilities			
Profit recognised in accordance with HKAS but not yet included in taxable profit	**1,437**	878	—
The Company			
Deferred tax assets			
Financial assets	**37**	29	15
Impairment loss on accounts receivable	**582**	326	126
	619	355	141

(b) Unrecognised deferred tax

Components of unrecognised deferred tax assets/(liabilities):–

The Group	2011 RMB('000)	2010 RMB('000)	Opening RMB('000)
Retirement benefit accrued	**—**	(291)	—
Unused tax loss	**2,981**	3,080	2,830
Intangible assets	**(3,196)**	(2,590)	(1,680)
	(215)	199	1,150

The Group has 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 has not provided deferred tax for the intangible assets. It is because the Group will not settle such liabilities in the foreseeable future.

The Company does not have material unrecognised deferred tax.

28. SHARE CAPITAL

The Group and the Company	Opening, 2010 and 2011 No. of shares	 Nominal value RMB('000)
Registered, issued and fully paid		
Domestic shares of RMB0.1 each	485,900,000	48,590
Legal person shares of RMB0.1 each	5,100,000	510
H shares of RMB0.1 each	209,000,000	20,900
	700,000,000	70,000

29. RESERVES

The Group	Attributable to equity holders of the Company Statutory reserve RMB('000) (note b)	 Retained profits RMB('000)	 Total RMB('000)	Non-controlling interest RMB('000)	Total RMB('000)
Balance at beginning of 2009	1,043	7,561	**8,604**	8,820	**17,424**
Prior period adjustments	—	(700)	**(700)**	(300)	**(1,000)**
Balance after prior period adjustment	1,043	6,861	**7,904**	8,520	**16,424**
Profit for the year	—	11,227	**11,227**	2,126	**13,353**
Transferred to statutory reserve	1,440	(950)	**490**	(490)	**—**
Final dividend for 2008	—	(7,490)	**(7,490)**	(1,500)	**(8,990)**
Balance at end of 2009 and beginning of 2010	2,483	9,648	**12,131**	8,656	**20,787**
Profit for the year	—	12,611	**12,611**	1,373	**13,984**
Transferred to statutory reserve	788	(788)	**—**	—	**—**
Final dividend for 2009	—	(3,990)	**(3,990)**	(600)	**(4,590)**
Balance at end of 2010 and beginning of 2011	3,271	17,481	**20,752**	9,429	**30,181**
Profit for the year	—	14,686	**14,686**	1,885	**16,571**
Intra-group restructuring	(102)	(535)	**(637)**	637	**—**
Transferred to statutory reserve	1,733	(1,804)	**(71)**	71	**—**
Dividend for 2010	—	(3,010)	**(3,010)**	(600)	**(3,610)**
Balance at end of 2011	4,902	26,818	**31,720**	11,422	**43,142**

29. RESERVES (Continued)

The Company	Capital reserve RMB('000) (note a)	Statutory reserve RMB('000) (note b)	Discretionary reserve RMB('000) (note b)	Retained profits RMB('000)	Total RMB('000)
Balance at beginning of 2009	18,100	7,251	59	17,442	42,852
Profit for the year	—	—	—	7,046	7,046
Transferred to statutory reserve	—	676	—	(676)	—
Final dividend for 2008	—	—	—	(7,490)	(7,490)
Balance at end of 2009 and beginning of 2010	18,100	7,927	59	16,322	42,408
Profit for the year	—	—	—	8,226	8,226
Transferred to statutory reserve	—	788	—	(788)	—
Final dividend for 2009	—	—	—	(3,990)	(3,990)
Balance at end of 2010 and beginning of 2011	18,100	8,715	59	19,770	46,644
Profit for the year	—	—	—	19,075	19,075
Transferred to statutory reserve	—	1,900	—	(1,900)	—
Dividend for 2010	—	—	—	(3,010)	(3,010)
Balance at end of 2011	18,100	10,615	59	33,935	62,709

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 Company and all of its subsidiaries, net profit after tax, having setting off prior years' accumulated losses, if any, shall be appropriated to statutory reserve fund and discretionary reserve fund before any distribution of dividends to the owners of the Company. At least 10% of profit after tax shall be appropriated to the statutory reserve fund until the fund aggregates 50% of its registered capital. For the purpose of calculating the transfer to statutory reserve fund, the profit after tax shall be the amount determined under PRC accounting principles and financial regulations. In addition, net profit after tax shall be appropriated to the discretionary reserve funds if approved by the shareholders. A statutory reserve fund and discretionary reserve fund can be used to offset prior years' losses, if any, and be capitalised as the share capital / registered capital on the condition that the balance statutory reserve fund shall not less than 25% of the share capital / registered capital after capitalization.

The Company and CCID Supervision are required to transfer 10% of profit after tax, if any, to the statutory reserve fund. No discretionary reserve funds were appropriated for 2011 (2010: Nil).

In accordance with the Articles of Association of the Company, the net profit after tax of the Company for the purpose of profit distributions/dividends will be deemed to be the lesser of (i) the net profit determined in accordance with PRC accounting principles and financial regulations; and (ii) the net profit determined in accordance with Hong Kong accounting standards.

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

	2011 RMB('000)	(Restated) 2010 RMB('000)
Retained profits	**26,818**	17,481

30. PRIOR PERIOD ADJUSTMENTS

Voluntary change of accounting policies

The voluntary change of accounting policies by CCID Supervision has caused the following four prior period adjustments.

1. *Adjustments on income recognised during retention period*

   According to the new accounting policy, information engineering supervision contracts having retention period will reserve 10% of revenue to be recognised until after the retention period. Adjustment is required to derecognise such kind of revenue that had been recognised in previous years.

2. *Derecognition of sub-contractors' charges*

   According to the new accounting policy, sub-contractors' charges are recognised having the payment requisitions submitted by the out-sourcing contractors been approved. The corresponding revenue is recognised at the same time. Unapproved sub-contractors' charges that had been recognised in previous years together with corresponding revenue are derecognised. This adjustment does not affect the Group's operating result in previous years but the turnover, cost of sales, accrued assets and accrued liabilities decline altogether.

3. *Adjustment on changes of basis of measurement of revenue from straight-line method to percentage of completion method*

   The new accounting policy requires all revenue from information engineering supervision contracts to be measured using percentage of completion method. The change of basis of measurement of revenue from straight-line method to percentage of completion method requires adjustment on revenue recognised in previous years. As the operation management system had been launched in September 2010, the Project and Knowledge Management Department assessed the percentage of completion of all incomplete contracts at that time and applied the assessed value as the initial value of the operation management system. The corresponding prior period adjustment refers to these assessed value and the subsequently recognised revenue in 2010. The financial impacts are wholly charged/credited to profit or loss in 2010.

   In view of the fact that the operation management system lacked of relevant information in previous years, it was not possible to apply percentage of completion method in and before 2009. In the opinion of the Directors, it was impracticable and cost ineffective to apply the new accounting policy before 2010.

30. PRIOR PERIOD ADJUSTMENTS (Continued)

Voluntary change of accounting policies (Continued)

4. Relevant tax impact

The tax effects resulting from changes in income and expenditure are measured at 15% of the net changes.

The opening balance of retained earnings and non-controlling interests following the prior period adjustments are reduced as follows:–

	2011 RMB('000)	2010 RMB('000)
Adjustments on income recognised during retention period	**2,173**	2,269
Adjustment on changes of basis of measurement of revenue from straight-line method to percentage of completion method	**396**	—
Relevant tax impact	**(385)**	(340)
	2,184	1,929
Attributable to equity holders of the Company	**1,529**	1,350
Attributable to non-controlling interests	**655**	579
	2,184	1,929

30. PRIOR PERIOD ADJUSTMENTS (Continued)

The financial impacts of the prior period adjustments to the consolidated income statement of the Group for the year ended 31 December 2010 are as follow:–

	As previously stated RMB('000)	Prior period adjustments RMB('000)	As restated RMB('000)
Turnover	113,503	(1,036)	112,467
Cost of sales	(63,192)	736	(62,456)
Gross profit	50,311	(300)	50,011
Other revenue	2,819	—	2,819
	53,130	(300)	52,830
Operating expenses	(35,417)	—	(35,417)
Profit before taxation	17,713	(300)	17,413
Taxation	(3,474)	45	(3,429)
Profit for the year	14,239	(255)	13,984
Earnings per share			
Basic and diluted (RMB cents)	1.8	—	1.8

The financial impacts of the prior period adjustments to the consolidated statement of comprehensive income of the Group for the year ended 31 December 2010 are as follow:–

	As previously stated RMB('000)	Prior period adjustments RMB('000)	As restated RMB('000)
Profit for the year	14,239	(255)	13,984
Other comprehensive income	—	—	—
Total comprehensive income	14,239	(255)	13,984

30. PRIOR PERIOD ADJUSTMENTS (Continued)

The financial impacts of the prior period adjustments to the consolidated statement of financial position of the Group are as follow:–

	As previously stated RMB('000)	Prior period adjustments RMB('000)	As restated RMB('000)
As at 31 December 2010			
ASSETS			
Accrued assets (non-current assets)	23,864	(12,099)	11,765
Prepayment, deposits and other receivables (current assets)	6,224	(1,537)	4,687
Other assets	105,064	—	105,064
	135,152	(13,636)	121,516
LIABILITIES			
Accounts payable and accrued liabilities (current liabilities)	1,205	(189)	1,016
Accrued liabilities (non-current liabilities)	10,878	(10,878)	—
Deferred tax liabilities	1,263	(385)	878
Other liabilities	19,441	—	19,441
	32,787	(11,452)	21,335
Net current assets	47,661	(1,348)	46,313
Total assets less current liabilities	114,506	(13,447)	101,059
Net assets	102,365	(2,184)	100,181
EQUITY			
Share capital	70,000	—	70,000
Reserves	22,281	(1,529)	20,752
Total equity attributable to equity shareholders of the Company	92,281	(1,529)	90,752
Non-controlling interests	10,084	(655)	9,429
Total equity	102,365	(2,184)	100,181

30. PRIOR PERIOD ADJUSTMENTS (Continued)

	As previously stated RMB('000)	Prior period adjustments RMB('000)	As restated RMB('000)
Opening			
ASSETS			
Accrued assets (non-current assets)	18,458	(11,291)	7,167
Prepayment, deposits and other receivables (current assets)	6,639	(1,901)	4,738
Deferred tax assets	154	340	494
Other assets	102,805	—	102,805
	128,056	(12,852)	115,204
LIABILITIES			
Accounts payable and accrued liabilities (current liabilities)	978	—	978
Accrued liabilities (non-current liabilities)	10,923	(10,923)	—
Other liabilities	23,439	—	23,439
	35,340	(10,923)	24,417
Net current assets	41,927	(1,901)	40,026
Total assets less current liabilities	103,639	(12,852)	90,787
Net assets	92,716	(1,929)	90,787
EQUITY			
Share capital	70,000	—	70,000
Reserves	13,481	(1,350)	12,131
Total equity attributable to equity shareholders of the Company	83,481	(1,350)	82,131
Non-controlling interests	9,235	(579)	8,656
Total equity	92,716	(1,929)	90,787

30. PRIOR PERIOD ADJUSTMENTS (Continued)

The financial impacts of the prior period adjustments to the consolidated statement of cash flows of the Group for the year ended 31 December 2010 are as follow:–

	As previously stated RMB('000)	Prior period adjustments RMB('000)	As restated RMB('000)
Operating activities			
Operating profit	17,713	(300)	17,413
Various adjustments before changes of working capital	1,604	—	1,604
Operating profit before changes of working capital	19,317	(300)	19,017
Increase in accounts receivable	(214)	—	(214)
Increase in accrued assets	(13,698)	808	(12,890)
Decrease in prepayment, deposits and other receivable	437	(364)	73
Increase in accounts payable and accrued liabilities	412	—	412
Decrease in sub-contractors' charges	(229)	(144)	(373)
Decrease in accruals and other payable	(2,314)	—	(2,314)
Cash generated from operations	3,711	—	3,711
PRC enterprise income tax paid	(4,281)	—	(4,281)
Cash used in operating activities	(570)	—	(570)
Cash flows from other activities			
Net cash used in investing activities	(1,056)	—	(1,056)
Net cash used in financing activities	(4,418)	—	(4,418)
Net cash used in other activities	(5,474)	—	(5,474)
Net decrease in cash and cash equivalents	(6,044)	—	(6,044)
Cash and cash equivalents at beginning of year	33,312	—	33,312
Cash and cash equivalents at end of year	27,268	—	27,268

30. PRIOR PERIOD ADJUSTMENTS (Continued)

The financial impacts of the prior period adjustments to the consolidated statement of changes in equity of the Group for the year ended 31 December 2010 are as follow:–

	As previously stated RMB('000)	Prior period adjustments RMB('000)	As restated RMB('000)
Share capital			
Balance at beginning and end of year	70,000	—	70,000
Statutory reserve fund			
Balance at beginning of year	2,483	—	2,483
Appropriated from retained profits and non-controlling interests	788	—	788
Balance at end of year	3,271	—	3,271
Retained profits			
Balance at beginning of year	10,998	(1,350)	9,648
Profit for the year	12,790	(179)	12,611
Appropriated to statutory reserve fund	(788)	—	(788)
Dividend	(3,990)	—	(3,990)
Balance at end of year	19,010	(1,529)	17,481
Non-controlling interests			
Balance at beginning of year	9,235	(579)	8,656
Profit for the year	1,449	(76)	1,373
Appropriated to statutory reserve fund	—	—	—
Dividend	(600)	—	(600)
Balance at end of year	10,084	(655)	9,429
Total	102,365	(2,184)	100,181
Total comprehensive income for the year			
Attributable to equity holders of the Company	12,790	(179)	12,611
Attributable to non-controlling interests	1,449	(76)	1,373
	14,239	(255)	13,984

31. INTRA-GROUP RESTRUCTURING

In 2010, the Company entered into a sales and purchase agreement with CCID Database whereby the Company sold its 70% equity interests in CCID Supervision to CCID Database at a consideration of RMB53,900,000. The Company and CCID Database recognised the share transfer respectively had the shares been transferred to CCID Database in 2011. After the share transfer, the Company indirectly holds 66.5% equity interests in CCID Supervision through CCID Database.

From the Group's point of view, the share transfer is an intra-group restructuring. The Group neither recognises gain or loss resulting from the share transfer nor re-measures the fair value of the subject assets. The Group's share of the equity interests in CCID Supervision has reduced from 70% to 66.5% with a corresponding increase of 3.5 percent shared by non-controlling interests. To reflect the financial impact on the share transfer to the Group, the accumulated statutory reserve fund and retained profits of the Group at beginning of year that are attributable to non-controlling interests resulting from the share transfer are transferred to non-controlling interests.

32. 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 2011, no options were granted to the Group's employees.

33. COMMITMENTS

(a) At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases were payable as follows:–

The Group	2011 RMB('000)	2010 RMB('000)
Within one year	**390**	587
Two to five years	**162**	387
	552	974
The Company		
Within one year	**390**	—
Two to five years	**162**	240
	552	240

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) At 31 December 2011, the Group and the Company has no capital commitment outstanding which is not provided for in the financial statements (2010: Nil).

34. MATERIAL RELATED PARTY TRANSACTIONS

(a) The following companies are members of 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:–

	2011 RMB('000)	2010 RMB('000)
Gross revenue earned before sales surtaxes		
Provision for consulting services to:		
CCID	**1,277**	2,158
CCID (Holding) Ltd.	**147**	—
	1,424	2,158
Provision for data management and supervision services to		
Beijing CCID Info Tech Co., Ltd.	**—**	30
MIICMD	**952**	—
CCID (Holding) Ltd.	**—**	396
	952	426
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.	**—**	72
Promotional and consultancy expenses charged by CCID Net Information Technique Co., Ltd.	**74**	131
Promotional and consultancy expenses charged by CCID Call Centre Co., Ltd.	**—**	92
Consultancy expenses charged by MIICMD	**52**	—
Consultancy expenses charged by Beijing CCID Jingwei Culture Communication Co., Ltd.	**119**	—
Utility expenses, internet expenses, rental and building management fee charged by MIICMD	**1,957**	2,099
Translation expense charged by CCID Translation Co., Ltd.	**96**	375
	2,298	2,769
Others		
CCID income	**—**	893
Sub-contractors' charge by Beijing CCID Info Tech Co., Ltd.	**113**	—
Advanced by MIICMD (Note c)	**10,000**	—

34. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) The following companies are members of 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:– (Continued)

Notes:

a) The Directors are of their 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.

b) The Company and the related companies are within the CCID Group and are under common control of the same ultimate holding company.

c) The advances were made to CCID Supervision which entered into two financial assistance agreements with MIICMD. According to the financial assistance agreements, the advances are interest-free, unsecured and repayable within one year from the date of advancement.

(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 as disclosed in note 9, is as follows:–

	2011 **RMB('000)**	(Restated) 2010 RMB('000)
Salaries, wages and other benefits	**5,330**	4,507
Retirement benefit scheme contributions	**429**	491
	5,759	4,998

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

34. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Related party transactions entered into in 2011 disclosed pursuant to sections 20.45 and 20.46 of GEM Listing Rules are as follows:–

Date of transaction	Related party	Description	Term of agreement	Consideration RMB('000)
17/3/2011	MIICMD	Chongqing One Card Prepayment Platform System Examination	17/3/2011–30/6/2011	105
30/6/2011	CCID	Electronic Information Product Quality Monitors And Forewarns Platform	2/1/2011–20/12/2011	600
30/6/2011	CCID	Dongguan Great Prestige Digital Machinery Limited Company 1500 Megawatt Silicon Thin Film Solar Cell Investment Feasibility Study	30/5/2011–30/12/2011	340
30/6/2011	MIICMD	Cloud Computing System Reliability Testing Service Platform Project Supervision	30/5/2011–30/5/2012	520
30/6/2011	MIICMD	Thing Networking Reliability Examination And The Appraisal Service Platform Project Supervision	30/5/2011–30/5/2012	580
30/6/2011	MIICMD	Intelligent Mobile Terminal Software Quality Testing Platform Project Management	30/5/2011–30/5/2012	500
23/9/2011	CCID	Xingyan Province Baling Industrial Park Development LED Sapphire Substrate Industrial Feasibility And Strategy Research	18/7/2011–14/10/2011	300
23/9/2011	MIICMD	Information Planning Consultation And Supervision Technical Service Contract	1/8/2011–31/3/2012	1,162
16/12/2011	CCID (Holding) Ltd	CCID Scholar Project Management Program Design	16/12/2011–31/5/2012	200
10/11/2011	CCID	China Cloud Computing "Twelve Five" Development Strategy Consulting Report	17/10/2011–30/11/2011	38

All of the above companies are members of CCID Group.

(d) The ultimate controlling party of the Company and of the Group is the PRC Government which provide a major source of revenue to the Company and the Group (2010: Same).

35. FINANCIAL RISK MANAGEMENT

Financial assets and liabilities carried on the statement of financial position include the following assets and liabilities:

- Financial assets and liabilities at fair value through profit or loss;
- Available-for-sale financial assets;
- 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 of which the value is subject to fluctuation as a result of changes in market price;
- 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.

35. FINANCIAL RISK MANAGEMENT (Continued)

Currency risk

The Group's monetary assets and transactions are principally denominated in Renminbi. The Group is exposed to foreign exchange risk arising from the exposure of RMB against United States Dollars and Hong Kong Dollars. Having regarded the exchange rates between RMB and the other two foreign currencies, the Group believes that its exposure to foreign exchange risk is remote. At present, the Group does not intend to hedge its exposure to foreign exchange risk profile, and will consider appropriate hedging measures in future upon necessary.

As at 31 December 2011, had RMB been strengthened or weakened by 1% against the foreign currencies with all other variables held constant, the profit before tax would have been increased or decreased by RMB1 thousand (2010: less than RMB1 thousand).

Price risk

As the financial assets at fair value represent an immaterial portion to the Group's total assets, the management does not measure its price risk. The maximum exposure to price risk is the carrying amount at the end of reporting period.

At 31 December 2011, had the fair value of the investment portfolio been 1% higher or lower with all other variables held constant, the profit/loss for the year before tax would have been increased or decreased by RMB2 thousand (2010: RMB2 thousand).

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.

Ageing analysis of pasted due but not yet impaired financial assets

The Group	**2011** **RMB('000)**	(Restated) 2010 RMB('000)
Pass due for more than one year	**5,213**	2,519
The Company		
Pass due for more than one year	**5,165**	1,327

35. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

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

Maturity analysis

As at 31 December 2011, the remaining contractual maturities of the Group's and the 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 end of reporting period) and the earliest date of the Group and of the Company can be required to pay are as follow:

The Group	**2011 RMB('000)**	(Restated) 2010 RMB('000)
Trade and other payables		
Payable on demand or within three months	**10,094**	10,897
More than three months but within one year	**—**	1,800
	10,094	12,697
The Company		
Trade and other payables		
Payable on demand or within three months	**6,754**	8,124
More than three months but within one year	**—**	1,800
	6,754	9,924

36. MANAGING CAPITAL

The Group	2011 RMB('000)	(Restated) 2010 RMB('000)
Managing capital comprises:		
Issued and paid up share capital	**70,000**	70,000
Retained profits	**26,818**	17,481
Other reserves	**4,902**	3,271
	101,720	90,752
The Company		
Managing capital comprises:		
Issued and paid up share capital	**70,000**	70,000
Retained profits	**33,935**	19,770
Other reserves	**28,774**	26,874
	132,709	116,644

The Company as well as the Group are not subject to any externally imposed capital requirements. Accordingly, the Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's abilities to continue as a going concern, so that they 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.

To reflect a truer picture of the capital structure, the Group and the Company revised the net debt-to-adjusted capital ratio in this year. For this purpose, the Group and the Company re-define net debt as total debt (which includes interest-bearing loans and borrowings and trade and other payables) plus proposed final dividend minus balances due to immediate holding company and subsidiaries. Adjusted capital comprises all components of equity less proposed final dividend.

In 2011, the Group's and the Company's strategies were to maintain the revised net debt-to-adjusted capital ratio at a level below 50% (2010: Same).

36. MANAGING CAPITAL (Continued)

Calculation for the revised net debt-to-adjusted capital ratio is as follow:–

The Group	2011 RMB('000)	(Restated) 2010 RMB('000)
Total liabilities	**39,685**	21,335
Add: Proposed final dividend	**—**	3,010
Less: Balance due to immediate holding company	**(11,799)**	(1,921)
	27,886	22,424
Total shareholders' equity	**113,142**	100,181
Less: Proposal final dividend	**—**	(3,010)
	113,142	97,171
Revised net debt-to-adjusted capital ratio	**25%**	23%
The Company		
Total liabilities	**15,765**	52,461
Add: Proposed final dividend	**—**	3,010
Less: Balance due to immediate holding company	**(1,578)**	(1,799)
Less: Balance due to subsidiaries	**(591)**	(26,911)
	13,596	26,761
Total shareholders' equity	**132,709**	116,644
Less: Proposal final dividend	**—**	(3,010)
	132,709	113,634
Revised net debt-to-adjusted capital ratio	**10%**	24%

Five Year Financial Summary

SUMMARY OF FINANCIAL INFORMATION

The summaries of the results (restated) and of the assets and liabilities (restated) of the Group for the last five financial years extracted from the published audited financial statements, as restated upon the change of accounting policies of CCID Supervision are as follow:–

RESULT

	Year ended 31 December				
	2007 RMB('000)	2008 RMB('000)	2009 RMB('000)	2010 RMB('000)	**2011 RMB('000)**
Turnover	79,735	113,298	103,211	112,467	**127,118**
Cost of sales	(45,025)	(64,559)	(57,847)	(62,456)	**(67,955)**
Gross profit	34,710	48,739	45,364	50,011	**59,163**
Other revenue	8,313	665	1,102	2,819	**1,030**
Selling and distribution expenses	(5,215)	(8,561)	(10,278)	(11,925)	**(14,512)**
Administrative expenses	(14,591)	(18,622)	(19,705)	(21,025)	**(22,697)**
Other operating expenses	(385)	(1,523)	(81)	(11)	**—**
Impairment of assets	(6,700)	(133)	(91)	(2,402)	**(409)**
Loss on investments	—	(1,761)	—	—	**—**
Fair value adjustments on financial assets	—	(1,564)	—	(54)	**—**
Operating profit	16,132	17,240	16,311	17,413	**22,575**
Share of profit/(loss) of an associate for the year	(74)	12	—	—	**—**
Profit before taxation	16,058	17,252	16,311	17,413	**22,575**
Taxation	(5,336)	(3,214)	(2,958)	(3,429)	**(6,004)**
Profit for the year	10,722	14,038	13,353	13,984	**16,571**
Attributable to:					
Equity holders of the Company	10,515	11,719	11,227	12,611	**14,686**
Non-controlling interests	207	2,319	2,126	1,373	**1,885**
Profit for the year	10,722	14,038	13,353	13,984	**16,571**

The figures for 2007 to 2010 are restated.

ASSETS AND LIABILITIES

	31 December				
	2007 RMB('000)	2008 RMB('000)	2009 RMB('000)	2010 RMB('000)	**2011** **RMB('000)**
Total assets	155,970	107,611	115,204	121,516	**152,827**
Total liabilities	(22,785)	(20,869)	(24,417)	(21,335)	**(39,685)**
	133,185	86,742	90,787	100,181	**113,142**

The figures for 2007 to 2010 are restated.