

# CCID Consulting

## 賽迪顧問股份有限公司

### CCID Consulting Company Limited

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

Stock Code: 8235

思維創造世界

政府決策第一智庫  
企業戰略第一顧問  
信息化諮詢第一品牌

INTERIM REPORT

# 2012

282.80	2.17	83.68	80.25	▲	132.10	1.20%
256.36	2.78	56.39	74.36	▼	245.3	9.33%
375.69	9.56	24.35	45.23	▼	82.5	6.35%
248.36	4.58	65.36	95.36	▼	61.4	4.25%
896.33	3.54	32.23	5.33	▲	3.35	5.36%
896.33	7.63	44.45	2.55	▼	6.35	8.35%

323.24	2.33	42.36	56.35	▼	234.6	2.56%
236.58	6.35	78.96	24.36	▼	96.3	10.23%
596.33	7.98	33.33	72.65	▲	25.3	5.69%
313.63	4.58	65.36	54.36	▲	22.3	6.36%

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Perspective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristic of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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

*This Report will be published on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> and on the Company’s website at [www.ccidconsulting.com](http://www.ccidconsulting.com) (the “Company Website”) for at least 7 days from the date of its publication.*

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

**HIGHLIGHTS**

- For the six months ended 30 June 2012, the revenue of the Group was approximately RMB66.42 million, representing an increase of approximately 7% over the corresponding period in the previous year;
- For the six months ended 30 June 2012, gross profit was approximately RMB31.94 million. Gross profit margin of the Group was approximately 48%. Gross Profit recorded a decrease of approximately 3% over the corresponding period in the previous year;
- For the six months ended 30 June 2012, the net profits from ordinary activities attributable to shareholders of the Group was approximately RMB8.55 million, representing a decrease of approximately 4% over the corresponding period in the previous year;
- For the six months ended 30 June 2012, the basic earnings per share of the Group were about RMB1.22 cents;
- The board of directors does not recommend the payment of any dividend for the six months ended 30 June 2012.

## INTERIM RESULTS

The board of directors (the "Board") of CCID Consulting Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months and the three months both ended 30 June 2012, together with the comparative unaudited figures for the corresponding period of 2011 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Turnover	2&3	<b>36,794</b>	35,541	<b>66,419</b>	61,793
Cost of sales		<b>(19,674)</b>	(15,918)	<b>(34,477)</b>	(28,768)
Gross profit		<b>17,120</b>	19,623	<b>31,942</b>	33,025
Other revenue		<b>75</b>	17	<b>164</b>	113
Selling and distribution costs		<b>(3,698)</b>	(4,027)	<b>(7,771)</b>	(7,858)
Administrative expenses		<b>(4,687)</b>	(4,748)	<b>(13,971)</b>	(13,076)
Profits before tax	4	<b>8,810</b>	10,865	<b>10,364</b>	12,204
Tax	5	<b>(1,103)</b>	(2,238)	<b>(2,270)</b>	(3,114)
Profits before non-controlling interests		<b>7,707</b>	8,627	<b>8,094</b>	9,090
Non-controlling interests		<b>116</b>	(617)	<b>457</b>	(220)
Net profits from ordinary activities attributable to shareholders		<b>7,823</b>	8,010	<b>8,551</b>	8,870
Earnings per share					
— Basic (RMB cents)	6	<b>1.12</b>	1.14	<b>1.22</b>	1.27
Dividends	7	—	—	—	—

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Note</i>	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	<b>24,640</b>	25,287
Intangible assets	8	<b>14,681</b>	14,681
Accrued assets	9	<b>19,550</b>	14,408
Long term investments		<b>1,990</b>	1,990
Deferred tax assets		<b>750</b>	631
		<b>61,611</b>	56,997
<b>CURRENT ASSETS</b>			
Accounts receivables and accrued assets	9	<b>64,084</b>	47,228
Prepayments, deposits and other receivables		<b>8,980</b>	6,409
Cash and bank balances		<b>19,645</b>	39,988
Short-term investments		<b>1,939</b>	2,205
		<b>94,648</b>	95,830
<b>CURRENT LIABILITIES</b>			
Accounts payables	10	<b>19,402</b>	1,585
Accruals and other payables		<b>8,699</b>	21,970
Due to the related parties	11	<b>1,963</b>	12,410
Current tax liabilities		<b>2,857</b>	2,283
		<b>32,921</b>	38,248

<i>Note</i>	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
<b>NET CURRENT ASSETS</b>	<b>61,727</b>	57,582
<b>Total assets less current liabilities</b>	<b>123,338</b>	114,579
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>1,437</b>	1,437
<b>NET ASSETS</b>	<b>121,901</b>	113,142
<b>EQUITY</b>		
Equity capital	<b>70,000</b>	70,000
Reserves	<b>40,022</b>	31,720
<b>Total equity attributable to shareholders of the Company</b>	<b>110,022</b>	101,720
Non-controlling interest	<b>11,879</b>	11,422
<b>TOTAL EQUITY</b>	<b>121,901</b>	113,142

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	<b>Issued share capital</b> <i>RMB'000</i>	<b>Statutory reserve &amp; others</b> <i>RMB'000</i>	<b>Non- controlling interest</b> <i>RMB'000</i>	<b>Proposed final dividend</b> <i>RMB'000</i>	<b>Retained profits</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
As at 1 January 2011	70,000	3,271	10,084	3,010	16,000	102,365
Change for the period	—	(3,193)	(220)	—	9,089	5,676
As at 30 June 2011	70,000	78	9,864	3,010	25,089	108,041
As at 1 January 2012	<b>70,000</b>	<b>4,902</b>	<b>11,422</b>	<b>—</b>	<b>26,818</b>	<b>113,142</b>
Change for the period	<b>—</b>	<b>208</b>	<b>457</b>	<b>—</b>	<b>8,094</b>	<b>8,759</b>
As at 30 June 2012	<b>70,000</b>	<b>5,110</b>	<b>11,879</b>	<b>—</b>	<b>34,912</b>	<b>121,901</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**

	<b>For the six months ended 30 June 2012 RMB'000</b>	For the six months ended 30 June 2011 RMB'000
Net cash (outflow)/inflow arising from operating activities	<b>(22,517)</b>	(4,343)
Net cash (outflow)/inflow arising from investing activities	<b>2,174</b>	(343)
Net cash (outflow)/inflow arising from financing activities	—	—
Net (decrease)/increase in cash and cash equivalents	<b>(20,343)</b>	(4,686)
Cash and cash equivalents at beginning of period	<b>39,988</b>	27,268
Cash and cash equivalents at end of period	<b>19,645</b>	22,582
Cash at bank and in hand	<b>19,645</b>	22,582



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES**

CCID Consulting Company Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 14 March 2001 as a company with limited liability pursuant to the Company Law of the PRC. Pursuant to an approval document obtained from 國家經濟貿易委員會 (The State Economic and Trade Commission of the PRC) on 15 March 2002, the Company became a joint stock limited company. The H shares of the Company were successfully listed on GEM on 12 December 2002.

The Group’s unaudited consolidated results have been prepared in accordance with Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation of the unaudited consolidated results are consistent with those used in the annual financial statements for the year ended 31 December 2011.

### Impact of issued but not yet effective HKFRS

HKICPA has issued the following HKFRSs, HKASs, HK(IFRIC)-Ints, newly issued and revised as indicated, and their amendments (the "Standards and Amendments") that would become effective from the accounting year beginning on or after the date set out below, viz:

		<b>Effective from</b>
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
HKAS 1 (Revised)	Presentation of financial statements	1 July 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

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

## 2. TURNOVER

The Company is principally engaged in the provision of market research and management consultancy services. The principal activities of the subsidiaries comprise the provision of data information management services, enterprise merger consultancy services, strategic consultancy services on enterprise management innovation and municipal economic development and the information engineering supervision consultancy services.

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

## 3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that provides services which are subject to risks and returns that are different from those of other business segments. Summary of the business segments are as follows:

- (a) the management and strategy consultancy segment provides consultancy services involving corporate development strategy and planning, human resources strategy and management, management and control and operation of the group, merger and reorganization, municipal investment and finance, private finance, investment decision, information system design consultancy, IT management system consultancy, corporate information management solution;
- (b) the market research services segment provides services involving market customized investigation and research, analysis and forecast, marketing strategy and research, development strategy and planning, value assessment of the business and product portfolio, industry development strategy;
- (c) The information engineering supervision services segment provides services involving supervision services to the Government and enterprises for the provision of software, network, communications and information security and IT inspection projects.

For the six months ended 30 June 2012 (unaudited):

	<b>Management And Strategy Consultancy Services RMB'000</b>	<b>Market Research Services RMB'000</b>	<b>Information Engineering Supervision Services RMB'000</b>	<b>Total RMB'000</b>
<b>REVENUE</b>	<b>42,484</b>	<b>12,390</b>	<b>11,545</b>	<b>66,419</b>
Segment expenses	(22,065)	(6,551)	(5,861)	(34,477)
<b>SEGMENT RESULTS</b>	<b>20,419</b>	<b>5,839</b>	<b>5,684</b>	<b>31,942</b>
Unallocated expenses				(21,742)
Other revenue				164
Profits before taxation				10,364
Taxation				(2,270)
Profits before non-controlling interests				8,094
Non-controlling interests				457
Profits from ordinary activities attributable to shareholders				8,551

For the six months ended 30 June 2011 (unaudited):

	Management Consultancy Services <i>RMB'000</i>	Market Research Services <i>RMB'000</i>	Information Supervision Engineering Services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue</b>	33,533	14,983	13,277	61,793
Segment expenses	(15,612)	(6,904)	(6,252)	(28,768)
<b>Segment results</b>	17,921	8,079	7,025	33,025
Unallocated expenses				(20,934)
Other revenue				113
Profits before taxation				12,204
Taxation				(3,114)
Profits before non-controlling interests				9,090
Non-controlling interests				(220)
Profits from ordinary activities attributable to shareholders				8,870

#### 4. PROFITS BEFORE TAX

The Group's profits before tax is arrived at after charging/(crediting):

	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Staff costs (excluding directors remuneration)	20,363	15,594	40,725	31,188
Depreciation of fixed assets	393	322	785	643
Other revenue	(75)	(17)	(164)	(113)

## 5. TAX

	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
PRC corporate income tax	<b>1,103</b>	2,238	<b>2,270</b>	3,114

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2012 (six months ended 30 June 2011: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

The Company is registered in the Beijing New Technology Enterprise Development Zone and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the Company is subject to a corporate income tax at a rate of 15% (corresponding period of 2011: 15%) but the Company is still prepaid at a rate of 25% (corresponding period of 2011: 25%).

Beijing CCID Shiji Information Engineering Consulting Co., Ltd. ("CCID Info"), the Company's subsidiary established in the PRC. Pursuant to the Income Tax Law in the PRC, CCID Info is subject to a corporate income tax at a rate of 25% (corresponding period of 2011: 25%).

Beijing CCID Strategic Consulting CCID Co., Ltd. ("CCID SC") and Beijing CCID Innovative Investment Consulting Co., Ltd. ("CCID IIC"), the Company's two subsidiaries established in the PRC. Pursuant to the Income Tax Law in the PRC, CCID SC and CCID IIC are subjected to a corporate income tax at a rate of 25% (corresponding period of 2011: 25%).

Beijing CCID Information Engineering Supervision Co. Ltd. ("CCID Supervision") is registered in the Beijing New Technology Enterprise Development Zone, a subsidiary of the Company and has been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law of the PRC, the company is subject to a corporate income tax at a rate of 15% (corresponding period of 2011: 15%).

Beijing CCID City Strategy Consulting Co., Ltd (“CCID Strategy”), the Company’s subsidiary established in Beijing on 26 June 2012 operates in the PRC. Pursuant to the tax regulations of the PRC, it is subject to a corporate income tax at a rate of 25%.

There was no unprovided deferred tax with respect to the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

## 6. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2012 was based on the net profit from ordinary activities attributable to shareholders of approximately RMB8,551,000 (six months ended 30 June 2011: approximately RMB8,870,000) and the weighted average of 700,000,000 (six months ended 30 June 2011: 700,000,000) ordinary shares in issue during the period.

Diluted earnings per share amounts for the six months ended 30 June 2012 have not been calculated because no diluting events existed during these periods (six months ended 30 June 2011: Nil).

## 7. DIVIDENDS

The Board does not recommend payment of a dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

## 8. CAPITAL EXPENDITURE

	<b>Unaudited</b>	
	<b>Fixed assets RMB'000</b>	<b>Intangible assets RMB'000</b>
Net book value as at 1 January 2012	<b>25,287</b>	<b>14,681</b>
Additions	<b>62</b>	—
Depreciation/amortization	<b>(709)</b>	—
Net book value as at 30 June 2012	<b>24,640</b>	<b>14,681</b>

## 9. ACCOUNTS RECEIVABLES AND ACCRUED ASSETS

The ageing of accounts receivable and accrued assets are analysed as follows:

	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
Within 60 days	<b>23,418</b>	17,258
61 days–180 days	<b>16,727</b>	12,327
181 days–365 days	<b>18,399</b>	13,560
Over 365 days	<b>25,090</b>	18,491
	<b>83,634</b>	61,636
Current accounts receivables and accrued assets	<b>(64,084)</b>	(47,228)
Non-current accounts receivables and accrued assets	<b>19,550</b>	14,408

- (a) 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 customers' request.

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.



## (b) Due from related parties

An analysis of the amount due from related parties is as follows:

		<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
CCID	<i>(i)</i>	<b>518</b>	949
CCID Information Industry (Group) Co., Ltd.	<i>(i)</i>	<b>47</b>	960
Beijing CCID Info Tech Inc.	<i>(i)</i>	<b>30</b>	96
Beijing China Electronic Press Technology Development Co., Ltd.	<i>(i)</i>	<b>25</b>	—
		<b>620</b>	2,005

- (i) The above related parties are controlled by CCID. The amounts receivable is unsecured, interest-free and have no fixed terms of repayment.

## 10. ACCOUNTS PAYABLES

An ageing analysis of the accounts payables is as follows:

	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
Within 60 days	<b>14,089</b>	1,151
61 days to 180 days	<b>4,873</b>	398
181 days to 365 days	<b>367</b>	30
Over 365 days	<b>73</b>	6
Current accounts payables	<b>19,402</b>	1,585

Accounts and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured, accounts and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

## 11. DUE TO THE RELATED PARTIES

The amounts due to the related parties are analysed as follows:

		<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
Immediate holding company	<i>(i)</i>	<b>1,921</b>	11,799
Other related companies	<i>(ii)</i>	<b>42</b>	611
<b>Total</b>		<b>1,963</b>	12,410

Notes:

- (i) The amount due to the Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development ("Research Centre"), the immediate holding company, as at 30 June 2012 included the amount payable to the Research Centre of the immediate holding company of the Company, for the acquisition of the 9th and 10th floors of CCID Plaza (see Note 14 and 25 of annual report in 2011). The amount payable is interest-free and repayable in accordance with the terms of the relevant property purchase agreement.
- (ii) Other amounts due to related companies are unsecured, interest-free and with no fixed term of repayment.

## 12. RELATED PARTY TRANSACTIONS

The following companies mentioned are within the organization of China Centre of Information Industry Development (“CCID”), the ultimate holding shareholder of the Company, which include its subsidiaries, associates, institutions and agents under its control (the “CCID Group”). In addition to the transactions and balances detailed elsewhere in this Report, the Group had the following material transactions with related parties during the period:

	<b>Unaudited</b> <b>For the six months</b> <b>ended 30 June</b>	
	<b>2012</b> <b>RMB'000</b>	2011 <i>RMB'000</i>
Provision for consulting services to: (Gross revenue earned before sales surtaxes)		
CCID	<b>207</b>	926
Beijing CCID Media Investment Co., Ltd.	<b>177</b>	—
Beijing CCID Net Information Technology Co., Ltd.	<b>49</b>	—
Beijing CCID Call Center Ltd.	<b>47</b>	—
Beijing China Electronic Press Technology Development Co., Ltd.	<b>45</b>	—
Beijing CCID Information Technology Appraisal Co., Ltd.	<b>30</b>	—
	<b>555</b>	926

<b>Unaudited</b>		
<b>For the six months</b>		
<b>ended 30 June</b>		
	<b>2012</b>	2011
	<b>RMB'000</b>	<i>RMB'000</i>
Expense related:		
Promotional expenses charged by CCID Net Co. Ltd.	<b>49</b>	—
Translation expenses charged by CCID Translation Technology Limited	<b>83</b>	50
Property Management expenses and IT network expenses charged by Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development	<b>850</b>	1,294
	<b>982</b>	1,344

<b>Unaudited</b>		
<b>For the six months</b>		
<b>ended 30 June</b>		
	<b>2012</b>	2011
	<b>RMB'000</b>	<i>RMB'000</i>
Others:		
Working capital of CCID (i)	<b>1,000</b>	—

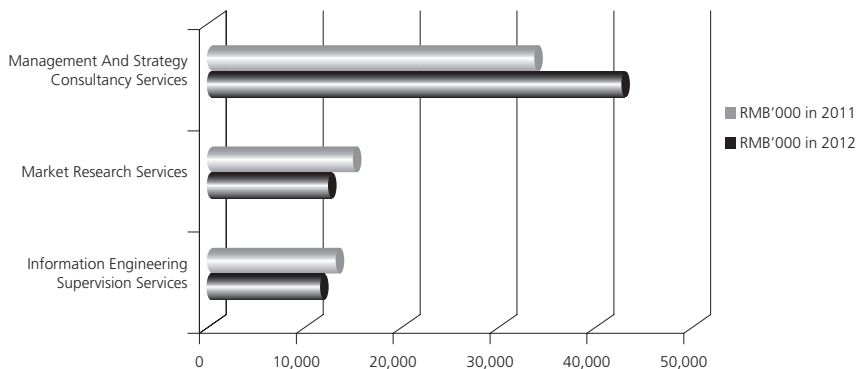
Notes:

- (i) The working capital is obtained from CCID by the Company which signed a financial assistance agreement with CCID. Pursuant to the terms of financial assistance agreement, the working capital is interest free, unsecured and a term of not more than one year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Turnover Analysis

For the six months ended 30 June 2012, the turnover by operations can be analyzed as follows:



	For the three months ended 30 June 2012		For the six months ended 30 June 2011	
	Turnover RMB'000	Percentage (approximately)	Turnover RMB'000	Percentage (approximately)
Management And Strategy Consultancy Services	42,484	64%	33,533	54%
Market Research Services	12,390	19%	14,983	24%
Information Engineering Supervision Services	11,545	17%	13,277	22%
<b>Total</b>	<b>66,419</b>	<b>100%</b>	61,793	100%

## Business Review

For the six months ended 30 June 2012, the turnover and gross profit of the Group amounted to approximately RMB66,419,000 and RMB31,942,000 respectively (approximately RMB61,793,000 and RMB33,025,000 during the corresponding period of 2011). The turnover increased by approximately 7% which was mainly attributable to the Group's continuous efforts to promote business reform and the growth brought by management and strategy consultancy service, while the gross profit decreased by approximately 3% which was mainly attributable to the increase of development fee as a result of business development, as compared to the corresponding period of last year.

In terms of management and strategy consultancy service, the Group has committed to capture the development trends of the national policy orientation and IT technology, encompassing the strategic emerging industry, persistently promoting businesses development related to IT consultancy, investment and finance merger and acquisition consultancy, corporate management and urban planning and continuously expanding customer resources, so as to enable the Group to acquire more sales channels and technical support in the course of developing management and strategy consultancy service. The Group had earned approximately RMB42,484,000 for the six months ended 30 June 2012 (approximately RMB33,533,000 during the corresponding period of 2011) in management and strategy consultancy service, which constituted approximately 64% of the Group's turnover. The operation's turnover was increased by approximately 27% as compared to the corresponding period of last year. The increase was mainly due to the Group's continuous efforts to promote business reform and extend the promotion in management consultancy market on the above business foundation.

In terms of market research service, the Group mainly provides data information, market research and industry research services to businesses to assist the government authorities to develop the market data operation and supervision services of the electronic information product related industries. For the six month ended 30 June 2012, the Group had issued 227 annual reports in total, thus realizing a revenue of approximately RMB12,390,000 for the six months ended 30 June 2012 (approximately RMB14,983,000 during the corresponding period of 2011), which constituted approximately 19% of the Group's turnover. The operation's turnover was decreased by approximately 17% as compared to the corresponding period of last year, which was mainly due to the fierce competition in the industry.

In terms of Information Engineering Supervision service, the Group mainly provides supervision services related to projects such as software, networking, communication, information safety to the Government and enterprises. The revenue in information supervision engineering consultancy was approximately RMB11,545,000 for the six months ended 30 June 2012, (approximately RMB13,277,000 during the corresponding period of 2011) which constituted approximately 17% of the Group's turnover, decreased by approximately 13% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in the market demand during the period.

### **Market Promotions and Publicity**

For the ended 30 June 2012, the Group hosted a series of market campaigns, including, "2012 China IT Market Annual Conference", "2012 China Consuming Electronic Market Annual Conference", "2012 China Telecommunication Market Annual Conference" and "China Optoelectronic Industry Investment and Finance Forum" in major cities like Beijing and Xi'an.

### **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 business development of subsidiaries and branches, so as to upgrade the overall competitiveness.

### **To Persistently Promote the Businesses 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 research 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.

### **Liquidity and Financial Resources**

The Group held cash and bank deposits of approximately RMB19,645,000 in 30 June 2012 (as at 31 December 2011: RMB39,988,000). During the period, the Group’s primary source of funds was cash provided by operating activities and the proceeds raised from listing in 2002. Management believes that the Group had adequate operating funds for its present needs.

### **Significant Investment**

The Group has no significant investment for the ended 30 June 2012.



## Material Acquisitions and Disposals

On 26 June 2012, the Company and CCID Information Industry (Group) Co., Ltd (“CCID Group”) signed the Contract for the Establishment of the Joint Venture Company, to jointly establish Beijing CCID City Strategy Consulting Co., Ltd (“CCID Strategy”), a joint venture company. The Company and CCID Group shall hold 90.1% and 9.9% of the equity of CCID Strategy respectively. The Company and CCID Group shall contribute RMB4,505,000 and RMB495,000 in respect of the registered capital of CCID Strategy respectively. For the ended 30 June 2012, the Company and CCID Group contributed RMB505,000 and RMB495,000 respectively.

The business scope of CCID Strategy shall cover the engineering technology and planning management, technical intermediary services as well as social and economic consultation. The main objective of CCID Strategy is to launch the business of consultation for the economic development planning, development mode, related consultation advisory business in respect of industrial planning, investment introducing and policy research in the cities of China.

## Human Resources

As at 30 June 2012, the Group has 368 employee.

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

## Capital Structure

The capital structure as at 30 June 2012 is summarized below:

	<i><b>RMB'000</b></i>	<i><b>Percentage</b></i>
Equity	<b>110,022</b>	<b>90%</b>
Non-controlling interest	<b>11,879</b>	<b>10%</b>
<b>Total</b>	<b>121,901</b>	<b>100%</b>

**Contingent Liabilities**

As at 30 June 2012, the Group has no contingent liabilities (as at 31 December 2011: Nil).

**Pledge of Assets**

As at 30 June 2012, the Group did not have any pledged assets (as at 31 December 2011: Nil).

**Gearing Ratio**

As at 30 June 2012, the Group's gearing ratio was about 28% (as at 31 December 2011: about 35%), calculated by dividing total liability by total net assets for the ended 30 June 2012.

**Exchange Risk**

The Group has maintained a conservative policy on management of foreign exchange risk and interest with most of its deposits in RMB. It may give rise to foreign currency exposure when translating HK dollar deposits into those in RMB. Taking account of the exchange rate between RMB and HK dollar, our Group considers the relevant foreign currency exposure is normal and makes a timely translation of the foreign currency deposits into those in RMB.

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

As at 30 June 2012, the interests and short positions of the Directors, Supervisors, and chief executive in the share capital, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

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

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

Save as disclosed above, as at 30 June 2012, none of the directors, supervisors or their associates had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

**DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES**

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

**SHARE OPTION SCHEME**

The Company adopted a share option scheme on 20 November 2002. A summary of principle terms and conditions of the share option scheme are set out in the section headed "Summary of principle terms of the share option scheme" in Appendix IV of the prospectus of the Company dated 29 November 2002. Up to 30 June 2012, no option has been granted pursuant to such share option scheme.

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

As at 30 June 2012, the following persons (other than the directors and supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## Long positions in shares

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
China Center of Information Industry Development ("CCID") (note 1)	Interest of controlled corporation	Long position	485,900,000 domestic shares	98.96%	69.41%
Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development ("Research Centre") (note 1)	Beneficial owner	Long position	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd. ("CCID Riyue") (note 1)	Beneficial owner	Long position	93,290,000 domestic shares	19.00%	13.32%
Legend Holdings Limited (note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Lenovo 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%
Lam William Ka Chung (note 3)	Interest of controlled corporation	Long position	14,600,000 H shares	6.99%	2.09%
J.P. Morgan Fleming Asset Management Holdings Inc. (note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc. (note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
JF Asset Management Limited (note 4)	Investment manager	Long position	10,700,000 H shares	6.12%	1.53%

Note:

1. CCID, through Research Centre (which is controlled by, and under the supervision of, CCID) and CCID Riyue (which is, directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 93,290,000 domestic shares held directly by CCID Riyue.
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 Lenovo Group Limited; Legend Holdings Limited holds 57.76% equity interests in Lenovo Group Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.
3. 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 directly 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% equity interest in SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Mr. Lam William Ka Chung directly and indirectly owns approximately 40% equity interests in Kingsway International Holdings Limited. Mr. Lam William Ka Chung is deemed to be interested in 14,600,000 H Shares of the Company.
4. JF Asset Management Limited 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. holds 99.99% and 100% equity interests in JF Asset Management Limited and JF International Management Inc. respectively. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

Save as disclosed above, as at 30 June 2012, no person, other than the directors of the Company, whose interests are set out in the section "Directors and supervisors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

**PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

**COMPETING INTEREST**

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

**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 six months ended 30 June 2012.

**AUDIT COMMITTEE**

The Company has established an audit committee which was established in compliance with Rules 5.28 of the GEM Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three members, Ms. Li Xuemei, Mr. Guo Xinping and Mr. Han Fuling. All of them are independent non-executive directors. Li Xuemei is the Chairman of the audit committee. The Audit Committee has reviewed the Group's financial statements for the six months ended 30 June 2012 and has provided advice and comments thereon.

## **CORPORATE GOVERNANCE**

The Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices (“Code”) contained in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2012.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

The Board of the Company was authorized at the general meeting held on 25 November 2011 to evaluate the feasibilities of a possible issue of new H shares and related possible acquisitions. Should the Group proceed with the aforesaid transactions, the Group will strictly comply with the relevant disclosure, reporting (if applicable) and/or shareholders’ approval requirements under the GEM Listing Rules.

## **INTERNAL CONTROL**

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

## **SUFFICIENCY OF PUBLIC FLOAT**

As at the date of this Report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the sufficiency of public float requirement as prescribed by the GEM Listing Rules.



**ACKNOWLEDGEMENT**

Hereby, I avail myself of this opportunity to thank all directors, management of the Group and all the employees for their dedication and commitment and all customers, bankers and shareholders for their continued support.

On behalf of the Board  
**CCID CONSULTING COMPANY LIMITED\***  
**Mr. Luo Wen**  
*Chairman*

Beijing, The People's Republic of China  
9 August 2012

*As at the date of this Report, Mr. Luo Wen and Mr. Li Jun are executive Directors, Mr. Lu Shan and Mr. Wang Peng are the non-executive Directors, Mr. Guo Xiping, Mr. Han Fuling and Ms. Li Xuemei are the independent non-executive Directors.*

\* *For identification purpose only*