



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

Interim Report 2013

- 信息化諮詢第一品牌
- 政府決策第一智庫
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思維創造世界

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

This report 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 (the “Company Website”) for at least 7 days from the date of its publication.

HIGHLIGHTS

- For the six months ended 30 June 2013, the unaudited turnover of the Group was approximately RMB66.06 million, representing a decrease of approximately 1% over the corresponding period in the previous year;
- For the six months ended 30 June 2013, gross profit was approximately RMB26.46 million. Gross profit margin of the Group was approximately 40%. Gross Profit recorded a decrease of approximately 17% over the corresponding period in the previous year;
- For the six months ended 30 June 2013, the profits attributable to equity holders of the Company was approximately RMB3.05million, representing a decrease of approximately 64% over the corresponding period in the previous year;
- For the six months ended 30 June 2013, the basic earnings per share of the Group were about RMB0.44 cents;
- The board of directors does not recommend the payment of any interim dividend for the six months ended 30 June 2013.

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 2013, together with the comparative unaudited figures for the corresponding period of 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Turnover	2&3	38,380	36,794	66,062	66,419
Cost of sales		(22,392)	(19,674)	(39,603)	(34,477)
Gross profit		15,988	17,120	26,459	31,942
Other revenue		(7)	75	12	164
Selling and distribution costs		(3,740)	(3,698)	(6,977)	(7,771)
Administrative expenses		(8,639)	(4,687)	(15,375)	(13,971)
Profits before tax	4	3,602	8,810	4,119	10,364
Tax	5	(370)	(1,103)	(466)	(2,270)
Profit/(loss) for the period		3,232	7,707	3,653	8,094
Attributable to:					
Equity holders of the Company		2,242	7,823	3,051	8,551
Non-controlling interest		990	(116)	602	(457)
		3,232	7,707	3,653	8,094
Earnings per share					
— Basic (RMB cents)	6	0.32	1.12	0.44	1.22
Dividends	7	—	—	—	—

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		30 June	31 December
		2013	2012
	<i>Note</i>	RMB'000	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	8	23,082	23,864
Intangible assets	8	14,596	14,681
Accrued assets	9	8,784	8,784
Long term investments		1,990	1,990
Deferred tax assets		270	398
		48,722	49,717
CURRENT ASSETS			
Accounts receivables and accrued assets	9	57,887	49,711
Prepayments, deposits and other receivables		6,906	5,995
Cash and bank balances		31,355	39,230
Short-term investments		190	190
		96,338	95,126
CURRENT LIABILITIES			
Accounts payables	10	1,570	1,751
Accruals and other payables		12,445	13,379
Due to the related parties	11	2,829	3,372
Current tax liabilities		(1,047)	731
		15,797	19,233

	Unaudited	Audited
	30 June	31 December
	2013	2012
<i>Note</i>	RMB'000	<i>RMB'000</i>
NET CURRENT ASSETS	80,541	75,893
Total assets less current liabilities	129,263	125,610
Non-current liabilities		
Deferred tax liabilities	1,615	1,615
NET ASSETS	127,648	123,995
EQUITY		
Share capital	70,000	70,000
Reserves	42,889	39,838
Total equity attributable to equity holders of the Company	112,889	109,838
Non-controlling interest	14,759	14,157
TOTAL EQUITY	127,648	123,995

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Issued share capital <i>RMB'000</i>	Statutory reserve & others <i>RMB'000</i>	Non- controlling interest <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2012	70,000	4,902	11,422	26,818	113,142
Change for the period	—	208	457	8,094	8,759
As at 30 June 2012	70,000	5,110	11,879	34,912	121,901
As at 1 January 2013	70,000	5,785	14,157	34,053	123,995
Change for the period	—	—	602	3,051	3,653
As at 30 June 2013	70,000	5,785	14,759	37,104	127,648

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	For the six months ended 30 June 2013 RMB'000	For the six months ended 30 June 2012 RMB'000
Net cash (outflow)/inflow arising from operating activities	(7,856)	(22,517)
Net cash (outflow)/inflow arising from investing activities	(19)	2,174
Net (decrease)/increase in cash and cash equivalents	(7,875)	(20,343)
Cash and cash equivalents at beginning of period	39,230	39,988
Cash and cash equivalents at end of period	31,355	19,645
Cash at bank and in hand	31,355	19,645

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 an approval document obtained from the State Economic and Trade Commission of the PRC (國家經濟貿易委員會) 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 2012.

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”).

The Group as well as the Company has not early adopted the new and revised HKFRS that have been issued but are not yet effective. The Group and the Company are in the process of assessing the impact of these new and revised HKFRS on the operation results and financial positions, but not yet in a conclusive position.

2. TURNOVER

The Group is principally engaged in the provision of management and strategic consultancy services, market consulting, municipal economic and industrial planning, information consultation and information engineering supervision services.

Turnover represents the sales value of services provided to customers (net of value-added tax), which excludes 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 2013 (unaudited):

	Management And Strategy Consultancy Services RMB'000	Market Research Services RMB'000	Information Engineering Supervision Services RMB'000	Total RMB'000
TURNOVER	41,860	7,276	16,926	66,062
Segment expenses	(26,665)	(4,706)	(8,232)	(39,603)
SEGMENT RESULTS	15,195	2,570	8,694	26,459
Unallocated expenses				(22,352)
Other revenue				12
Profits before tax				4,119
Taxation				(466)
Profit/(loss) for the period				3,653
Non-controlling interests				(602)
Profits attributable to equity holders of the Company				3,051

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

	Management And Strategy Consultancy Services <i>RMB'000</i>	Market Research Services <i>RMB'000</i>	Information Engineering Supervision Services <i>RMB'000</i>	Total <i>RMB'000</i>
TURNOVER	42,484	12,390	11,545	66,419
Segment expenses	(22,065)	(6,551)	(5,861)	(34,477)
SEGMENT RESULTS	20,419	5,839	5,684	31,942
Unallocated expenses				(21,742)
Other revenue				164
Profits before tax				10,364
Taxation				(2,270)
Profit/(loss) for the period				8,094
Non-controlling interests				457
Profits attributable to equity holders of the Company				8,551

4. PROFITS BEFORE TAX

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

	Unaudited		Unaudited	
	For the three months ended 30 June		For the six months ended 30 June	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs (excluding directors remuneration)	20,078	20,363	41,639	40,725
Depreciation of fixed assets	433	393	793	785
Other revenue	(7)	(75)	12	164

5. TAXATION

	Unaudited		Unaudited	
	For the three months ended 30 June		For the six months ended 30 June	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC corporate income tax	370	1,103	466	2,270

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 2013 (six months ended 30 June 2012: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

Pursuant to the Income Tax Law of PRC, the Company and other members in the Group (except Beijing CCID Information Engineering Supervision Co. Ltd. ("CCID Supervision")) are subject to a corporate income tax at a rate of 25% (corresponding period of 2012: 25%).

CCID Supervision is a high technology enterprise registered in the Beijing New Technology Enterprise Development Zone. 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 2012: 15%).

There was no unprovided deferred tax with respect to the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2013 was based on the profit attributable to equity holders of the Company of approximately RMB3,051,000 (six months ended 30 June 2012: approximately RMB8,551,000) and the weighted average of 700,000,000 (six months ended 30 June 2012: 700,000,000) ordinary shares in issue during the period.

Diluted earnings per share amounts for the six months ended 30 June 2013 have not been calculated because no diluting events existed during these periods (six months ended 30 June 2012: Nil).

7. DIVIDENDS

The Board does not recommend payment of any dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

8. CAPITAL EXPENDITURE

	Unaudited	
	Property, plant and equipment	Intangible assets
	RMB'000	RMB'000
Net book value as at 1 January 2013	23,864	14,681
Additions	11	—
Depreciation/amortization	(793)	(85)
Net book value as at 30 June 2013	23,082	14,596

9. ACCOUNTS RECEIVABLES AND ACCRUED ASSETS

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

	Unaudited	Audited
	30 June	31 December
	2013	2012
	RMB'000	RMB'000
Within 60 days	13,685	11,308
61 days–180 days	10,979	10,196
181 days–365 days	16,354	12,134
Over 365 days	25,653	24,857
	66,671	58,495
Current accounts receivables and accrued assets	57,887	49,711
Non-current accounts receivables and accrued assets	8,784	8,784

- (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 included in accounts receivable and accrued assets is as follows:

		Unaudited	Audited
		30 June	31 December
		2013	2012
		RMB'000	RMB'000
China Center of Information Industry			
Development ("CCID")	<i>(i)</i>	551	1,403
Beijing CCID Info Tech Inc.	<i>(i)</i>	504	451
Beijing CCID Net Information			
Technology Co., Ltd.	<i>(i)</i>	25	—
		1,080	1,854

- (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:

	Unaudited	Audited
	30 June	31 December
	2013	2012
	RMB'000	RMB'000
Within 60 days	603	672
61 days to 180 days	878	979
181 days to 365 days	19	21
Over 365 days	70	79
Current accounts payables	1,570	1,751

Accounts payables is initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case it is stated at cost.

11. DUE TO THE RELATED PARTIES

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

		Unaudited	Audited
		30 June	31 December
		2013	2012
		RMB'000	RMB'000
Immediate holding company	<i>(i)</i>	1,756	2,340
Ultimate holding company	<i>(ii)</i>	1,000	1,000
Other related companies	<i>(iii)</i>	73	32
		2,829	3,372

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 2013 included the amount payable to the Research Centre, for the acquisition of the 9th and 10th floors of CCID Plaza. The amount payable is interest-free and repayable in accordance with the terms of the relevant property purchase agreement.
- (ii) The amount due to China Center of Information Industry Development, the ultimate holding company of the company is unsecured, interest-free and with no fixed term of repayment.
- (iii) Other amounts due to related companies are unsecured, interest-free and with no fixed term of repayment.

12. MATERIAL 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 detailed elsewhere in this Report, the Group had the following material transactions with related parties during the period:

	Unaudited	
	For the six months	
	ended 30 June	
	2013	2012
	RMB'000	<i>RMB'000</i>
<hr/>		
Provision for consulting services to:		
(Gross revenue earned before sales surtaxes)		
CCID	2,565	207
China Software Testing Center	396	—
Beijing CCID Times Information Industry Co., Ltd.	53	—
Beijing CCID Net Information Technology Co., Ltd.	37	49
Beijing CCID Media Investment Co., Ltd.	—	177
Beijing CCID Call Center Ltd.	—	47
Beijing China Electronic Press Technology Development Co., Ltd.	—	45
Beijing CCID Information Technology Appraisal Co., Ltd.	—	30
	<hr/>	
	3,051	555
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	Unaudited	
	For the six months	
	ended 30 June	
	2013	2012
	RMB'000	<i>RMB'000</i>
<hr/>		
Expense related		
Promotional expenses charged by Beijing CCID New Culture Communication Co., Ltd.	619	—
Promotional expenses charged by Beijing CCID Net Information Technology Co., Ltd	—	49
Translation expenses charged by CCID Translation Technology Limited	26	83
Testing fees paid to Beijing CCID information technology evaluation Co., Ltd.	100	—
Property Management expenses and IT network expenses charged by Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development	553	850
	1,298	982
<hr/>		
	Unaudited	
	For the six months	
	ended 30 June	
	2013	2012
	RMB'000	<i>RMB'000</i>
<hr/>		
Others:		
Working capital of CCID	<i>(i)</i> 1,000	1,000
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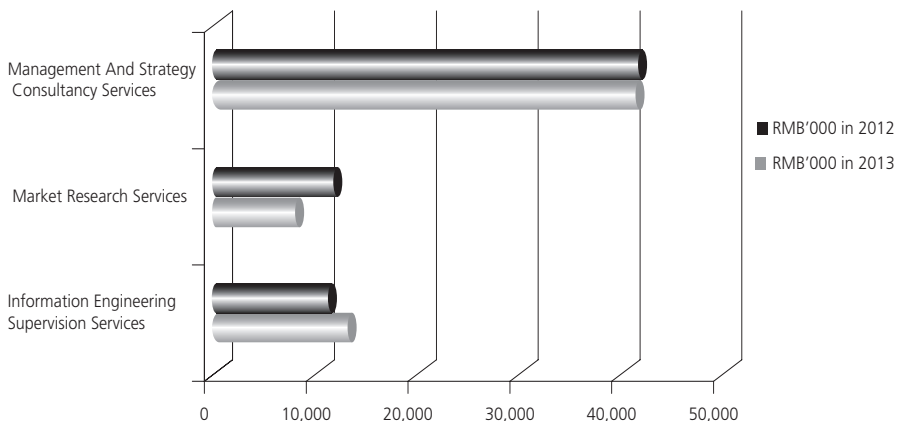
Notes:

- (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 2013, the turnover by operations can be analyzed as follows:



	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Information Engineering Supervision Services	16,926	26%	11,545	17%
Market Research Services	7,276	11%	12,390	19%
Management And Strategy Consultancy Services	41,860	63%	42,484	64%
Total	66,062	100%	66,419	100%

Business Review

For the six months ended 30 June 2013, the turnover and gross profit of the Group amounted to approximately RMB66,062,000 and RMB26,459,000 respectively (approximately RMB66,419,000 and RMB31,942,000 during the corresponding period of 2012). The turnover decreased by approximately 1% which was mainly attributable to the Group's accurate understanding of the market and continuous implement of the strategies of the Company, while the gross profit decreased by approximately 17% 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 RMB41,860,000 for the six months ended 30 June 2013 (approximately RMB42,484,000 during the corresponding period of 2012) in management and strategy consultancy service, which constituted approximately 63% of the Group's turnover. The operation's turnover was decreased by approximately 1% as compared to the corresponding period of last year. The decrease 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 2013, the Group had issued 234 annual reports in total, thus realizing a revenue of approximately RMB7,276,000 for the six months ended 30 June 2013 (approximately RMB12,390,000 during the corresponding period of 2012), which constituted approximately 11% of the Group's turnover. The operation's turnover was decreased by approximately 41% 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 RMB16,926,000 for the six months ended 30 June 2013, (approximately RMB11,545,000 during the corresponding period of 2012) which constituted approximately 26% of the Group's turnover, increased by approximately 47% as compared to the corresponding period of last year. The increase was mainly due to the increase in the market demand during the period.

Market Promotions and Publicity

As of 30 June 2013, the Group hosted a series of market campaigns, including, "2013 China IT Market Annual Conference", "2013 China Semiconductor Market Annual Conference" and "2013 China Telecommunication Market Annual Conference" in major cities such as Beijing and Xi'an.

Future Developments

In 2013, the Group will place emphasis on top-level design of product offerings and service mode, strengthen the comprehensive abilities for "Two Strategies, One Consultation", persistently promote businesses related to strategic emerging industries, expedite and enlarge the development of subsidiaries and branches, so as to upgrade the overall competitiveness.

To Place Emphasis On Top-Level Design Of Product Offerings And Service Mode

With the market situation and the demands of the clients, the Group will further optimize the product offerings, on the basis of the characteristics of each business section, so as to timely meet the diversified needs of various customers from the government, the industry and enterprises, set up short-term, medium-term and long-term product offerings by selecting the significant issues and hot spots from industry, information sector and communication sector, and strictly control the quality of the product. Meanwhile, the Group will strengthen the optimization and innovation of service mode, coordinate product offerings with service mode, so as to achieve synergy and sharpen competitiveness.

To Strengthen The Comprehensive Abilities For “Two Strategies, One Consultation”

In 2013, the Group will further diversify the consultation services, bring into full play of the scale effect, and build up a vertical and fully integrated business model. Specifically, the Group will seek to meet each individual requirement of a customer by designing a top-level strategy, a detailed solution, and finally a complete set of the execution plan, and engage in the vital part of the plan to provide more subsequent value-added services.

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 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 form a fine business synergy with the Group. Meanwhile, regional companies with independent legal person qualification will be established at appropriate time on the basis of business development requirement of regional market, 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 RMB31,355,000 in 30 June 2013 (as at 31 December 2012: RMB39,230,000). 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

Shenzhen CCID Strategy Consulting Co., Ltd. (深圳賽迪方略諮詢顧問有限公司) ("Shenzhen Strategy") was incorporated by the Company on 8 April 2013. Shenzhen Strategy is a wholly-owned subsidiary of the Company with a registered capital of RMB1 million, and the Company has contributed RMB 200,000 as of 30 June 2013.

Shenzhen Strategy is a consultancy company which is engaged in the operation of planning consultancy, intelligence application, certificate valuation and testing service, with a view to facilitate the development of society and economy of Shenzhen as well as to promote the fast growth of strategic emerging industry in Shenzhen.

Material Acquisitions and Disposals

The Group has no significant investment as of 30 June 2013.

Human Resources

As at 30 June 2013, the Group has 401 employees.

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 on the market condition, performance of the employee, his or her qualifications and experience.

Capital Structure

The capital structure as at 30 June 2013 is summarized below:

	<i>RMB'000</i>	<i>Percentage</i>
Equity holders of the Company	112,889	88%
Non-controlling interest	14,759	12%
Total	127,648	100%

Contingent Liabilities

As at 30 June 2013, the Group has no contingent liabilities (as at 31 December 2012: Nil).

Pledge of Assets

As at 30 June 2013, the Group did not have any pledged assets (as at 31 December 2012: Nil).

Gearing Ratio

As at 30 June 2013, the Group's gearing ratio was about 14% (as at 31 December 2012: about 17%), calculated by dividing total liability by total net assets as of 30 June 2013.

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', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, the interests and short positions of the directors, supervisors, and 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 be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including the interests in shares 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 standards of dealings by the Directors mentioned 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 2013, none of the directors, supervisors and chief executives 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 in shares 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 standards of dealings by the Directors mentioned 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', supervisors' and chief executives' 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2013, the following persons (other than the directors, supervisors and chief executives 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	5.12%	1.53%

Notes:

1. CCID, through Research Centre (controlled and supervised by CCID) and CCID Riyue (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 and other than the directors set out in the section of “directors, supervisors and chief executives interests and short positions in shares and underlying shares”, as at 30 June 2013, there is no person 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 been complied with the “Required Standard of Dealing” throughout the six months ended 30 June 2013.

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. GuoXinping 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 2013 and has provided advice and comments thereon.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions set out in the Corporate Governance Code (“Code”) contained in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2013.

FUTURE PLANS FOR MATERIAL ACQUISITION AND DISPOSALS

Currently, the Group has no major acquisition and disposal plan.

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
8 August 2013

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

* *For identification purposes only*