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思維創造世界



CCID Consulting CCID Consulting Company Limited

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

Annual Report 2013

CCIDConsulting

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

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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 inquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

DIRECTORS

Executive Directors

Luo Wen (*Chairman*)

Li Shuchong (*General Manager*)

Non-executive Directors

Song Xianzhu (*Vice Chairman*)

Lu Shan

Wang Peng

Independent Non-executive Directors

Guo Xinping

Han Fuling

Li Xuemei

AUDIT COMMITTEE

Li Xuemei (*Chairman of the Committee*)

Guo Xinping

Han Fuling

REMUNERATION COMMITTEE

Guo Xinping (*Chairman of the Committee*)

Li Xuemei

Luo Wen

NOMINATION COMMITTEE

Luo Wen (*Chairman of the Committee*)

Guo Xinping

Li Xuemei

Han Fuling

SUPERVISORY COMMITTEE

Gong Chenghe (*Chairman of the Committee*)

Zhao Zeming

Zhao Xiuzhen

COMPLIANCE OFFICER

Luo Wen (*Chairman*)

COMPANY SECRETARY

Chan Yin Wah

AUTHORISED REPRESENTATIVES

Luo Wen (*Chairman*)

Chan Yin Wah

REGISTERED ADDRESS

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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28 Queen's Road East, Wanchai,
Hong Kong

COMPANY'S WEBSITE

www.ccidconsulting.com

STOCK CODE

08235

AUDITORS

Qual-Mark CPA Limited

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
22/F, Hopewell Centre,
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation
Bank of Beijing Co. Ltd.

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 2013.

FINANCIAL RESULTS

For the year ended 31 December 2013, the Group recorded a turnover of RMB145,788 thousand and a gross profit of RMB71,635 thousand with the profit for the year of RMB13,360 thousand and the basic earnings per share of RMB1.4 cents.

FUTURE DEVELOPMENT

In 2014, the Group will place emphasis on improving the decision-making and consultancy services level among the senior government officials, enhancing the level of strategic consultancy services, paying effort to explore investment, merger and acquisition consultancy business, propelling programming, establishing industry chain construction and strengthening comprehensive management system in order to raise up the overall competitiveness of the Group.

To Improve the Decision and Consultancy Capability of the Senior Government Officials

In order to provide more professional, personalized service, and meanwhile enhance the strategic and prospective research, the service system, which is to support all levels of government, should be further improved. For the local government and industrial park, to plan or even get some major projects worthy of millions, on one hand, sub-industry research team, marketing services team and brand marketing team should be set up, on the other hand, key production lines, like planning of industry, feasibility of project as well as design should be improved. Besides, to improve the depth and level of specified reports and prospective studies, the government should pay more attention to the topics to be planned, and carry out the advanced and countermeasures research specifically. What's more, the government should not only perfect the methodology system and research tools of soft science, but also establish the management and control system of quality and enhance the decision-making levels in advisory services.

Overall Improvement in Enterprise Strategy Consultancy

We must integrate our internal research departments and set up an IT group by centralized IT resources. To improve the layout, integrating other departments, like raw material department, into non-IT group is quite necessary. Apart from that, consolidation of the marketing consulting business is necessary, either. To achieve this, we should actively expand our team of strategy-planning, and improve our group control and governance of corporation, including the market planning and integration of business between marketing, corporation's culture and brand building, human resources, business model as well as listed consultation etc. We should devote to the establishment of analysis-based teams, which majors in the market research and industrial analysis. Others like, optimizing counseling tools, as well as the management of knowledge and sharing mechanism, strengthening the capacity of response and improving the development of branded corporation clients and high value-added business should be carried out either.

Expansion of Consultancy Business of Investment, Merger and Acquisition

Establish important products line of corporate merger and reorganization, corporate financing and government investment and financing for enterprises, industrial parks and local government; set up information base for corporate projects and data base for investment institutions, covering high-quality projects in critical industries and most reputable investment institutions and providing transactions information and services for both parties; build up China Innovative Investment and Financing Platform and create a bridge for enterprises, investment and financing institutions, government and industrial parks. Try to obtain the government policies and funding support by way of making the China Innovative Investment and Financing Platform become the national public services platform, and at the same time actively cooperate with local government and industrial parks to set up divisions in major cities of the countries, making them become the local public services platforms. With respect to the registered capital, professional talents, internal control and projects items etc. try to do an excellent job under relevant qualification requirements of competent departments so as to obtain relevant business qualifications.

Chairman's Statement

Promoting the Construction of Business Chain in Design and Supervision

We need to promote the extension from the business of design to the business of preliminary and detailed design. Construction of the system in the business of three-dimensional engineering consulting and management services is based on the acquisition of new supervision and counseling qualification. This can help to achieve the expansion from the systematic information engineering supervision and consultation services to the fields of communications and military etc. During the vertical expansion in business, continuous development should be promoted from supervision in construction and consulting services to the stage of engineering design and maintenance. This will contribute to the formation of omnibearing business chains in the project engineering, which will cover the whole life cycle, consulting management and the business of engineering supervision, including the gradual formation of a comprehensive multi-disciplinary and cross-sectoral business structure.

Strengthening the Construction of Comprehensive Management Systems

To ensure the quality of research, we should, on one hand, enhance the construction of quality assurance system and in-depth explore a professional research methodology, "The three methods and one disciplinary"-system of overall induction, analysis of core problem, study of comparative benchmark and the law of formation of abstract view, on the other hand, establish the system of quality assurance and the process of research and review. Besides, we should strengthen the overall system of management and seize the basic management from the management of projects, performance and knowledge, and similarly, seize the comprehensive management from basic management, proactive service system and customer management, competitiveness improvement, as well as the construction of learning organization and the construction and management of harmonious culture. And we can grasp the management of excellence from the Research & Development of innovative funds, employees' incentive funds and high-performance process etc.

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
26 March 2014

Management Discussion and Analysis

INDUSTRY OVERVIEW

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 the 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 consulting companies in the industry 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 the practicality of the scheme so as to create greater value for the client.

Ever-obvious Trend of Localized Consultation Services

The consultation services has 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 consulting 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 a 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 are familiar 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.

Combination of traditional consultancy business with emerging investment and financing services

With the development of capital market in China, the command for such investment and financing businesses as private financing, listing and merger and acquisition increases dramatically. Co-operations between consultancy companies and investment institutions are becoming ever-normal. For instance, in the direct investment service, enterprises will value more on value-added services when choosing an investment institution, thus the consultancy company could provide information about investment projects, assisting the investment company to provide value-added services such as strategy planning, business cleaning and standardizing internal control for investees. Some consultancy companies established investment companies engaging on direct investment business, while some PE, VC establishes post-management team for providing management consultancy services for investees. The combination of consultancy business with investment and financing services expands the business scope for consultancy companies and enlarges the development space consultancy industry.

Management Discussion and Analysis

More Opportunities for Supervision of Information Engineering than Challenges

The major construction tasks, which are listed in the “12th five-year” Construction Plan of National Government Information, are to be carried out in the second half of 2014 and the year of 2015, which will bring great opportunities for the supervision of major e-government project. On one hand, the comprehensive integration will bring breakthroughs and development space for enterprise information consulting and supervision business. Governments at all levels should make full use of information technology to strengthen the building of the party, optimize the allocation of the party’s resources and improve its ruling ability, which will bring opportunities to the expansion of classified project supervision.

On the other hand, the accelerated integration of industrialization and information technology, as well as the steady progress in building “The new four modernizations”, helps to promote inters penetration and integration among the supervision enterprises. Moreover, enterprises in this industry gradually changes from a single company with information engineering supervision to a comprehensive supervision and consulting firm. With the extensive application of emerging technologies such as cloud computing, IOT and mobile internet, the construction of relevant project and management mode are now undergoing profound changes, which deliver challenges to the traditional means of supervision services, service tools and service modes.

Performance Analysis

For the year ended 31 December 2013, the turnover by the business activities of the Group is classified as follows:

	2013		2012	
	RMB('000)	%	RMB('000)	%
Management and strategy consultancy services	88,400	61%	89,155	61%
Market consultancy services	18,776	13%	20,368	14%
Data information management services	1,027	1%	688	1%
Information engineering supervision services	35,460	24%	27,852	19%
Other segments	2,125	1%	7,603	5%
Total	145,788	100%	145,666	100%

BUSINESS REVIEW

Progress Made in the Business Transformation and Upgrading

Encompassing the industry and information technology fields, we will strengthen the construction of key product lines and continuously adjust the Company’s business structure. Except for the breakthroughs made continuously in some major projects, some other projects had also got funding, such as the technology and information analysis base, the supportive platform of information industry analysis and decision-making, the research of application modes of Chinese Satellite navigation system as well as the market research in the applications of domestic and foreign satellite navigation and the strategic research of Tablet PC development. Major E-government business had gained obvious advantage. In 2013, we continued to expand our advantages in such business and had signed a series of major e-government projects, including all the major e-government projects carried out in the 12th five-year plan and successfully bid the largest project in the history of information field of the Company, Phase II customs project of Jinguan Project.

Vigorous Promotion of Building Technological Capacity

In 2013, qualifications of engineering consulting were approved. About the business of supervision, it had obtained new qualifications for applying in the systems of environmental management and occupational health and safety management. We not only received AAA grade credit, but also passed the on-site audit in the record of classified military consulting business services, which definitely provided strong support for the rapid growth of business. Meanwhile, new mode of which was under active exploration. We also continued to improve the capacity in service of full life cycle, and tried to promote the development of supervision business in operational engineering. We become one of its convener of national standard.

Continuously Publishing Research Monographs in the Strategic Emerging Industries

Strategically, we continued to promote the publication of emerging industry series. In 2013, many books had been published, such as *Development and Application of IOT in China*, *Development and Practice of Mobile Internet in China*, *Application of A-new-generation of Information Technology between the deep convergence and Management Theory and Practice of Strategic Human Resource* etc. The system of short, medium and long-term products will be further implemented, and research products, such as short-term comments, medium-term research and strategic research or white paper etc., will be further promoted, either. Moreover, we will endeavor to promote the development of supervision business in operational engineering and publish monographs of operational supervision.

Remarkable Achievements in the Channel Expansion

We have been trying to formulate the top-level design in marketing and specify the main point of each sales team. Through courses of action, such as dynamic maintaining, visiting clients, marketing in carrier and high-end docking etc., we have built a stereo marketing plan systematically and won clients' trust and adherence. More attention will be paid to the outside training and marketing system of our key products. The intensified results, which are the causes of our major products and the transformation and upgrading in business, have been altogether incorporated into the Company's marketing platform to do promotions. Focusing and integration we are looking forward to have been realized effectively. As to the supervision business, combining with the characteristics of supervision business, we have further refined the line manager's role and cured the cooperative process between different people dealing with different work. Besides that, we have also adjusted and improved the evaluation mechanism for the line manager and tried vigorously to promote the channel expansion. By participating in the 2013 National Training Meeting of Informatization in Education and Construction of Provincial Data Center, we successfully promoted our supervision philosophy and services. By focalizing and locking core customers, as well as unearthing and guiding customers' need, including building partnerships, we have achieved a breakthrough in the product line supervision of educational information.

Continuous Team Building

We have established two training principals respectively at corporate level and departmental level, developed training programs in line with corporate development strategy, organized training at corporate level and department level, carry out training programs cover professional skill training, core competitiveness training, strategic forefront training, successful case training, leadership training, project management training, consultancy methodology training, and promoted team competitiveness in multiple aspects, multiple levels and multiple types. We also have, developed the talents team majoring in supervision business, launched "business ability improving program" Working Scheme for Improvement of Supervision Business Capability, which sets the goal of improvement; established a project team specially

Management Discussion and Analysis

for this work and pushed forward each improvement task steadily, to date, total 14 business ability theme training classes have graduated; in addition, we have obtained CISP certificate, completed continuing education and training of telecommunication supervision, continuing education and training of information engineering supervision, and further improved the knowledge, experiences and service capability of the talent team.

Perfecting Management system

We continue to perfect the performance evaluation system through wide collection of opinions, and which had been discussed and passed on the employee congress. Amendments to the practices of performance evaluation for research and sales further moved the transform of functional departments to be performance oriented, and tied their performances to business results of the Company.

We strengthened project management, amended and issued the documents regarding project achievement evidence filing; the rights, responsibilities, benefits of project manager, etc., strictly implemented "Three Statements and One Form" system, and preliminarily established budget management system and prepared annual budget. We paid close attention to customer payment, and call receivables on month by the manner of "Six Search and One Finding". Meanwhile, we continued to improve the construction of "Three Repositories and One Theory", amended the practices of repository management, perfecting business types optimized business categories by reclassifying the business into 54 types, prepared the introduction and model for each type of business, sorted and summarized the historical case database of the Company, and reclassified all the over 3,500 cases by industry and segment, through those efforts we realized accurate search and application of continuous optimizing management of business process. By acceleration of the design and development of supervision project management platform and knowledge management system of supervision companies, business processes of supervision and consultancy has been improved, and made full utilization of information-based means to improve the management proficiency and work efficiency in routine business.

Persisting Building of Enterprise Culture

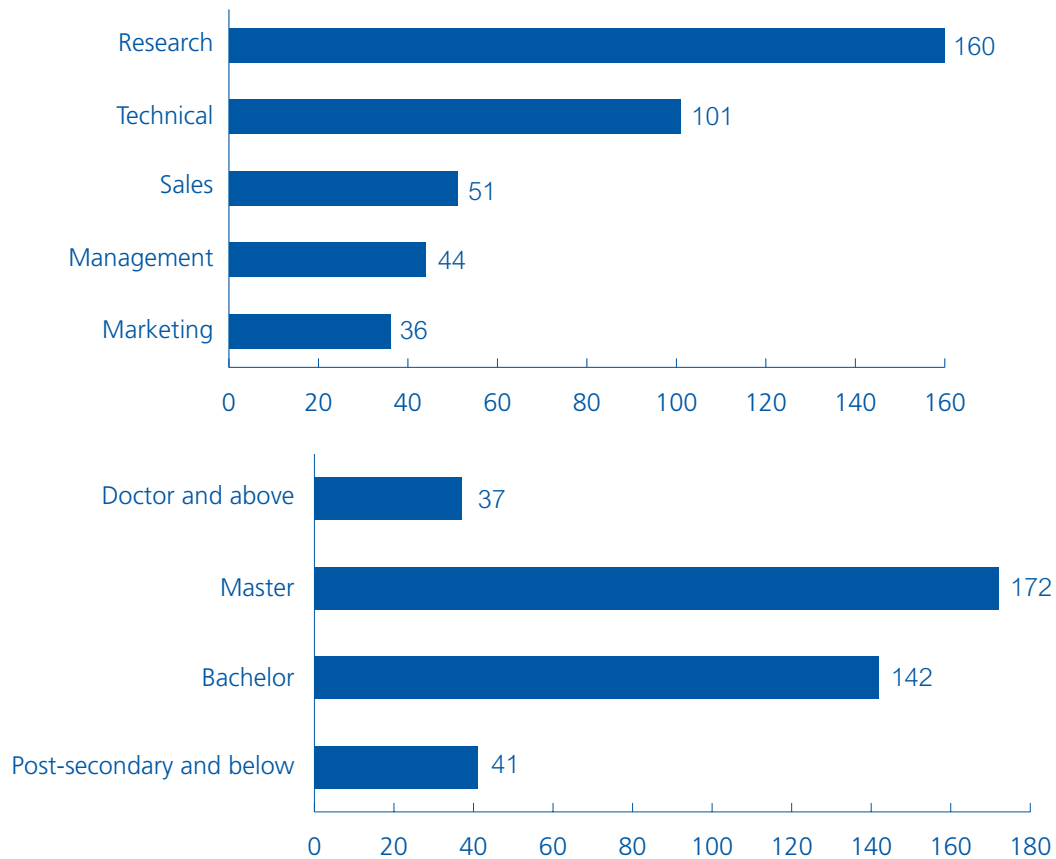
By integrating the business features of the Company and taking full advantage of party committee, workers' union and youth league, we organized various cultural and sports events under the flag of harmony culture construction. We constantly held "Festival Greeting" and "Heart-Warming" events, and established clubs of basketball, tennis and badminton. We actively took part in various activities, such as the Theme Competition Events on the Topic of Studying Spirit of 18th Congress organized for central governmental cadres, and won the second prize and Excellent awards; Easy activities organized by Women's Working Committee of Ministry of Industry & Information Technology, and won the second prize; the lecture competition held by the Ministry of Industry & Information Technology, and won the first prize. We also took part in CCID Cup Tug-of-War and won the silver medal and bronze medal respectively in Women Group and Men Group; we took part in the 9th Setting-up Exercises Promotion Competition and won the third prize. In 2013, our youth league was awarded as "Youth Civilization Unit" by MIIT. Through such events, we inspired and encouraged employees to establish awareness of health, thus enabled each of them to work and live in a good mood and physical status; in addition, these events enriched the life of employees in spare time, reinforced the group coherence of the company, and created a harmonious working atmosphere.

Marketing and Promotion

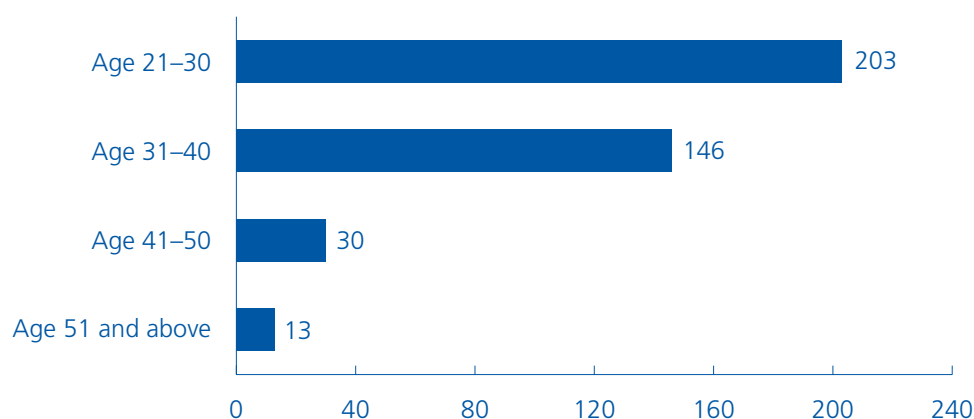
As for marketing activities, efforts was tried to transform the content and form of the traditional annual conference and Forums of the “2013 Annual Conference of China’s IT Market”, “Annual Conference of 2013 China’s Semiconductor market” and “Annual Conference of 2013 Communication market” etc. was successfully held. Meanwhile, the latest research achievements of the strategic emerging industry of the Company were embedded into the aforementioned conferences, whereby intensifying the advertising of the research achievement. Meanwhile, the Company completed the update of website, the construction and maintenance of website of the subsidiaries’ websites and finished the establishment of ATS-Xiamen, Wechat for subsidiaries by use of the Company’s website, wechat, micro-blog and such kind of emerging communication means. At the same time, the Company has set up CCID Industry Review, CCID Economic Review, CCID Management Review and CCID Investment Review and such kind of Wechat publicity platform, and promoted the latest research achievements of the Company by these mediums to raise the Company’s brand influence and reputation.

Human Resources

The Group had a total of 392 staff members as at 31 December 2013 (2012: 490), categorized as follows:



Management Discussion and Analysis



Liquidity and Financial Resources

As at 31 December 2013, the Group held bank deposits of RMB55,181 thousand, HK\$36,522 and US\$2 respectively. The Company's primary source of funds was the cash flow generated from operating activities. The management believes that the Company has adequate working capital for the present requirements.

Capital Structure

The capital structure of the Group for the year ended 31 December 2013 is summarized as below:

	RMB('000)	Percentage
Total equity attributable to Shareholders of the Company	119,598	87%
Non-controlling Interests	17,757	13%
Total	137,355	100%

Capital Commitment

As of 31 December 2013, the Group has no capital commitment, while the Company has a capital commitment of RMB4,800 thousand (2012: RMB4,000 thousand).

Contingent Liabilities

As of 31 December 2013, the Group has no contingent liabilities.

Pledge of Assets

As of 31 December 2013, the Group had no pledge of assets.

Gearing ratio

As at 31 December 2013, the Group's gearing ratio was approximately 23% (2012: 14%). Gearing ratio is calculated by dividing total liabilities after deducting amounts due to ultimate and immediate holding company by total equity.

Major Investment

On 8 April 2013, the Company established Shenzhen CCID Strategy Consulting Co., Ltd., Shenzhen CCID Strategy Consulting Co., Ltd. is a wholly-owned subsidiary of the Company, with the registered capital of RMB1,000 thousand. As of 31 December 2013, the Company has contributed an amount of RMB200 thousand, accounting for 20% of the total registered capital.

Major Acquisition and Disposal

For the year ended 31 December 2013, the Group had no major acquisition and disposal.

Future Significant Investment

Currently, the Group has no major investment plan.

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 49, 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 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 Shuchong (李樹翀), aged 35, Executive Director and General Manager, is responsible for overall operation management and administration of the Company and is the General Manager of Beijing CCID Jingzhi Investment Consulting Co., Ltd. He graduated from Chinese Academy of Science with a master degree in engineering. Mr. Li joined the Company in 2004, served as General Manager of Semi-conductor Industry Research Center (半導體產業研究中心) and General Manager, the business Director and assistant of CEO of Communication Industry Research Center (通信產業研究中心). He worked in Beijing CCID Net Information Technology Company Limited (北京賽迪網信息技術有限公司) as an executive general manager, chief editor and general manager since January 2010. Mr. Li worked as executive president and chief editor of China Information World* (《中國計算機報》), president of the magazine of Digital Times (《數字時代》) and president of the magazine of Journey of Harmony (《和諧之旅》) since July 2011. Mr. Li has been appointed as the executive Director of the Company from 5 November 2013.

Mr. Li Jun (李峻), aged 38, resigned as Executive Director and General Manager on 24 June 2013. Mr. Li graduated from Wu Han University, held a doctorate degree in Geographical Information System. With over 10 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. Song Xianzhu (宋顯珠), aged 52, Non-executive Director and vice Chairman, currently serves as the party secretary of China Centre of Information Industry Development. Mr. Song holds the qualifications of senior engineer and senior administration engineer. He graduated from the Party School of the Central Committee of C.P.C. with a bachelor degree on economic management, and he is also a graduate student from Northwest University. Mr. Song had held the posts of deputy party secretary, chairman of the supervisory board, vice chairman, party secretary of Qinghai Salt Lake Industry Group Company Limited (青海鹽湖工業集團有限公司), deputy director-general of Economic Commission of Qinghai Province, deputy party secretary and deputy director-general of State-owned Assets Supervision and Administration Commission of People's Government of Qinghai Province, deputy director of Department of Raw Material Industry under the Ministry of Industry and Information Technology. Mr. Song was appointed as Non-executive Director with effect from 13 December 2012.

Mr. Lu Shan (盧山), aged 41, Non-Executive Director of the Company, is currently the Vice President of China Electronic Information Industry Development Research Institute, the vice governor (take a temporary post) of the People's Government of Nan Shan District, Chongqing City. 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.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Wang Peng (王鵬), aged 38, Non-executive Director of the Company, is currently the Vice President 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 Beijing CCID Media Investment Company Limited, chief investment and financing officer of the Company and Director of Industrialization Research Center, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guo Xinping (郭新平), aged 50, Independent Non-executive Director of the Company, is currently the Vice-Chairman of the Board of UFIDA Software Co. Ltd (600588.SH) and an independent director of Glodon Company Limited (002410.SZ) (resigned on 25 March 2014) 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 46, 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 50, 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) (resigned on 7 March 2014) 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.

Biographical Details of Directors, Supervisors and Senior Management

SUPERVISORS

Mr. Gong Chenghe (宮承和), aged 59, 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 55, 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 41, Staff Supervisor, is currently the Office Manager of the President Office of the Company. Ms. Zhao graduated from Peoples' University of China, with a master degree of public administration. 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

Ms. Song Yu (宋宇), aged 41, is currently deputy general manager of the Company. Ms Song graduated from Peking University with a bachelor degree. Ms. Song joined the Company in August 2002, and served as deputy general manager of Semi-conductor Industry Research Center (半導體產業研究中心), Director of business group research, with over 12 years of experience in the industry research of electronic information, semi-conductor and internet of things.

Mr. Wang Sanyi (王三義), aged 47, is currently Deputy General Manager of the Company. 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 the 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 growth enterprises and such like.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Li Ke (李珂), aged 37, 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.

Mr. Sun Huifeng (孫會峰), aged 35, is currently deputy general manager of the Company, general manager of Beijing CCID Strategic Management Consulting Co., Ltd. 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 8 years of experience in IT application for the industry, construction of information center, cloud computing and industry planning.

Mr. Wang Hua (王華), aged 38, is currently financial controller of the Company. Mr. Wang graduated from City University of Macau obtained a master degree. Mr. Wang worked in China Electronic Information Industry Development Research Institute in 2000, held several positions of finance manager, finance director, assistant of director of finance department and chief finance officer, he joined the Company in March 2013 with more than 12 years of experience in financial areas.

Mr. Guan Dongsheng (管東升), aged 38, is currently the deputy director of Chinese Software Testing 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.

Mr. He Jianying (赫建營), aged 34, is currently general manager of Beijing CCID Information Engineering Design Co., Ltd. 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 5 years of experience in computer software and communication.

Ms. Wen Fang (文芳), aged 34, is currently General Manager 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 9 years of experience in the computer industry, IT application, IT enterprise development strategy, and industrial development planning.

Mr. Xiao Jinsong (肖勁松), aged 41, is currently the executive general manager of Beijing CCID Strategic Management Consulting Co., Ltd. Mr. Xiao held the Doctoral degree from Peking University and Post-Doctoral degree from Tsinghua University. Mr. Xiao joined the Company in 2010, served as the general manager of the business group, Vice-President of CCID Strategic Management Consulting Co. Ltd. Meanwhile, Mr. Xiao is a member of the the "culture, science and technology innovation project" promoted by the Ministry of Science and Technology, an expert in the strategic assessment of environmental protection and environment and economic areas, as well as the deputy secretary general of Asian Manufacturing Association. Mr. Xiao has over 10 years of consultancy experience in regional economic, culture and technology integration, industrial economy and environmental science areas.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Fu Changwen (付長文), aged 33, is currently the Deputy General Manager of the Company and Secretary of the Board. 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 9 years of experience in corporate governance.

COMPANY SECRETARY

Ms. Chan Yin Wah (陳燕華), aged 38, is currently the Company Secretary and Authorized Representative of the Company. She joined the Company since March 2012. She is an Associate Director of SW Corporate Services Group Limited. Ms. Chan has worked for various international well-known professional firms and listed companies in Hong Kong and has over 15 years of professional experience in handling the corporate secretarial, compliance and share registry matters for listed companies in Hong Kong. Ms. Chan holds a bachelor's degree in economics and a master's degree in professional accounting. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2013, the Group has adopted and complied with all the code provisions as set out in Appendix 15 ("CG Code"), and has adopted the requirements in ("Corporate Governance Report") of the GEM Listing Rules, other than the deviation from Code A.6.7 and E.1.2. Pursuant to Code A.6.7, independent non-executive directors and non-executive directors should attend general meetings. However except for Mr. Song Xianzhu, a non-executive director, who attended one of three General Meetings, all other independent non-executive directors and non-executive directors of the Company were unable to attend the three general meetings as they had other important business engagement. Pursuant to Code E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration and nomination committees to attend the meeting. However, the chairman of the board, the chairmen of the audit, remuneration, nomination committees were unable to attend the three general meetings as they had other important business engagement.

SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted 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 2013.

BOARD OF DIRECTORS

The fourth Board of Directors 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 12 to 13 of the annual report.

RESPONSIBILITIES AND AUTHORIZATION TO THE MANAGEMENT

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. The Board shall implement resolutions of the Shareholders' general meeting; decide the business plans, investment plans and the setting of internal management organizations of the Company; formulate the proposed annual financial budget, final account and profit allocation plans of the Company; and appoint chief executives. In addition, the Board had established three board committees, audit committee, nomination committee and remuneration committee, and authorized their responsibilities in the duty scope.

The Board granted senior management power and responsibility to conduct the daily management, administration and operation of the Company. The general manager shall be responsible to the Board.

All Directors of the Company are sincerely performing their duties, they have applied all laws and regulations to the best interest of the Company, and always committed to the benefit of the Company and its shareholders.

Corporate Governance Report

BOARD COMPOSITION

For the year ended 31 December 2013, 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.

As far as the Company knows, there are no relationships among the members of the Board, including relationships relating to financial, business, families and other relationships of significant importance.

The members of the Board for the year ended 31 December 2013 were:

Executive Directors

Luo Wen (*Chairman*)

Li Jun (*General Manager*) (*resigned on 24 June 2013*)

Li Shuchong (*General Manager*) (*appointed on 5 November 2013*)

Non-executive Directors

Song Xianzhu (*Vice-Chairman*)

Lu Shan

Wang Peng

Independent Non-executive Directors

Guo Xinping

Han Fuling

Li Xuemei

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.

Corporate Governance Report

In 2013, the Company held eight Board meetings and three shareholders' meetings, the attendance records at the Board meetings and shareholders' meetings are as follows:

Directors	Number of Board meetings held during the term of directorship in 2013		Number of shareholders meeting held during the term of directorship in 2013	
	Attendance		Attendance	
Mr. Luo Wen	8	8	3	0
Mr. Li Shuchong (appointed on 5 November 2013)	1	1	0	0
Mr. Li Jun (resigned on 24 June 2013)	4	4	2	2
Mr. Song Xianzhu	8	8	3	1
Mr. Lu Shan	8	8	3	0
Mr. Wang Peng	8	8	3	0
Mr. Guo Xinping	8	8	3	0
Mr. Han Fuling	8	8	3	0
Ms. Li Xuemei	8	8	3	0

Chairman and Chief Executive Officer

The Chairman of the Company is Mr. Luo Wen, who is also an Executive Director of the Company, and the general manager is Mr. Li Shuchong, who is Executive Director of the Company. The Chairman and General Manager are two clearly defined different positions, the Chairman is responsible for the operation of the Board, and the Chief Executive Officer 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

Mr. Song Xianzhu was appointed as Non-executive Director of the Company with effect from 13 December 2012. Mr. Song Xianzhu has signed a service agreement with the Company for a term from 13 December 2012 and subject to the expiry of term of the Board. Mr. Lu Shan, and Mr. Wang Peng were re-appointed as Non-executive Directors with effect from 25 November 2011 and they all have signed service agreements with the Company for a term of three years and with effect from 25 November 2011 to 24 November 2014.

Independent Non-executive Directors of the Company, Mr. Guo Xinping and Mr. 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. All 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.

Corporate Governance Report

Continuous Professional Development

Directors confirmed that they have applied with Rule A.6.5 of the Code relating to the director training. In this year, all directors have participated in continuous professional development by means of attending following meetings and/or reading materials to develop and update their knowledge and skills and provide training record to the Company.

Name of the Director	Corporate Governance, Rules and Regulations	Financial Management and Other Business
Mr. Luo Wen	√	√
Mr. Li Shuchong (appointed on 5 November 2013)	√	√
Mr. Li Jun (resigned on 24 June 2013)	√	√
Mr. Song Xianzhu	√	√
Mr. Lu Shan	√	√
Mr. Wang Peng	√	√
Mr. Guo Xinping	√	√
Mr. Han Fuling	√	√
Ms. Li Xuemei	√	√

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. Luo Wen, 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 set out the Remuneration Committee's terms of reference and duties in writing. The major duties of the Remuneration Committee shall include the recommendation of the specific remuneration packages of individual executive directors and members of senior management, including benefits in kind, pension and 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 2013, the Remuneration Committee held two meetings. Details of the attendance of members of the Remuneration Committee at the meeting for the year of 2013 are as follows:

Members attended	No. of meetings/ Attendance
Mr. Guo Xinping Chairman of the Committee	2/2
Mr. Luo Wen (appointed on 24 June 2013)	1/1
Ms. Li Xuemei	2/2
Mr. Li Jun (resigned on 24 June 2013)	1/1

The Remuneration Committee has reviewed the existing terms which included service contracts of Executive Directors and the letters of appointment of Non-executive Directors and 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 Non-executive Directors and Independent Non-executive Directors are fair and reasonable.

Nomination Committee

The Company has set up the Nomination Committee in accordance with the relevant requirements of GEM Listing Rule. The chairman of the Committee is Mr. Luo Wen, one of the directors, and other members include Independent Non-executive Directors, namely Mr. Guo Xinping, Ms. Li Xuemei and Mr. Han Fuling.

The Company has set out the Nomination Committee's 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 but not limited to sex, age, culture, education background, nationality and professional experience, skills, knowledge and terms of services), 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 in order to act in line with the policies of the Company; 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; 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.

In 2013, the Nomination Committee held four meetings. Details of the attendance of members of the Nomination Committee at the meeting for the year of 2013 are as follows:

Members attended	No. of Meetings/attendance
Mr. Luo Wen Chairman of the Committee	4/4
Mr. Guo Xinping	4/4
Mr. Han Fuling	4/4
Ms. Li Xuemei	4/4

The Nomination Committee has reviewed the structure of the Board and the number and composition of its members that complied with relevant requirements under the GEM Listing Rules and Articles of Association and the independence of all the independent directors and the nomination of Mr. Li Shuchong to be the candidate of Executive Directors, as well as the diversification policies of members of the Board.

Auditors' Committee

The Company has set up the Audit Committee. The Chairman of the Audit Committee is Ms. Li Xuemei, Independent Non-executive Director, and other members include Mr. Guo Xinping and Mr. Han Fuling, both being Independent Non-executive Director. Ms. Li 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 its terms of reference and duties in writing.

Corporate Governance Report

In 2013, the Audit Committee held five meetings. Details of the attendance of members of the Audit Committee at the meeting for the year of 2013 are as follows:

Members attended	No. of Meetings/attendance
Ms. Li Xuemei Chairman of the Committee	5/5
Mr. Guo Xinping	5/5
Mr. Han Fuling	5/5

The Audit Committee has reviewed the financial statements, 2013 Annual Report, Interim Report, Quarterly Report, connected transactions and the internal control system for the year ended 31 December 2013 and provided opinions and comments, and was of the view that the preparation of such results has complied with all applicable accounting standards and relevant regulatory and law provisions, and made sufficient disclosure.

Corporate Governance Function

The Board has adopted the written terms of reference on corporate governance function in March 2012 so as to assist the Board in performing its corporate governance function. The duties of the Board in respect of corporate governance function are summarized as follows:

- to develop and review an Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the code provisions as set out in the CG Code and its disclosure requirements in the Corporate Governance Report.

The Board held one meeting in 2013 in respect of the corporate governance and reviewed the adoption of the written terms of reference on corporate governance function so as to assist the Board in performing its corporate governance function.

Remuneration of the members of the senior management by band

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2013 is set out below:

Remuneration band	Number of individuals
RMB500 thousand and below	10
RMB501 thousand to RMB1,000 thousand	2
RMB1,001 thousand or above	0

Further particulars regarding Directors' emoluments and the five highest paid individuals as required to be disclosed pursuant to Rule 18.30 of the GEM Listing Rules are set out in notes 8 and 9 respectively to the financial statements as set out on pages 67 to 70 of this annual report.

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 RMB295 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 of the Company.

DIRECTORS' AND AUDITORS' FINANCIAL REPORTING RESPONSIBILITY

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company.

The Directors acknowledge the responsibilities for preparing the accounts of the Company.

The responsibilities of the auditor of the Company with respect to the financial statements of the Group is set out in the Independent Auditor's Report on page 39 to 40.

CONTINUING OPERATION

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

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 Group 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 the Audit Committee 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.

COMPANY SECRETARY

Ms. Chan Yin Wah ("Ms. Chan") is the Company Secretary, which has complied with the requirements set out in Rule 5.15 of the GEM Listing Rules. She is also the Associate Director of SW Corporate Services Group Limited. Ms. Chan's primary contact persons of the Company are Mr. Fu Changwen (Secretary of the Board) and Mr. Wang Hua (Financial Controller).

SHAREHOLDERS'S RIGHTS

(1) Procedures for commencing shareholders' meetings and class meetings

According to Article 73 of the Articles of Association of the Company, two or more shareholders who collectively hold 10% or more of the voting shares at the proposed meeting may make a proposal to the Board of Directors on holding an extraordinary General Meeting or class meeting by signing one or several written requests with same content in same format and define the meeting agenda. The Board of Directors shall convene such meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as of the date when the written request was put forward by the shareholders. In case that the Board of Directors fails to give a notice of convening such meeting within thirty days after receipt of the aforesaid written request, the shareholders who put forward the request may convene such a meeting within four months after receipt of the request by the Board of Directors, and the procedures shall be the same as those for convening a General Meeting by the Board of Directors where possible. The expenses reasonably incurred by shareholders in convening and holding such a meeting for the Board of Directors fails to hold such a meeting on the aforesaid request shall be borne out by the Company and shall be deducted from any payment due by the Company to breaching directors.

(2) Procedures for Shareholders putting forward proposals at General Meetings

According to Article 55 of the Articles of Association of the Company, the Company shall conduct annual general meeting, and shareholders who collectively hold 5% or more of the total voting shares are entitled to propose new resolutions in writing to the Company, contact information is set as below. The Company shall include those matters which are within the scope of duties of general meetings into the agenda of the meeting.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and the address is as follows:

Principal Place of Business in Hong Kong

Level 18, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Bei Jing

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

(3) Procedures for directing Shareholders' enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and the address is as follows:

Principal Place of Business in Hong Kong

Level 18, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Bei Jing

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

ARTICLES OF ASSOCIATION

Articles of Association have been approved by the shareholders on the Extraordinary General Meeting held on 13 June 2013 and 5 November 2013 respectively to make the following amendments:

Article 10

Original:

“The business scope of the Company shall be in accordance with the items approved by the registration authority with which the Company is registered.

The business scope of the Company includes: focusing on the Electronic Information Products bidding agency business; the Company shall not operate any activities prohibited by laws and regulations; the Company shall not operate any activities before obtaining a licence; the Company may adopt business projects and carry out any such business activities as do not require approval.”

To be amended as:

“The business scope of the Company shall be in accordance with the items approved by the registration authority with which the Company is registered.

The business scope of the Company includes: computer system service, data processing, basic software service, application software service; corporate governance, investment and assets management, market research, economic information consultation; convention service, undertaking exhibition and demonstration activities; engineer management service, planning management, technology development, technology consultation, technology service, technology training and technology intermediary service.”

Article 87

Original:

“The Company shall establish a Board of Directors comprising not less than five directors and not more than 19 directors External directors (herein meaning those directors who do not hold office in the Company) shall comprise more than half the directors, and at least three of the them shall be independent non-executive Directors (herein meaning those directors who are independent to the shareholders and do not hold office in the Company), of which at least one Independent Director shall have the appropriate professional qualifications required by the Listing Rules or the appropriate accounting or related financial management expertise.

One of the Directors of the Board shall be the Chairman.”

To be amended as:

“The Company shall establish a Board of Directors comprising eight directors, of which over half shall be external directors (herein meaning those directors who do not hold office in the Company) and at least three of them shall be independent non-executive Directors (herein meaning those directors who are independent to the shareholders and do not hold office in the Company), of which at least one Independent Director shall have the appropriate professional qualifications required by the Listing Rules or the appropriate accounting or related financial management expertise.

One of the Directors of the Board shall be the Chairman.”

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 2013.

PRINCIPAL ACTIVITY

The Group is principally engaged in the provision of management and strategic consultancy, market consultancy, data information management and information engineering supervision services. There was no significant change in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 December 2013 and the financial status of the Company and the Group as at the date were set out in the financial statements on page 41 to 99. The Directors do not recommend to pay any 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 100. 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 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 listed securities of the Company or its subsidiaries during the year.

RESERVES

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

LOANS AND BORROWINGS

The Group had no loans and borrowings during the year.

DISTRIBUTABLE RESERVES

For year ended 31 December 2013, 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 financial statements, the retained profits of approximately RMB29,094 thousand available, after provisions, for distribution as dividends.

MAJOR CUSTOMERS 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 3%.

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 32 to 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.

There is no main suppliers, as the Group's main activities are provision of consultancy and research service.

DIRECTORS

For the year ended 31 December 2013, the Board of the Company comprised:

Executive Directors

Luo Wen (*Chairman*)

Li Jun (*General Manager*) (*resigned on 24 June 2013*)

Li Shuchong (*General Manager*) (*appointed on 5 November 2013*)

Non-executive Directors

Song Xianzhu (*Vice-Chairman*)

Lu Shan

Wang Peng

Independent Non-executive Directors

Guo Xinping

Han Fuling

Li Xuemei

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.

Report of the Directors

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors and senior management of the Company were set out on Page 12 to 16 of the annual report.

SERVICE CONTRACTS FOR DIRECTORS AND SUPERVISORS

The Company's Executive Director Mr. Luo Wen has been re-appointed on 25 November 2011, and has entered into a 3-year service contract from 25 November 2011 to 24 November 2014 with the Company. The Company's Executive Director Mr. Li Shuchong has been appointed on 5 November 2013, and has signed the service agreement with the Company from 5 November 2013 to the expiry of term of the Board. The Company's Executive Director Mr. Li Jun has resigned on 24 June 2013.

Mr. Song Xianzhu was appointed as Non-executive Director of the Company with effect from 13 December 2012. Mr. Song Xianzhu has signed the service agreement with the Company for a term from 13 December 2012 to 12 December 2015. Mr. Lu Shan, and Mr. Wang Peng were re-appointed with effect from 25 November 2011 and they have signed the service agreement with the Company with effect from 25 November 2011 to 24 November 2014.

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

DIRECTORS' AND SUPERVISORS' REMUNERATION

The directors' and supervisors' 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' and supervisors' remuneration are set out in Note 8 to the financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Apart from disclosed in this annual report, none of the directors and supervisors 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 or subsidiaries of the Company was a party during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS

As of the year ended 31 December 2013, the Group has carried out the following connected transactions and continuing connected transactions, and disclosure of certain details is in line with requirements of Chapter 20 of the GEM Listing Rules.

- (1) On 15 May 2012, the Company entered into Property Management Contract of 9F and 10F of CCID Building No. 66 Zizhuyuan Road, Haidian District, Beijing, China with Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (Research Center). The contract is valid from 1 April 2012 to 31 March 2015, the Research Center provides management services to the Company's premises, including but not limited to the maintenance, repair, cleaning and sanitation services in accordance with the relevant laws and regulations, and is subject to the Company's supervision and inspection. Contract prescribed that the maximum annual cap of the management fees for the four years ended 31 December 2015 were RMB1,125,000, RMB1,500,000, RMB1,500,000 and RMB375,000 (this amount is as of the date of termination of this contract), respectively.
- (2) On 15 May 2012, Beijing CCID Strategic Management Consulting Co., Ltd. ("CCID SMC") entered into Property Management Contract of 9F of CCID Building with the Research Center. The contract is valid from 1 April 2012 to 31 March 2015, the research center will provide management services to CCID SMC's offices, including but not limited to, maintenance, repair, cleaning and sanitation services in accordance with the relevant laws and regulations, and is subject to the Company's supervision and inspection. Contract prescribed that the maximum annual cap of the management fees for the four years ended 31 December 2015 were respectively RMB75,000, RMB100,000, RMB100,000 and RMB25,000 (this amount is as of the date of termination of this contract), respectively.
- (3) On 15 May 2012, Beijing CCID Shiji Information Engineering Consulting Co., Ltd. ("CCID Info") entered into Property Management Contract of 9F of CCID Building with the Research Center. The contract is valid from 1 April 2012 to 31 March 2015, the research center will provide management services to CCID Info's offices, including, but not limited to, maintenance, repair, cleaning and sanitation services in accordance with the relevant laws and regulations, and is subject to the Company's supervision and inspection. Contract prescribed that the maximum annual cap of the management fees for the four years ended 31 December 2015 were RMB97,500, RMB130,000, RMB130,000 and RMB32,500 (this amount is as of the date of termination of this contract), respectively.
- (4) On 15 May 2012, Beijing CCID Information Engineering Supervision Co., Ltd. ("CCID Supervision") entered into Lease Contract of 6F of CCID Building with the Research Center. The contract is valid from 1 January 2012 to 31 December 2012, CCID Supervision has the right to conduct day-to-day business operations in the office. Contract prescribed that the maximum annual cap of the rent and management fee for the year ended 31 December 2012 is RMB240,000.

On 15 May 2013, Beijing CCID Information Engineering Supervision Co. Ltd. ("CCID Supervision") entered into Lease Contract of 14F of CCID Building with the Research Center. The contract is valid from 1 January 2013 to 31 December 2013, CCID Supervision has the right to conduct day-to-day business operations in the office. Contract prescribed that the maximum annual cap of the rent and management fee for the year ended 31 December 2013 is RMB291,996.

Report of the Directors

- (5) On 15 May 2012, the Company entered into Translation Service Contract with Beijing CCID Translation Technology Ltd. ("CCID Translation"). The contract is valid from 1 April 2012 to 31 March 2015, CCID Translation will provide translation and related services to the Company. The contract prescribed that the maximum annual cap of the translation fees for the four years ended 31 December 2015 were RMB337,500, RMB450,000, RMB450,000 and RMB112,500 (this amount is as of the date of termination of this contract), respectively.
- (6) On 15 May 2012, the Company entered into Agency Contract with Beijing CCID Net Information Technology Co., Ltd. ("CCID Net"). The contract is valid from 1 April 2012 to 31 March 2015, CCID Net will provide online marketing and sales services of various reports published by the Company in each year. The contract prescribed that the maximum annual cap of the agency fee for the four years ended 31 December 2015 were RMB300,000, RMB400,000, RMB400,000 and RMB100,000 (this amount is as of the date of termination of this contract), respectively.
- (7) On 16 December 2011, CCID Info and CCID Supervision entered into "Inner Mongolia KBS Digitization Project" Contract. The contract is valid from 16 December 2011 to 31 December 2013, CCID Supervision will provide consulting services. The contract prescribed that the maximum annual cap of the service fees for the three years ended 31 December 2013 were RMB400,000, RMB460,000 and RMB100,000 (this amount is as of the date of termination of this contract), respectively.
- (8) On 28 March 2013, the Company entered into a Framework Agreement 6 with China Center of Information Industry Development ("CCID") in relation to marketing and advertising services income. The contract is valid from 28 March 2013 to 31 December 2015, the Company and/or its subsidiaries will provide marketing and advertising services to CCID and/or its associates. The contract prescribed that the maximum annual cap of the service fees for the three years ended 31 December 2015 were RMB600,000, RMB1,000,000 and RMB1,000,000 (this amount is as of the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement shall be recognized by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.
- (9) On 28 March 2013, the Company entered into a Framework Agreement 7 with CCID in relation to marketing and advertising services expenses. The contract is valid from 28 March 2013 to 31 December 2015, CCID and/or its associates will provide marketing and advertising services to the Company and/or its subsidiaries. The contract prescribed that the maximum annual cap of the service fees for the three years ended 31 December 2015 were RMB500,000, RMB800,000 and RMB1,000,000 (this amount is as of the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement shall be recognized by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

As the applicable percentage ratio on an annual basis (other than the profits ratio) of above 1 to 9 contracts is not more than 25% and the total consideration is less than HK\$10 million, the related connected transactions should only be subject to the annual review, reporting and the contract announcement requirements under Rule 20.34 of the GEM Listing Rules, and are exempted from following requirements of independent shareholders' approval.

- (10) On 28 March 2013, the Company entered into a Framework Agreement 1 with CCID in relation to information consultation and information engineering supervision services income. The contract is valid from 28 March 2013 to 31 December 2015, the Company and/or its subsidiaries will provide information consultation and information engineering supervision services to CCID and/or its associates. The contract prescribed that the maximum annual cap of the service fees for the three years ended 31 December 2015 were RMB11,500,000, RMB13,000,000 and RMB16,000,000 (this amount is as of the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement shall be recognized by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.
- (11) On 28 March 2013, the Company entered into a Framework Agreement 2 with CCID in relation to information consultation and information engineering supervision services expenses. The contract is valid from 28 March 2013 to 31 December 2015, CCID and/or its associates will provide information consultation and information engineering supervision services to the Company and/or its subsidiaries. The contract prescribed that the maximum annual cap of the service fees for the three years ended 31 December 2015 were RMB2,000,000, RMB3,500,000 and RMB5,000,000 (this amount is as of the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement shall be recognized by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.
- (12) On 28 March 2013, the Company entered into a Framework Agreement 3 with CCID in relation to management and strategic consultancy services income. The contract is valid from 28 March 2013 to 31 December 2015, the Company and/or its subsidiaries will provide management and strategy consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to CCID and/or its associates. The contract prescribed that the maximum annual cap of the service fees for the three years ended 31 December 2015 were RMB6,000,000, RMB7,000,000 and RMB8,000,000 (this amount is as of the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement shall be recognized by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.
- (13) On 28 March 2013, the Company entered into a Framework Agreement 4 with CCID in relation to management and strategic consultancy services expenses. The contract is valid from 28 March 2013 to 31 December 2015, CCID and/or its associates will provide management and strategy consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to the Company and/or its subsidiaries. The contract prescribed that the maximum annual cap of the service fees for the three years ended 31 December 2015 were RMB1,600,000, RMB2,500,000 and RMB3,000,000 (this amount is as of the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement shall be recognized by order or otherwise by signing separate agreements,

Report of the Directors

provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

- (14) On 28 March 2013, the Company entered into a Framework Agreement 5 with CCID in relation to administration services expenses. The contract is valid from 28 March 2013 to 31 December 2015, CCID and/or its associates will provide administration services in respect of house leasing, property management, Internet port and telephone and translation to the Company and/or its subsidiaries. The contract prescribed that the maximum annual cap of the service fees for the three years ended 31 December 2015 were RMB5,000,000, RMB6,000,000 and RMB6,000,000 (this amount is as of the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement shall be recognized by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

As the applicable percentage ratio on an annual basis (other than the profits ratio) of above 10 to 14 contracts is not more than 25%, but the total consideration is more than HK\$10 million, thus the related transactions should be subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Rule 20.17 of the GEM Listing Rules. Such transactions have been approved by the independent shareholders at the extraordinary shareholders meeting on 13 June 2013.

CCID SMC, CCID Info and CCID Supervision are subsidiaries of the Company. Research Center is the controlling shareholder of the Company, as at the date of this annual report, it holds approximately 56.09% of the total issued share capital of the Company. CCID Translation and CCID Net are associates of the Research Center, and CCID is the ultimate shareholders of the Company, indirectly holding 69.41% shares of the total issued share capital of the Company at the date of the annual report.

Therefore, they are connected persons of the Company (as defined in Chapter 20 of the GEM Listing Rules), the contract constitutes the continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Details of the above continuing connected transactions are set out in the announcements dated 16 December 2011 and 15 May 2012 and the circular dated 28 May 2013 published on the Stock Exchange's website www.hkex.com.hk and the Company's website www.ccidconsulting.com.

NON-EXEMPTED CONNECTED TRANSACTIONS

For the year ended 31 December 2013, the Group had no non-exempted connected transactions under Rule 20.31 of the GEM Listing Rules.

Further details of the above continuing connected transactions and connected transactions are set out in note 32 on pages 94 and 95 to the financial statement of this annual report.

Independent non-executive directors have reviewed the above non-exempted continuing connected transactions and recognized as follows:

- (1) The transactions are day-to-day business of the Group;

- (2) The transactions can be conducted on normal commercial terms, or for the Group, the terms of such transactions should be no less favorable than terms available to or from the independent third party; and
- (3) The transactions are conducted in accordance with the relevant agreements governing the transactions, the terms of the transaction are fair and reasonable, and in line with the overall interests of the shareholders of the Company.

The Group's auditors have reviewed the above continuing connected transactions which are non-exempted, and confirmed to the Board that the continuing connected transactions:

- (1) Have been approved by the board of directors of the listed issuer;
- (2) If the transactions involve the provision of goods or services by the Group, they are still conducted in accordance with the pricing policies of the Group;
- (3) Have been conducted in accordance with the relevant agreements governing the transactions; and
- (4) Have not exceeded the cap disclosed in previous announcements.

CONTRACT OF SIGNIFICANCE

The Directors and Supervisors of the Company do not, directly or indirectly, have any material interests in any contract with the Company during the year (except for their service contracts). Further details about transactions took place under these contracts during the year was set out in significant connected transactions in Note 32 of the consolidated financial statements.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2013, 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:

Interests and short positions in the securities of the Company or its associated corporations:

Name of director	Name of company, associated corporations	Nature of interests	Capacity	Number and class of shares held	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%

Report of the Directors

Save as disclosed above, as of 31 December 2013, none of the Directors, Supervisors and Chief Executives 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 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 in 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 2013; 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 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 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 Ministry of Industry and Information Technology 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("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 & Service 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 Center and the 93,290,000 domestic shares held directly by 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 & Service Limited, which is in turn a wholly-owned subsidiary of Legend Holdings (BVI) Limited and Legend Holding (BVI) Limited is wholly-owned by Lenovo Group Limited; Legend Holdings Limited holds 57.76% interests in shares of Lenovo Group Limited; and the above corporations are deemed to be interested in 20,000,000 H shares of the Company.

Report of the Directors

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 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 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. respectively holds 99.99% and 100% equity interests 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 (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 under the heading of "Directors', Supervisors' and Chief Executives' Interests in Shares", as at 31 December 2013, 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.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2013, the Group had a total of 392 employees (2012: 490). 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 2013 have been audited by Qual-Mark CPA Limited who retire and offer them for re-appointment at the 2014 annual general meeting.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Group is set out on Page 17 to 25 of the annual report.

BY ORDER OF THE BOARD

Luo Wen

Chairman

Beijing, the People's Republic of China
26 March 2014

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 2013 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

26 March 2014

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 41 to 99 which comprise the consolidated and the Company's statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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.

Independent Auditor's Report

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 2013 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.

QUAL-MARK CPA LIMITED

Room 2203, 22/F., Tung Wai Commercial Building,
109-111 Gloucester Road, Wanchai, Hong Kong

26 March 2014

Chung Ho Shing

Practising Certificate number P03728

Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group

Year ended 31 December 2013

	Notes	2013 RMB('000)	2012 RMB('000)
Turnover	4a	145,788	145,666
Cost of sales		(74,153)	(82,041)
Gross profit		71,635	63,625
Other revenue			
Other revenue	4b	508	5,855
		72,143	69,480
Operating expenses			
Selling and distribution expenses		(14,326)	(15,954)
Administrative expenses		(36,100)	(33,539)
Other operating expenses		(6)	(1,700)
		(50,432)	(51,193)
Impairment of assets	5	(7,479)	(4,407)
Fair value adjustment on financial assets		(28)	(15)
		(57,939)	(55,615)
Profit before taxation	6	14,204	13,865
Taxation	7	(844)	(3,507)
Profit for the year		13,360	10,358
Other comprehensive income		—	—
Total comprehensive income		13,360	10,358
Attributable to:			
Equity holders of the Company	10	10,086	8,338
Non-controlling interests		3,274	2,020
		13,360	10,358
Earnings per share			
Basic (RMB cents)	12	1.4	1.2
Diluted (RMB cents)	12	1.4	1.2

The notes on pages 47 to 99 form part of these consolidated financial statements.

Consolidated Statement of Financial Position of the Group

31 December 2013

	Notes	2013 RMB('000)	2012 RMB('000)
Non-current assets			
Property, plant and equipment	14	22,531	23,864
Intangible assets	16	14,681	14,681
Accrued assets	18	6,305	8,784
Long term investments	22	1,990	1,990
Deferred tax assets	27	4,152	398
		49,659	49,717
Current assets			
Accounts receivable	17	15,405	9,331
Accrued assets	18	41,464	40,380
Prepayment, deposits and other receivable	20	9,302	5,995
Cash and cash equivalents	21	55,210	39,230
Short term investments	22	162	190
		121,543	95,126
Current liabilities			
Accounts payable	23	1,206	1,751
Deferred revenue	24	7,703	—
Accruals and other payable	25	17,348	13,379
Due to related parties	26	2,889	3,372
Current tax liabilities		2,355	731
		31,501	19,233
Net current assets		90,042	75,893
Total assets less current liabilities		139,701	125,610

Consolidated Statement of Financial Position of the Group

31 December 2013

	Notes	2013 RMB('000)	2012 RMB('000)
Non-current liabilities			
Deferred tax liabilities	27	2,346	1,615
NET ASSETS		137,355	123,995
EQUITY			
Share capital	28	70,000	70,000
Reserves	29	49,598	39,838
Total equity attributable to equity holders of the Company		119,598	109,838
Non-controlling interests	29	17,757	14,157
TOTAL EQUITY		137,355	123,995

Approved and authorized for issue by the board of Directors on 26 March 2014.

Li Shuchong
Director

Luo Wen
Director

The notes on pages 47 to 99 form part of these consolidated financial statements.

Statement of Financial Position of the Company

31 December 2013

	Notes	2013 RMB('000)	2012 RMB('000)
Non-current assets			
Property, plant and equipment	14	22,150	23,679
Interests in subsidiaries	15	72,962	65,062
Deferred tax assets	27	4,152	385
		99,264	89,126
Current assets			
Accounts receivable	17	9,403	7,856
Accrued assets	18	27,415	36,930
Prepayment, deposits and other receivable	20	3,825	3,792
Cash and cash equivalents	21	15,279	10,114
Short term investments	22	162	190
		56,084	58,882
Current liabilities			
Accounts payable	23	8,938	5,472
Deferred revenue	24	5,950	—
Accruals and other payable	25	9,982	7,779
Due to related parties	26	2,858	3,246
Current tax liabilities		1,059	8
		28,787	16,505
Net current assets		27,297	42,377
NET ASSETS		126,561	131,503
EQUITY			
Share capital	28	70,000	70,000
Reserves	29	56,561	61,503
TOTAL EQUITY		126,561	131,503

Approved and authorized for issue by the board of Directors on 26 March 2014.

Li Shuchong
Director

Luo Wen
Director

The notes on pages 47 to 99 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity of the Group

Year ended 31 December 2013

	Note	2013 RMB('000)	2012 RMB('000)
Share capital			
Balance at beginning and end of year	28	70,000	70,000
Statutory reserve			
Balance at beginning of year		5,785	4,902
Appropriated from retained profits and non-controlling interests		1,012	883
Balance at end of year		6,797	5,785
Retained profits			
Balance at beginning of year		34,053	26,818
Profit for the year*		10,086	8,338
Appropriated to statutory reserve		(1,338)	(1,103)
Balance at end of year		42,801	34,053
Attributable to equity holders of the Company		119,598	109,838
Non-controlling interests			
Balance at beginning of year		14,157	11,422
Capital contributed by non-controlling interest		—	495
Profit for the year*		3,274	2,020
Appropriated to statutory reserve		326	220
Balance at end of year		17,757	14,157
Total		137,355	123,995
Total comprehensive income for the year*			
Attributable to equity holders of the Company		10,086	8,338
Attributable to non-controlling interests		3,274	2,020
		13,360	10,358

The notes on pages 47 to 99 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows of the Group

Year ended 31 December 2013

	Note	2013 RMB('000)	2012 RMB('000)
Cash flows from operating activities			
Profit before taxation		14,204	13,865
Depreciation		1,645	1,778
Dividend income		(6)	(10)
Interest income		(173)	(220)
Fair value adjustment on financial assets		28	15
		15,698	15,428
(Increase)/decrease in accounts receivable		(6,074)	5,071
(Increase)/decrease in accrued assets		1,395	(1,930)
(Increase)/decrease in prepayment, deposits and other receivable		(3,307)	414
Increase/(decrease) in accounts payable		(545)	166
Increase/(decrease) in accruals and other payable		11,188	(17,629)
		18,355	1,520
PRC enterprise income tax paid		(2,242)	(4,153)
		16,113	(2,633)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(312)	(355)
Sales proceeds of short term investment		—	2,000
Dividend received		6	10
Interest received		173	220
Change in secured deposits		—	391
		(133)	2,266
		15,980	(367)
Cash and cash equivalents at beginning of year		39,230	39,597
Cash and cash equivalents at end of year	21	55,210	39,230

The notes on pages 47 to 99 form part of these consolidated financial statements.

Notes to Consolidated Financial Statements

31 December 2013

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
Hong Kong Companies Ordinance	Predecessor Companies Ordinance (Cap. 32)
HKFRS	Hong Kong Financial Reporting Standard issued by HKICPA
HKAS	Hong Kong Accounting Standard issued by HKICPA
HK(SIC) — Int	Hong Kong Interpretation issued by HKICPA based on equivalent interpretation issued by former Standing Interpretations Committee
HK(IFRIC) — Int	Hong Kong Interpretation issued by HKICPA based on equivalent interpretation issued by International Financial Reporting Interpretation Committee
HK — Int	Hong Kong Interpretation issued by HKICPA
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 Design	Beijing CCID Information Engineering Design Co., Ltd. (previously known as 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 Design
CCID Capital	Beijing CCID Capital Consulting Co., Ltd., a subsidiary of the Company
CCID Management	Beijing CCID Strategy Management Consulting Co., Ltd., a subsidiary of the Company

Notes to Consolidated Financial Statements

31 December 2013

1. GENERAL (Continued)

(a) Definition (Continued)

CCID City Strategy	Beijing CCID City Strategy Consulting Co., Ltd., a subsidiary of the Company
Shenzhen CCID Strategy	Shenzhen CCID Strategy Consulting Co., Ltd., a subsidiary of the Company incorporated on 8 April 2013
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	the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
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

(b) Corporate information

The Company is a company registered in PRC as a joint stock company with limited liability and its H shares are listed on GEM 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 principal office and place of business is located at 9th and 10th Floor of CCID Plaza, 66 Zizhuyuan Road, Hai Dian District, Beijing PRC. Its principal place of business in Hong Kong is located at Level 18, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The Group principally engages in the provision of management and strategic consultancy, market consultancy, data information management 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 and the ultimate controlling party is the Government of PRC. All of these parties do not prepare financial statements available for public use.

1. GENERAL (Continued)

(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, HK(SIC) – Int, HK(IFRIC) – Int, HK – Ints, Generally Accepted Accounting Principles 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.

(b) Basis of presentation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and all of its subsidiaries. These consolidated financial statements are measured at the basis stated in note 3 to the consolidated financial statements. 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).

Notes to Consolidated Financial Statements

31 December 2013

2. BASIS OF PREPARATION (Continued)

(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.

Income recognition

The Group's major income is 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. The Group has also implemented real-time OA system during the year to secure proper approval of the level of completion on real-time basis. 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, ageing analysis of accounts and 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.

2. BASIS OF PREPARATION (Continued)**(d) Effective HKFRS**

The following HKFRS and HKAS, newly developed or revised, become effective in this year.

Amendments to HKAS 1	Presentation of items of other comprehensive income
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKFRS 1	Government loans
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine

The amendments to HKAS 1 “Presentation of item of other comprehensive income” introduce new terminology for the statement of comprehensive income and income statement. Upon application of the amendments to HKAS 1, the Group’s ‘Consolidated statement of comprehensive income’ is renamed as a ‘Consolidated statement of profit or loss and other comprehensive income’. In addition, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 13 “Fair value measurement” replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 22. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group’s assets and liabilities.

Except as described above, the application of the amendments to HKFRSs in the current year has no material impact on the Group’s financial performance and position for the current and prior years and on the disclosures set out in these financial statements.

Notes to Consolidated Financial Statements

31 December 2013

2. BASIS OF PREPARATION (Continued)

(e) Impact of issued but not yet effective HKFRS

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

		Effective from
HKFRS 9	Financial instruments	To be determined
HKFRS 14	Regulatory deferred account (for the first timer of adopting HKFRS only)	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities	1 January 2014
Amendment to HKAS 19	Defined benefit plans: Employee contribution	1 July 2014
Amendment to HKAS 32	Offsetting financial assets and financial liabilities	1 January 2014
Amendment to HKAS 36	Impairment of assets	1 January 2014
Amendment to HKAS 39	Financial instruments: Recognition and measurement	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014
Amendment to HKFRS	Annual improvements to HKFRSs 2010-2012 Cycle	1 July 2014
Amendment to HKFRS	Annual improvements to HKFRSs 2011-2013 Cycle	1 July 2014

The Group as well as the Company have not early adopted the New Standards and Amendments in this set of financial statements. The Group as well as the Company have already commenced an assessment of the impact of the New Standards and Amendments but not yet in a position to state whether the New 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 holders 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 holders 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).

Notes to Consolidated Financial Statements

31 December 2013

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:

	2013	2012
Land and buildings held under finance lease	30 years	30 years
Furniture, fixtures and equipment	5 years	5 years
Motor vehicles	5 years	5 years

(d) Leased assets

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(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.

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.

Notes to Consolidated Financial Statements

31 December 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of assets (Continued)

iii) Impairment of other assets (Continued)

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(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.

(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.

Notes to Consolidated Financial Statements

31 December 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(l) Income tax** (Continued)

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.

(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.

Notes to Consolidated Financial Statements

31 December 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 will 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 consultancy, management consultancy and strategic 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 value-added tax and sales tax, 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.

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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 (net of value-added tax), which excludes sales surtaxes. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013 RMB('000)	2012 RMB('000)
Management and strategic consultancy services	88,400	89,155
Market consultancy services	18,776	20,368
Data information management services	1,027	688
Information engineering supervision services	35,460	27,852
Other segments	2,125	7,603
	145,788	145,666

(b) Other revenue

	2013 RMB('000)	2012 RMB('000)
Dividend income	6	10
Interest income from bank deposits	173	220
Adjustment on social welfare fund	—	5,585
Sundry income	329	40
	508	5,855

Notes to Consolidated Financial Statements

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5. IMPAIRMENT OF ASSETS

	2013 RMB('000)	2012 RMB('000)
Trade receivables and accrued assets		
Bad and doubtful debts recognised in profit or loss	8,408	5,308
Bad and doubtful debts released	—	—
Bad and doubtful debts recovered	(929)	(901)
	7,479	4,407

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:

	2013 RMB('000)	2012 RMB('000)
Individually assessed		
New and additions	5,755	4,303
Less: Recovered	(929)	(901)
Less: Released	—	—
	4,826	3,402
Collectively assessed		
New and additions	2,653	1,005

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

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

	2013 RMB('000)	2012 RMB('000)
Salaries, wages and other benefits	58,341	59,151
Retirement benefit scheme contributions	16,388	14,549
Total staff costs	74,729	73,700

Total staff costs include research and development costs amounted to RMB12,789 thousand (2012: RMB8,238 thousand).

At 31 December 2013, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2012: Nil).

(b) Other items

	2013 RMB('000)	2012 RMB('000)
Cost of services provided #	74,153	82,041
Auditor's remuneration	295	200
Depreciation #	1,645	1,778
Operating lease rental: Land and buildings #	1,529	1,916
Research and development cost #	12,789	8,238
Net exchange loss	—	27
Professional cost on proposed additional issuance of H shares	—	1,700
# The cost of services provided included:		
Depreciation	710	609
Staff cost	40,832	42,369
Operating lease rental: Land and buildings	721	1,135

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7. TAXATION

- a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2013 RMB('000)	2012 RMB('000)
PRC enterprise income tax		
Provision for the year	3,986	3,096
Deferred tax – temporary differences	(3,142)	411
	844	3,507

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 2013 (2012: 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% (2012: 25%).

CCID Supervision is a high and new 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% (2012: 15%).

Major unrecognised deferred tax as at 31 December 2013 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:

	2013 RMB('000)	2012 RMB('000)
Profit before taxation	14,204	13,865
Applicable tax rate	25%	25%
Product of accounting profit multiplied by applicable tax rate	3,551	3,466
Tax effect of non-deductible expenses	183	445
Preferential tax rate granted to high technology industry	(1,037)	(705)
Tax effect of unused tax losses	448	1,328
Tax effect of unrecognised but taxed income	1,030	—
Tax effect of deductible but not recognised expenses	2,685	2,249
Tax effect of recognised but untaxed income	(2,122)	(2,243)
Tax effect of non-taxable revenue	(2)	(3)
Tax effect of tax loss in prior years offsetting tax profit for current year	(750)	(1,392)
Adjustment on deferred tax expenses	(3,142)	411
Other adjustments	—	(49)
Tax expense	844	3,507

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:

	2013 RMB('000)	2012 RMB('000)
Fees	355	342
Salaries and other benefits	616	713
Bonus	220	394
Retirement benefit scheme contributions	153	128
	1,344	1,577

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8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

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

2013

	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 (Note (a))	16	233	200	38	487
Li Shuchong (Note (b))	5	226	—	41	272
Non-executive directors					
Song Xianzhu	29	—	—	—	29
Wang Peng	29	—	—	—	29
Lu Shan	29	—	—	—	29
Independent non-executive directors					
Guo Xiping	43	—	—	—	43
Han Fuling	43	—	—	—	43
Li Xuemei	43	—	—	—	43
Supervisors					
Gong Chenghe	29	—	—	—	29
Zhao Zeming	29	—	—	—	29
Zhao Xiuzhen	31	157	20	74	282
Total for 2013	355	616	220	153	1,344

Notes:

- The executive director, Mr. Li Jun resigned the position of Executive Director, Chief Executive Officer and member of the Remuneration Committee of the Company due to work re-allocation with effect from 24 June 2013. Mr. Li Jun has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation of positions of Executive Director, Chief Executive Officer and member of the Remuneration of Committee of the Company that will need to be brought to the attention of shareholders of the Company.
- By the General Meeting held on 5 November 2013, the shareholders of the Company resolved to appoint Mr. Li Shuchong as an Executive Director of the Company.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

2012

	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	373	72	1,004
Non-executive directors					
Song Xianzhu (Note (c))	2	—	—	—	2
Wang Peng	29	—	—	—	29
Lu Shan	29	—	—	—	29
Hong Jingyi (Note (d))	7	—	—	—	7
Independent non-executive directors					
Guo Xiping	43	—	—	—	43
Han Fuling	43	—	—	—	43
Li Xuemei	43	—	—	—	43
Supervisors					
Gong Chenghe	29	—	—	—	29
Zhao Zeming	29	—	—	—	29
Zhao Xiuzhen	29	184	21	56	290
Total for 2012	342	713	394	128	1,577

Notes:

c) Mr. Song Xianzhu was appointed as a non-executive director of the Company on 13 December 2012.

d) The non-executive director, Mr. Hong Jingyi resigned on 28 March 2012.

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 2013 (2012: Nil).

No directors and supervisors forfeited any emolument during the year ended 31 December 2013 (2012: Nil).

Notes to Consolidated Financial Statements

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9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2012: one) is a director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2012: four) individuals are as follows:

	2013 RMB('000)	2012 RMB('000)
Salaries and other benefits	1,491	1,989
Bonuses	516	787
Retirement benefit scheme contributions	270	290
	2,277	3,066

The emoluments of all highest paid non-director individuals during the year ended 31 December 2013 falls below one million RMB (2012: 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 2013 (2012: Nil).

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

The loss attributable to equity holders of the Company includes RMB4,942,619 (2012: RMB1,206,212) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

The Directors do not recommend payment of final dividend for the year ended 31 December 2013 (2012: Nil).

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 are identical to the basic earnings per share.

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

	2013	2012
Profit attributable to equity holders of the Company (RMB('000))	10,086	8,338
Divided by weighted average number of issued shares (thousand shares)	700,000	700,000
Basic and diluted earnings per share (RMB cents)	1.4	1.2

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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 consultancy 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 strategic 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.

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.

13. OPERATING SEGMENTS (Continued)

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

	Management and Strategic Consultancy Services Segment RMB('000)	Market Consultancy Services Segment RMB('000)	Information Engineering Supervision Services Segment RMB('000)	Data Information Management Segment RMB('000)	Other Segments RMB('000)	Total RMB('000)
2013						
Revenue from external customers	88,400	18,776	1,027	35,460	2,125	145,788
Inter-segment income	2,939	—	3,600	—	—	6,539
Segment profit	34,132	10,083	171	21,895	1,249	67,530
Other material non-cash items:						
— Impairment loss	(7,298)	(872)	(238)	929	—	(7,479)
Reportable segment assets	48,922	6,872	42	7,055	283	63,174
Reportable segment liabilities	10,656	2,379	20	945	8	14,008
	177,751	37,238	4,622	66,284	3,665	289,560
2012						
Revenue from external customers	89,155	20,368	688	27,852	7,603	145,666
Inter-segment income	13,000	—	3,721	283	—	17,004
Segment profit	36,130	9,362	244	14,531	3,967	64,234
Other material non-cash items:						
— Impairment loss	(2,021)	(1,098)	—	(1,288)	—	(4,407)
Reportable segment assets	40,053	8,094	371	1,193	—	49,711
Reportable segment liabilities	2,162	432	14	1,455	—	4,063
	178,479	37,158	5,038	44,026	11,570	276,271

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13. OPERATING SEGMENTS (Continued)

Reconciliations of reportable segment revenue, profit, assets and liabilities

	Revenue RMB('000)	Profit RMB('000)	Assets RMB('000)	Liabilities RMB('000)
2013				
Total per reportable segments	152,327	67,530	63,174	14,008
Elimination	(6,539)	—	—	—
Other revenue and net gains	—	508	—	—
Other operating expenses	—	(45,554)	—	—
Unallocated assets	—	—	108,028	—
Unallocated liabilities	—	—	—	19,839
Other material non-cash items:				
— Depreciation	—	(1,645)	—	—
— Impairment loss	—	(7,479)	—	—
Total per consolidated financial statements	145,788	13,360	171,202	33,847
2012				
Total per reportable segments	162,670	64,234	49,711	4,063
Elimination	(17,004)	—	—	—
Other revenue and net gains	—	5,855	—	—
Other operating expenses	—	(53,546)	—	—
Unallocated assets	—	—	95,132	—
Unallocated liabilities	—	—	—	16,785
Other material non-cash items:				
— Depreciation	—	(1,778)	—	—
— Impairment loss	—	(4,407)	—	—
Total per consolidated financial statements	145,666	10,358	144,843	20,848

13. OPERATING SEGMENTS (Continued)

Reconciliations of other material items

	2013			2012		
	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	—	173	173	—	220	220
Interest expenses	—	—	—	—	—	—
Depreciation	—	1,645	1,645	—	1,778	1,778
Segment profit	67,530	(54,170)	13,360	64,234	(53,876)	10,358
Expenditure for assets	—	312	312	—	355	355
Other material non-cash items: — Impairment loss	—	(7,479)	(7,479)	—	(4,407)	(4,407)
	67,530	(59,519)	8,011	64,234	(55,930)	8,304

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% or more of the Group's total revenue.

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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 finance lease in PRC under medium term			
Balance at beginning of 2012	32,819	(10,064)	22,755
Depreciation	—	(1,041)	(1,041)
Balance at end of 2012 and beginning of 2013	32,819	(11,105)	21,714
Depreciation	—	(1,041)	(1,041)
Balance at end of 2013	32,819	(12,146)	20,673
Furniture, fixtures and equipment			
Balance at beginning of 2012	6,308	(4,524)	1,784
Additions	354	—	354
Depreciation	—	(557)	(557)
Disposals	(340)	340	—
Balance at end of 2012 and beginning of 2013	6,322	(4,741)	1,581
Additions	118	—	118
Depreciation	—	(429)	(429)
Balance at end of 2013	6,440	(5,170)	1,270
Motor vehicles			
Balance at beginning of 2012	1,208	(460)	748
Depreciation	—	(179)	(179)
Balance at end of 2012 and beginning of 2013	1,208	(639)	569
Additions	194	—	194
Depreciation	—	(175)	(175)
Balance at end of 2013	1,402	(814)	588
Total			
Balance at beginning of 2012	40,335	(15,048)	25,287
Additions	354	—	354
Depreciation	—	(1,777)	(1,777)
Disposals	(340)	340	—
Balance at end of 2012 and beginning of 2013	40,349	(16,485)	23,864
Additions	312	—	312
Depreciation	—	(1,645)	(1,645)
Balance at end of 2013	40,661	(18,130)	22,531

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 finance lease in PRC under medium term			
Balance at beginning of 2012	32,819	(10,064)	22,755
Depreciation	—	(1,041)	(1,041)
Balance at end of 2012 and beginning of 2013	32,819	(11,105)	21,714
Depreciation	—	(1,041)	(1,041)
Balance at end of 2013	32,819	(12,146)	20,673
Furniture, fixtures and equipment			
Balance at beginning of 2012	5,458	(3,362)	2,096
Additions	288	—	288
Depreciation	—	(616)	(616)
Balance at end of 2012 and beginning of 2013	5,746	(3,978)	1,768
Additions	69	—	69
Depreciation	—	(507)	(507)
Balance at end of 2013	5,815	(4,485)	1,330
Motor vehicles			
Balance at beginning of 2012	528	(281)	247
Depreciation	—	(50)	(50)
Balance at end of 2012 and beginning of 2013	528	(331)	197
Depreciation	—	(50)	(50)
Balance at end of 2013	528	(381)	147
Total			
Balance at beginning of 2012	38,805	(13,707)	25,098
Additions	288	—	288
Depreciation	—	(1,707)	(1,707)
Balance at end of 2012 and beginning of 2013	39,093	(15,414)	23,679
Additions	69	—	69
Depreciation	—	(1,598)	(1,598)
Balance at end of 2013	39,162	(17,012)	22,150

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15. INTERESTS IN SUBSIDIARIES

The Company	2013 RMB('000)	2012 RMB('000)
Unlisted share, at cost	45,297	45,097
Long-term loans	27,665	19,965
	72,962	65,062

Details of the subsidiaries at 31 December 2013 are as follows:

Name	Place of incorporation and operations	Registered and paid up capital RMB('000)	Percentage of effective equity interests attributable to the Company	Principal activities
Beijing CCID Information Engineering Design Co., Ltd. (Note a)	Beijing, PRC	50,000	95%	Provision of data services and establishment of information database services
Beijing CCID Information Engineering Supervision Co., Ltd.	Beijing, PRC	10,000	66.5%	Provision of information engineering supervision and training services
Beijing CCID Capital Consulting Services Co., Ltd.	Beijing, PRC	500	99%	Provision for investment consultancy
Beijing CCID Strategy Management Consulting Co., Ltd.	Beijing, PRC	300	99%	Provision for management consultancy services
Beijing CCID City Strategy Consulting Co., Ltd.	Beijing, PRC	1,000	50.5%	Provision for economic consultancy services
Shenzhen CCID Strategy Consulting Co., Ltd. (Note b)	Shenzhen, PRC	200	100%	Provision for management consultancy services

Notes:

- a) CCID Design was known as Beijing CCID Information Engineering Consulting Co., Ltd. On 19 August 2013, its name has been changed to Beijing CCID Information Engineering Design Co., Ltd.
- b) On 8 April 2013, the Company invested in a newly established subsidiary known as Shenzhen CCID Strategy Consulting Co., Ltd. The Company has paid up RMB200,000, representing 20% of total registered capital of that subsidiary. According to the investment proposal of Shenzhen CCID Strategy, the Company will contribute an additional capital of RMB800,000 to paid-up the balance of registered capital.
- c) The Group has no subsidiary having material non-controlling interests.

16. INTANGIBLE ASSETS

The Group	2013 RMB('000)	2012 RMB('000)
Information database with indefinite useful lives		
Cost	38,268	38,268
Accumulated amortisation and impairment losses	(23,587)	(23,587)
Balance at beginning and end of year	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.

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").

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16. INTANGIBLE ASSETS (Continued)

At the end of reporting period, the management of the Group applied dividend model to evaluate the recoverable amount of the intangible assets based on the following major assumptions.

	2013 RMB('000)	2012 RMB('000)
Relevant net cash flows	3,600	3,600
Long-term growth rate	3.22%	3.22%
Return on capital employed	15.07%	14.05%
Recoverable amount measured by dividend model	31,346	34,322

According to the estimation of the management of the Group, 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.

17. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable is as follows:

The Group	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2013			
Within 60 days	—	7,246	7,246
61 days to 180 days	86	3,672	3,758
181 days to 365 days	400	3,244	3,644
Over 365 days	—	757	757
	486	14,919	15,405
2012			
Within 60 days	102	3,930	4,032
61 days to 180 days	—	1,960	1,960
181 days to 365 days	—	940	940
Over 365 days	136	2,263	2,399
	238	9,093	9,331

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:

	2013 RMB('000)	2012 RMB('000)
Balance at beginning of year	2,607	2,135
New and additions	4,125	1,830
Recovered	(929)	(1,195)
Other adjustments	(270)	(163)
Balance at end of year	5,533	2,607

An ageing analysis of the accounts receivable is as follows:

The Company	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2013			
Within 60 days	—	4,425	4,425
61 days to 180 days	—	2,764	2,764
181 days to 365 days	—	2,214	2,214
Over 365 days	—	—	—
	—	9,403	9,403
2012			
Within 60 days	102	3,499	3,601
61 days to 180 days	—	1,563	1,563
181 days to 365 days	—	624	624
Over 365 days	136	1,932	2,068
	238	7,618	7,856

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

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17. ACCOUNTS RECEIVABLE (Continued)

Reconciliation of allowance account for credit losses:

	2013 RMB('000)	2012 RMB('000)
Balance at beginning of year	1,351	1,890
New and additions	3,196	656
Recovered	—	—
Other adjustments	(64)	(1,195)
Balance at end of year	4,483	1,351

18. ACCRUED ASSETS

	2013 RMB('000)	2012 RMB('000)
The Group		
Total	54,198	52,814
Impairment losses	(6,429)	(3,650)
Current portion	47,769	49,164
Non-current portion	6,305	8,784
The Company		
Total	32,310	38,714
Impairment losses	(4,895)	(1,784)
	27,415	36,930

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	2013	2012
	RMB('000)	RMB('000)
Name of related parties		
CCID	582	1,403
MIICMD	450	—
CCID Net Information Technique Co., Ltd.	39	—
CCID IT Company Limited	368	451
CCID (Holding) Limited	2,000	—
	3,439	1,854
The Company		
Name of related parties		
CCID	136	518
MIICMD	50	—
CCID Supervision	239	—
CCID IT Company Limited	368	451
	793	969

The above related parties are controlled by CCID. The amounts due from related parties are unsecured and interest-free. Except for the amount due from CCID (Holding) Limited, all of the balances do not have fixed terms of repayment.

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20. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

The Group	2013 RMB('000)	2012 RMB('000)
Advances to employees	6,397	5,187
Prepayments	237	237
Rental and other deposits	534	484
Other receivable	2,134	87
	9,302	5,995
The Company		
Advances to employees	2,989	3,053
Prepayments	237	237
Rental and other deposits	502	451
Other receivable	97	51
	3,825	3,792

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	2013 RMB('000)	2012 RMB('000)
Cash at banks and on hand	54,217	38,813
Secured deposits	993	417
Balance per consolidated statement of financial position and consolidated statement of cash flows	55,210	39,230
The Company		
Cash at banks and on hand	15,279	10,114

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	
	2013	2012	2013 RMB('000)	2012 RMB('000)
United States dollars	2	2	—	—
Hong Kong dollars	36,522	36,522	29	32

22. INVESTMENTS

The Group	2013 RMB('000)	2012 RMB('000)
Designated financial assets at fair value through profit or loss at initial recognition, at fair value		
Securities listed in PRC (Note a)	162	190
Available-for-sale financial assets, at cost		
Unlisted shares (Note b and c)	8,657	8,657
Less: Impairment losses	(6,667)	(6,667)
	1,990	1,990
Total		
Long-term investments	1,990	1,990
Short-term investments	162	190
	2,152	2,180
Market value of listed shares	162	190
The Company		
Designated financial assets at fair value through profit or loss at initial recognition, at fair value		
Securities listed in PRC (Note a)	162	190
Market value of listed shares	162	190

Notes:

- a) All of the financial assets stated at fair value are measured at quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date (i.e. Level 1 inputs).
- b) Unlisted shares refer to 19.9% (2012: 19.9%) equitable interests in CCID Exhibition held by CCID Supervision.
- c) Available-for-sale financial assets neither have quoted prices in active market nor equity-link derivatives for reference. The fair value of the available-for-sale financial assets is undisclosable in absence of reliable basis of measurement.

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23. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable is as follows:

The Group	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2013			
Within 60 days	—	31	31
61 days to 180 days	—	—	—
181 days to 365 days	—	30	30
Over 365 days	884	261	1,145
	884	322	1,206
2012			
Within 60 days	2	670	672
61 days to 180 days	882	97	979
181 days to 365 days	—	21	21
Over 365 days	—	79	79
	884	867	1,751

Amount due to related parties are analysed as follow:

	2013 RMB('000)	2012 RMB('000)
Name of related parties		
CCID Translation Company Limited	2	2
Beijing CCID Guo Ruan Certification Company Limited	882	882
	884	884

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.

23. ACCOUNTS PAYABLE (Continued)

An ageing analysis of the accounts payable is as follows:

The Company	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2013			
Within 60 days	—	30	30
61 days to 180 days	—	—	—
181 days to 365 days	5,700	9	5,709
Over 365 days	3,002	197	3,199
	8,702	236	8,938
2012			
Within 60 days	1,102	165	1,267
61 days to 180 days	2,900	96	2,996
181 days to 365 days	1,200	—	1,200
Over 365 days	—	9	9
	5,202	270	5,472

Amount due to related parties are analysed as follow:

	2013 RMB('000)	2012 RMB('000)
Name of related parties		
CCID Design	5,700	—
CCID Management	3,000	5,200
CCID Translation Company Limited	2	2
	8,702	5,202

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. DEFERRED REVENUE

From 1 September 2012 onward, the revenue of the Company and of the Group recognised in accordance with PRC accounting standard shall be measured by reference to the face value of VAT invoices issued pursuant to the PRC tax law. According to the HKFRS, the revenue from the provision of services shall be measured on percentage of completion basis. Those billed (by the way of VAT invoices) but unrecognized revenue is credited to deferred revenue account in order to reconcile the difference of these two sets of generally accepted accounting principle.

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25. ACCRUALS AND OTHER PAYABLES

	2013 RMB('000)	2012 RMB('000)
The Group		
Accrued salaries and welfares	3,671	4,220
Provision for social insurance fees and the public housing funds	1,578	1,330
Other tax payables	1,838	1,296
Received in advance	5,360	2,314
Other payable	4,901	4,219
	17,348	13,379
The Company		
Accrued salaries and welfares	1,356	1,976
Provision for social insurance fees and the public housing funds	696	558
Other tax payables	588	247
Received in advance	4,835	2,313
Other payable	2,507	2,685
	9,982	7,779

26. DUE TO RELATED PARTIES

	2013 RMB('000)	2012 RMB('000)
The Group		
Immediate holding company	1,889	2,340
Ultimate holding company	1,000	1,000
Other related companies	—	32
	2,889	3,372
The Company		
Immediate holding company	1,858	2,246
Ultimate holding company	1,000	1,000
	2,858	3,246

Notes:

- a) The amount due to the immediate holding company at 31 December 2013 included the amount payable 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.

27. DEFERRED TAXATION**(a) Recognised deferred tax**

Components of recognised deferred tax:

The Group	2013 RMB('000)	2012 RMB('000)
Deferred tax assets		
Financial assets	47	40
Impairment loss on accounts receivable	2,390	346
Deferred revenue, net of accrued assets	1,715	—
Others	—	12
	4,152	398
Deferred tax liabilities		
Accrued assets	2,836	1,615
Intangible assets	(478)	—
Others	(12)	—
	2,346	1,615
The Company		
Deferred tax assets		
Financial assets	47	40
Impairment loss on accounts receivable	2,390	345
Deferred revenue, net of accrued assets	1,715	—
	4,152	385

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27. DEFERRED TAXATION (Continued)

(b) Unrecognised deferred tax

Components of unrecognised deferred tax assets/(liabilities):

The Group	2013 RMB('000)	2012 RMB('000)
Unused tax loss	2,348	2,920
Accrued assets	(884)	57
Intangible assets	—	478
	1,464	3,455

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	2012 and 2013	
	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 interests RMB('000)	Total RMB('000)
Balance at beginning of 2012	4,902	26,818	31,720	11,422	43,142
Profit for the year	—	8,338	8,338	2,020	10,358
Capital contributed by non-controlling interests	—	—	—	495	495
Transferred to statutory reserve fund	883	(1,103)	(220)	220	—
Balance at end of 2012 and beginning of 2013	5,785	34,053	39,838	14,157	53,995
Profit for the year	—	10,086	10,086	3,274	13,360
Transferred to statutory reserve fund	1,012	(1,338)	(326)	326	—
Balance at end of 2013	6,797	42,801	49,598	17,757	67,355

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 2012	18,100	10,308	59	34,242
Loss for the year	—	—	—	(1,206)	(1,206)
Balance at end of 2012 and beginning of 2013	18,100	10,308	59	33,036	61,503
Loss for the year	—	—	—	(4,942)	(4,942)
Balance at end of 2013	18,100	10,308	59	28,094	56,561

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29. RESERVES (Continued)

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.
- (c) CCID Design, CCID City Strategy and CCID Supervision (2012: CCID Design and CCID Supervision) have transferred 10% of profit after tax to the statutory reserve fund. No discretionary reserve funds were appropriated for 2013 (2012: Nil).
- (d) 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.
- (e) The Company's reserve available for distribution pursuant to section 79B of Hong Kong Companies Ordinance is as follow:

	2013 RMB('000)	2012 RMB('000)
Retained profits	28,094	33,036

30. 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 2013, no options were granted to the Group's employees.

31. COMMITMENTS

- (a) At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

The Group and the Company	2013 RMB('000)	2012 RMB('000)
Within one year	22	160

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 2013, the Group has no capital commitment outstanding while the Company has a capital commitment of RMB4,800 thousand which is not provided for in the financial statements (2012: RMB4,000 thousand).

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32. 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:

	2013 RMB('000)	2012 RMB('000)
Gross revenue earned before sales surtaxes		
Provision for consulting services to:		
CCID	203	443
MIICMD	542	—
CCID (Holding) Limited	—	3
CCID Net Information Technique Co., Ltd.	62	—
Beijing CCID IT Testing Company Limited	—	30
China Electronics News	—	25
CCID IT Company Limited	74	451
CCID Call Company Limited	—	47
	881	999
Provision for data management and supervision services		
CCID	4,666	6,600
MIICMD	—	770
	4,666	7,370
Promotion expenses (including advertising services and website and hyperlink services)		
Training and consultancy expenses charged by Beijing CCID Guo Ruan Certification Co., Ltd	—	882
Promotion and consultancy expenses charged by CCID Net Information Technique Co., Ltd.	—	49
Consultancy expenses charged by MIICMD	—	53
Rental, building management fee, internet fee and utilities fare charged by MIICMD	1,700	1,823
Translation expense charged by CCID Translation Co., Ltd.	—	135
	1,700	2,942
Others		
Sub-contractors' charge by Beijing CCID Info Tech Co., Ltd.	—	151
Advance to CCID (Holding) Limited (Note c)	2,000	—
Advanced by/(repayment to) MIICMD	—	(10,000)
Advanced by CCID (Note d)	—	1,000

32. MATERIAL RELATED PARTY TRANSACTIONS (Continued)**(a)** (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 advance was made by CCID Supervision. The advance is interest-free, unsecured and has a fixed repayment term. The related company has fully repaid the advance to CCID Supervision.
- d) The advances were made to the Company under a financial assistance agreement with CCID. According to the financial assistance agreement, the advance is interest-free, unsecured and repayable within one year from the date of advancement.

(b) Key management personnel remuneration

	2013 RMB('000)	2012 RMB('000)
Salaries, wages and other benefits	6,987	10,005
Retirement benefit scheme contributions	1,365	1,276
	8,352	11,281

The remuneration has been included in staff costs (see note 6(a)).

- (c) The ultimate controlling party of the Company and of the Group is the PRC Government. The major source of revenue to the Company and to the Group are sourced from the PRC Government and entities controlled by them (2012: Same).

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33. FINANCIAL RISK MANAGEMENT

Financial assets and liabilities carried on the consolidated and separate 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.

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 2013, 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 not more than RMB1 thousand (2012: not more than RMB1 thousand).

33. FINANCIAL RISK MANAGEMENT (Continued)**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 2013, had the fair value of the investment portfolio been 1% higher or lower with all other variables held constant, the profit or loss for the year before tax would have been increased or decreased by RMB2 thousand (2012: 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 are significantly reduced. The Group has no significant concentrations on credit risk.

Ageing analysis of pasted due but not yet impaired financial assets

	2013	2012
The Group	RMB('000)	RMB('000)
Pass due for more than one year	477	1,988
The Company		
Pass due for more than one year	—	1,932

Liquidity risk

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

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33. FINANCIAL RISK MANAGEMENT (Continued)

Maturity analysis

As at 31 December 2013, 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	2013 RMB('000)	2012 RMB('000)
Trade and other payables		
Payable on demand or within three months	13,193	12,419
<hr/>		
The Company		
Trade and other payables		
Payable on demand or within three months	16,943	14,184

34. MANAGING CAPITAL

The Group	2013 RMB('000)	2012 RMB('000)
Managing capital comprises:		
Issued and paid up share capital	70,000	70,000
Retained profits	42,801	34,053
Other reserves	6,797	5,785
	119,598	109,838
<hr/>		
The Company		
Managing capital comprises:		
Issued and paid up share capital	70,000	70,000
Retained profits	28,094	33,036
Other reserves	28,467	28,467
	126,561	131,503

34. MANAGING CAPITAL (Continued)

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 2013, the Group's and the Company's strategies were to maintain the revised net debt-to-adjusted capital ratio at a level below 50% (2012: Same).

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

	2013 RMB('000)	2012 RMB('000)
The Group		
Total liabilities	33,847	20,848
Less: Balance due to ultimate holding company	(1,000)	(1,000)
Less: Balance due to immediate holding company	(1,889)	(2,340)
	30,958	17,508
Total shareholders' equity	137,355	123,995
Revised net debt-to-adjusted capital ratio	23%	14%
The Company		
Total liabilities	29,949	16,505
Less: Balance due to ultimate holding company	(1,000)	(1,000)
Less: Balance due to immediate holding company	(1,858)	(2,246)
Less: Balance due to subsidiaries	(8,700)	(5,200)
	18,391	8,059
Total shareholders' equity	126,561	131,503
Revised net debt-to-adjusted capital ratio	15%	6%

Five-Year Financial Summary

SUMMARY OF FINANCIAL INFORMATION

The summaries of the results and of the assets and liabilities of the Group for the last five financial years extracted from the published audited financial statements are as follow:

RESULT	Year ended 31 December				2013 RMB('000)
	2009 RMB('000)	2010 RMB('000)	2011 RMB('000)	2012 RMB('000)	
Turnover	103,211	112,467	127,118	145,666	145,788
Cost of sales	(57,847)	(62,456)	(67,955)	(82,041)	(74,153)
Gross profits	45,364	50,011	59,163	63,625	71,635
Other revenue	1,102	2,819	1,030	5,855	508
Selling and distribution expenses	(10,278)	(11,925)	(14,512)	(15,954)	(14,326)
Administrative expenses	(19,705)	(21,025)	(22,697)	(33,539)	(36,100)
Other operating expenses	(81)	(11)	—	(1,700)	(6)
Impairment of assets	(91)	(2,402)	(409)	(4,407)	(7,479)
Fair value adjustments on financial assets	—	(54)	—	(15)	(28)
Profit before taxation	16,311	17,413	22,575	13,865	14,204
Taxation	(2,958)	(3,429)	(6,004)	(3,507)	(844)
Profit for the year	13,353	13,984	16,571	10,358	13,360
Attributable to:					
Equity holders of the Company	11,227	12,611	14,686	8,338	10,086
Non-controlling interests	2,126	1,373	1,885	2,020	3,274
Profit for the year	13,353	13,984	16,571	10,358	13,360

ASSETS AND LIABILITIES	31 December				2013 RMB('000)
	2009 RMB('000)	2010 RMB('000)	2011 RMB('000)	2012 RMB('000)	
Total assets	115,204	121,516	152,827	144,843	171,202
Total liabilities	(24,417)	(21,335)	(39,685)	(20,848)	(33,847)
	90,787	100,181	113,142	123,995	137,355