

CCIDConsulting

CCID Consulting Company Limited

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

Interim Report 2014

- 政府決策第一智庫
- 企業戰略第一顧問
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This Report, for which the Directors of CCID Consulting Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this Report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matter the omission of which would make any statement herein or this Report misleading.

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

HIGHLIGHTS

- For the six months ended 30 June 2014, the unaudited turnover of the Group was approximately RMB58.84 million, representing a decrease of approximately 11% over the corresponding period in the previous year;
- For the six months ended 30 June 2014, the gross profit of the Group was approximately RMB27.93 million, with the gross profit margin of approximately 47%, representing an increase of approximately 6% over the corresponding period in the previous year;
- For the six months ended 30 June 2014, the profits attributable to equity holders of the Company was approximately RMB3.56 million, representing an increase of approximately 17% over the corresponding period in the previous year;
- For the six months ended 30 June 2014, the basic earnings per share of the Group was about RMB0.51 cents;
- The board of directors does not recommend the payment of interim dividend for the six months ended 30 June 2014.

INTERIM RESULTS

The board of directors (the "Board") of CCID Consulting Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months and the three months both ended 30 June 2014, together with the comparative unaudited figures for the corresponding period of 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Turnover	2&3	31,157	38,380	58,843	66,062
Cost of sales		(16,731)	(22,392)	(30,918)	(39,603)
Gross profit		14,426	15,988	27,925	26,459
Other revenue		(52)	(7)	(2)	12
Selling and distribution costs		(3,663)	(3,740)	(8,095)	(6,977)
Administrative expenses		(7,324)	(8,639)	(16,001)	(15,375)
Profits before tax	4	3,387	3,602	3,827	4,119
Tax	5	(338)	(370)	(389)	(466)
Profit/(loss) for the period		3,049	3,232	3,438	3,653
Attributable to:					
Equity holders of the Company		2,868	2,242	3,555	3,051
Non-controlling interest		181	990	(117)	602
		3,049	3,232	3,438	3,653
Earnings per share					
— Basic (RMB cents)	6	0.41	0.32	0.51	0.44
Dividends	7	—	—	—	—

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		30 June	31 December
		2014	2013
	<i>Note</i>	RMB'000	<i>RMB'000</i>
NON-CURRENT ASSETS			
Fixed assets	8	21,855	22,531
Intangible assets	8	14,596	14,681
Accrued assets	9	6,305	6,305
Long term investments		1,990	1,990
Deferred tax assets		3,626	4,152
		48,372	49,659
CURRENT ASSETS			
Accounts receivables and accrued assets	9	67,813	56,869
Prepayments, deposits and other receivables		9,189	9,302
Cash and bank balances		38,525	55,210
Short-term investments		162	162
		115,689	121,543
CURRENT LIABILITIES			
Accounts payables	10	1,151	1,206
Deferred income		—	7,703
Accruals and other payables		15,137	17,348
Due to the related parties	11	2,889	2,889
Current tax liabilities		1,745	2,355
		20,922	31,501

	Unaudited 30 June 2014	Audited 31 December 2013
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS	94,767	90,042
Total assets less current liabilities	143,139	139,701
Non-current liabilities		
Deferred tax liabilities	2,346	2,346
NET ASSETS	140,793	137,355
EQUITY		
Share capital	70,000	70,000
Reserves	53,153	49,598
Total equity attributable to equity holders of the Company	123,153	119,598
Non-controlling interest	17,640	17,757
TOTAL EQUITY	140,793	137,355

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Issued share capital	Statutory reserve & others	Non- controlling interest	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2013	70,000	5,785	14,157	34,053	123,995
Change for the period	—	—	602	3,051	3,653
As at 30 June 2013	70,000	5,785	14,759	37,104	127,648
As at 1 January 2014	70,000	6,797	17,757	42,801	137,355
Change for the period	—	—	(117)	3,555	3,438
As at 30 June 2014	70,000	6,797	17,640	46,356	140,793

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	For the six months ended 30 June 2014 RMB'000	For the six months ended 30 June 2013 RMB'000
Net cash (outflow)/inflow arising from operating activities	(17,070)	(7,856)
Net cash (outflow)/inflow arising from investing activities	385	(19)
Net cash (outflow)/inflow arising from financing activities	—	—
Net (decrease)/increase in cash and cash equivalents	(16,685)	(7,875)
Cash and cash equivalents at beginning of the period	55,210	39,230
Cash and cash equivalents at end of the period	38,525	31,355
Cash at bank and in hand	38,525	31,355

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

The principal accounting policies for preparation of the unaudited consolidated results are consistent with those used in the annual financial statements for the year ended 31 December 2013.

Impact of newly issued accounting standards

HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”), HK (IFRIC) — Ints and their amendments (new standards and amendments).

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

2. TURNOVER

The Company is principally engaged in the provision of management and strategic consultancy services, market consulting, data information management and information engineering supervision services.

Turnover represents the sales value of services provided to customers (net of value-added tax), which excludes sales surtaxes. All significant intra-group transactions have been eliminated on consolidation.

3. SEGMENT INFORMATION

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

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

For the six months ended 30 June 2014 (unaudited):

	Management and Strategy Consultancy Services RMB'000	Market Research Services RMB'000	Information Engineering Supervision Services RMB'000	Total RMB'000
TURNOVER	35,908	6,793	16,142	58,843
Segment expenses	(15,768)	(3,710)	(11,440)	(30,918)
SEGMENT RESULTS	20,140	3,083	4,702	27,925
Unallocated expenses				(24,096)
Other revenue				(2)
Profits before tax				3,827
Tax				(389)
Profit/(loss) for the period				3,438
Non-controlling interest				117
Profits attributable to equity holders of the Company				3,555

For the six months ended 30 June 2013 (unaudited):

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

4 PROFITS BEFORE TAX

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

	Unaudited		Unaudited	
	For the three months ended		For the six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Staff costs (excluding directors remuneration)	16,117	20,078	33,186	41,639
Depreciation of fixed assets	375	433	761	793
Other revenue	(52)	(7)	(2)	12

5. TAXATION

	Unaudited		Unaudited	
	For the three months ended		For the six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
PRC corporate income tax	338	370	389	466

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

Pursuant to the Income Tax Law of PRC, except Beijing CCID Industry and Information Engineering Supervision Co. Ltd. (北京賽迪工業和信息化工程監理有限公司), the name of Beijing CCID Information Engineering Supervision Co. Ltd. was changed into Beijing CCID Industry and Information Engineering Supervision Co. Ltd. (北京賽迪工業和信息化工程監理有限公司) as at 11 April 2014 after the approval obtained from Industrial and Commercial Bureau (CCID Supervision), the Company and other members of the Group are subject to a corporate income tax at a rate of 25% (corresponding period of 2013: 25%).

CCID Supervision is a high technology enterprise registered in the Beijing New Technology Enterprise Development Zone. Pursuant to the Income Tax Law of the PRC, the Company is subject to a corporate income tax at a rate of 15% (corresponding period of 2013: 15%).

There was no material unprovided deferred tax with respect to the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

6. EARNINGS PER SHARE

The calculation of earnings per share was based on the profits attributable to equity holders of the Company of approximately RMB3,555,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: approximately RMB3,051,000) and the weighted average of 700,000,000 (six months ended 30 June 2013: 700,000,000) ordinary shares in issue during the period.

Diluted earnings per share for the six months ended 30 June 2014 have not been calculated as no diluting events existed during the period (six months ended 30 June 2013: Nil).

7. DIVIDENDS

The Board does not recommend payment of any dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

8. CAPITAL EXPENDITURE

	Unaudited	
	Fixed Assets	Intangible Assets
	<i>RMB'000</i>	<i>RMB'000</i>
Net book value as at 1 January 2014	22,531	14,681
Additions	85	—
Depreciation/amortization expenses	(761)	(85)
Net book value as at 30 June 2014	21,855	14,596

9. ACCOUNTS RECEIVABLES AND ACCRUED ASSETS

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

	Unaudited	Audited
	30 June 2014	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	48,904	48,710
61 days–180 days	11,873	3,758
181 days–365 days	7,036	3,644
Over 365 days	6,305	7,062
	74,118	63,174
Current accounts receivables and accrued assets	67,813	56,869
Non-current accounts receivables and accrued assets	6,305	6,305

- (a) The general credit terms of the Group range from 60 to 365 days. The Group may on a case by case basis and after evaluation of the business relationship and credit worthiness, extend the credit period upon customers' request.

Accounts and other receivables are initially recognized at fair value and thereafter stated at amortized cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(b) Due from related parties

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

		Unaudited	Audited
		30 June	31 December
		2014	2013
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
China Center of Information Industry Development ("CCID")	<i>(i)</i>	237	582
Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development	<i>(i)</i>	65	450
Beijing CCID Net Information Technology Co., Ltd.	<i>(i)</i>	86	39
CCID (Holding) Limited	<i>(i)</i>	—	2,000
Beijing CCID Times Information Industry Co., Ltd.	<i>(i)</i>	451	368
		839	3,439

Notes:

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

10. ACCOUNTS PAYABLES

An ageing analysis of the accounts payables is as follows:

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 <i>RMB'000</i>
Within 60 days	128	31
61 days to 180 days	17	—
181 days to 365 days	31	30
Over 365 days	975	1,145
Current accounts payables	1,151	1,206

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

11. DUE TO THE RELATED PARTIES

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 <i>RMB'000</i>
Immediate holding company	1,534	1,889
Ultimate holding company	1,000	1,000
Other related companies	297	—
	2,831	2,889

Notes:

- (i) The amount due to the Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (“Research Centre”), the immediate holding company, as at 30 June 2014 included the amount payable to the Research Centre, the immediate holding company, for the acquisition of the 9th and 10th floors of CCID Plaza (please refer to Notes 14 and 26 to the 2013 Annual Report for details). The amount payable is interest-free and repayable in accordance with the terms of the relevant property purchase agreement.
- (ii) Other amounts due to related companies are unsecured, interest-free and with no fixed term of repayment.

12. MATERIAL RELATED PARTY TRANSACTIONS

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

	Unaudited	
	For the six months ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Provision for consulting services to (gross revenue earned before sales surtaxes)		
China Centre of Information Industry Development	140	2,565
China Software Testing Center	—	396
Beijing CCID Times Information Industry Co., Ltd.	—	53
Beijing CCID Net Information Technology Co., Ltd.	117	37
	257	3,051

	Unaudited	
	For the six months ended	
	30 June	
	2014	2013
	RMB'000	<i>RMB'000</i>
<hr/>		
Expense related		
Promotional expenses charged by Beijing CCID New Culture Communication Co., Ltd.	—	619
Translation expenses charged by CCID Translation Technology Limited	—	26
Testing fees paid to Beijing CCID Information Technology Evaluation Co., Ltd.	—	100
Conference expenses charged by Beijing CCID Jinglun Media Investment Co., Ltd. (北京賽迪經綸傳媒投資有限公司)	120	—
Consultancy expenses charged by China Centre of Information Industry Development	350	—
Property management expenses and IT network expenses charged by Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development	699	553
	<hr/> 1,169	<hr/> 1,298

	Unaudited	
	For the six months ended	
	30 June	
	2014	2013
	RMB'000	<i>RMB'000</i>
<hr/>		
Others:		
Working capital of CCID (i)	1,000	1,000
	<hr/> 1,000	<hr/> 1,000

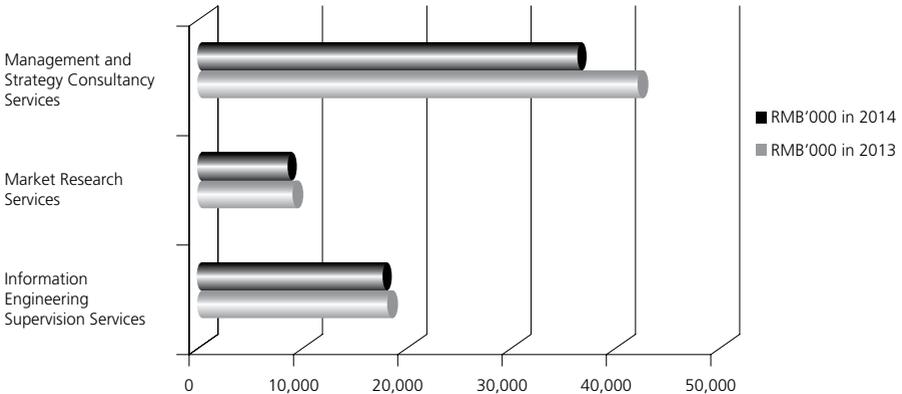
Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the six months ended 30 June 2014, the turnover by operations can be analyzed as follows:



	For the six months ended 30 June 2014		For the six months ended 30 June 2013	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Information Engineering Supervision Services	16,142	27%	16,926	26%
Market Research Services	6,793	12%	7,276	11%
Management and Strategy Consultancy Services	35,908	61%	41,860	63%
Total	58,843	100%	66,062	100%

Business Review

For the six months ended 30 June 2014, the turnover and gross profit of the Group amounted to approximately RMB58,843,000 and RMB27,925,000 respectively (approximately RMB66,062,000 and RMB26,459,000 during the corresponding period of 2013). The turnover decreased by approximately 11%, which was mainly due to fierce competition in the industry as compared to the corresponding period of last year; Gross profit increased by approximately 6%, which was mainly due to the effective control of cost.

In terms of Management and Strategic Consultancy Services, the Group has committed to capture the development trends of the national policy orientation and IT technology, encompassing the strategic emerging industry, persistently promoting businesses development related to IT consultancy, investment and merger and acquisition consultancy, corporate management and urban planning and continuously expanding customer resources, so as to enable the Group to acquire more sales channels and technical support in the course of developing management and strategy consultancy service. The Group recorded a revenue of approximately RMB35,908,000 for the six months ended 30 June 2014 (approximately RMB41,860,000 during the corresponding period of 2013) in management and strategy consultancy service, which constituted approximately 61% of the Group's turnover. The operation's turnover was decreased by approximately 14% as compared to the corresponding period of last year. The decrease was mainly due to the Group's continuing efforts to promote business reform and propel industry chain construction for design and supervision businesses.

In terms of market research service, the Group mainly provides data information, market research and industry research services to businesses to assist the government authorities to develop the market data operation and supervision services of the electronic information product related industries. For the six months ended 30 June 2014, the Group had issued 157 annual reports in total, thus realizing a turnover of approximately RMB6,793,000 for the six months ended 30 June 2014 (approximately RMB7,276,000 during the corresponding period of 2013), which constituted approximately 12% of the Group's turnover, representing a decrease of approximately 7% as compared to the corresponding period of last year, which was mainly due to the fierce competition in the industry.

In terms of Information Engineering Supervision service, the Group mainly provides supervision services related to projects such as software, networking, communication, information safety to the government and enterprises. For the six months ended 30 June 2014, the turnover of information supervision engineering consultancy was approximately RMB16,142,000 (approximately RMB16,926,000 during the corresponding period of 2013), which constituted approximately 27% of the Group's turnover, representing a decrease of approximately 5% as compared to the corresponding period of last year. The decrease was mainly due to the continuing business reform and relatively stable business level during the period.

Market Promotions and Publicity

As of 30 June 2014, the Group hosted a series of market campaigns, including, “2014 China IT Market Annual Conference”, “2014 China Semiconductor Market Annual Conference” and so on in major cities such as Beijing and Wuxi.

Future Developments

In 2014, the Group will place emphasis on improving the decision-making and consultancy services level among the senior government officials, generally enhancing the level of strategic consultancy services, paying effort to expand consultancy businesses in relation to investment, merger and acquisition, meanwhile promoting the establishment of industry chain between design and supervision businesses as well as enhancing the construction of comprehensive management system, so as to improve the overall competitiveness of the Group.

To Improve the Decision and Consultancy Services for 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, to establish sub-industry research team, marketing services team and brand marketing team, and on the other hand, to perfect key production lines, including planning of industry, feasibility of project as well as design. 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 consultancy services.

To Improve Overall Enterprise Strategy Consultancy Services

We will integrate our internal research departments and set up an IT group by concentrating superior IT resources. In order to perfect the business composition, 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 corporate 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, organizing structure, 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.

To Expand the 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.

To Promote the Establishment of Industry Chain between Design and Supervision Businesses

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 qualification. This would enable 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.

To Strengthen 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. In addition to above strategies, we have to strengthen the construction of comprehensive management system. Firstly, we should focus on policies implement in management of project, performance and knowledge; secondly, we should pay attention to the system supervision in proactive service system, customer management, competence improvement, construction of learning organization and construction of harmonious culture; thirdly, we have to perfect systems in innovation-driven research and development fund, employee incentive fund and high-performance process.

Liquidity and Financial Resources

As at 30 June 2014, cash and bank balance of the Group was approximately RMB38,525,000 (as at 31 December 2013: RMB55,210,000). During the period, the Group's primary source of funds was cash generated from operation activities and the proceeds raised from listing in 2002. Management believes that the Group had adequate operating funds for its present needs.

Significant Investment

As at 26 June 2012, the Company and CCID Group signed a contract for the establishment of the joint venture, Beijing CCID City Strategy Consulting Co., Ltd ("CCID Strategy"). The Company and CCID Group held 90.1% and 9.9% of the equity of CCID Strategy respectively. The Company and CCID Group contributed RMB4,505,000 and RMB495,000 in respect of the registered capital of CCID Strategy respectively. The Company and CCID Group had contributed RMB4,505,000 and RMB4.95 billion respectively as of 30 June 2014.

Material Acquisitions and Disposals

The Group has no significant investment as of 30 June 2014.

Human Resources

As at 30 June 2014, the Group has 379 employees.

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

Capital Structure

The capital structure of the Group as at 30 June 2014 is summarized below:

	<i>RMB'000</i>	<i>Percentage</i>
Attribute to:		
Equity holders of the Company	123,153	87%
Non-controlling interest	17,640	13%
Total	140,793	100%

Contingent Liabilities

As at 30 June 2014, the Group has no contingent liabilities (as at 31 December 2013: Nil).

Pledge of Assets

As at 30 June 2014, the Group did not have any pledged assets (as at 31 December 2013: Nil).

Gearing Ratio

As at 30 June 2014, the Group's gearing ratio was about 15% (as at 31 December 2013: about 23%), calculated by dividing total liability (less amount due to the ultimate and immediate holding companies) as of 30 June 2014 by total equity.

Exchange Risk

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

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

As at 30 June 2014, the interests and short positions of the directors, supervisors, and chief executive in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including the interests in shares and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors mentioned to in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

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

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

Save as disclosed above, as at 30 June 2014, none of the directors, supervisors or their associates had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests in shares and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors mentioned to in Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

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

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme as at 20 November 2002. The major terms and conditions of the Share Option Scheme set out in the section "Summary of the Terms of Share Option Scheme" under Appendix IV of the IPO as published on 29 November 2002. No Share Option was granted under the Share Option Scheme as of 30 June 2014.

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

As at 30 June 2014, the following persons (other than the directors and supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

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

Notes:

1. CCID, through Research Centre (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 93,290,000 domestic shares held directly by CCID Riyue.
2. Grade Win International Limited directly holds 20,000,000 H shares of the Company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited; Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited; Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Lenovo Group Limited; Legend Holdings Limited holds 57.76% equity interests in Lenovo Group Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.
3. Kingsway Financial Services Limited directly holds 13,510,000 H shares of the Company. Kingsway Financial Services Limited is a wholly-owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Kingsway Lion Spur Technology Limited directly holds 1,090,000 H shares of the Company. Kingsway Lion Spur Technology Limited is a wholly-owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly-owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited directly holds 74% equity interest in SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Mr. Lam William Ka Chung directly and indirectly owns approximately 40% equity interests in Kingsway International Holdings Limited. Mr. Lam William Ka Chung is deemed to be interested in 14,600,000 H Shares of the Company.
4. JF Asset Management Limited directly holds 10,700,000 H shares of the Company. JF International Management Inc. directly holds 4,300,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. holds 99.99% and 100% equity interests in JF Asset Management Limited and JF International Management Inc. respectively. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

Save as disclosed above and other than the shareholders set out in the section of "directors', supervisors' and chief executives' interests and short positions in shares and underlying shares", as at 30 June 2014, there is no person had an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPETING INTEREST

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has complied with the requirements of the "Required Standard of Dealing" as set out in Rule 5.48 to 5.67 of the GEM Listing Rules in standardizing the transactions of the securities by the directors. The Company has made specific enquiry of all directors and all of them have confirmed to have been complied with the "Required Standard of Dealing" throughout the six months ended 30 June 2014.

AUDIT COMMITTEE

The Company has established an audit committee which was established in compliance with Rules 5.28 of the GEM Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal control systems. The audit committee comprises three members, Ms. Li Xuemei, Mr. Guo Xinping and Mr. Han Fuling. All of them are independent non-executive directors. Li Xuemei is the Chairman of the audit committee. The Audit Committee has reviewed the Group's unaudited consolidated results for the six months ended 30 June 2014 and considered that the preparation of those results are complied with appropriate accounting standards and relevant regulations and laws.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions set out in the Corporate Governance Code (“Code”) contained in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2014.

FUTURE PLANS FOR MATERIAL ACQUISITION AND DISPOSALS

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

INTERNAL CONTROL

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

SUFFICIENCY OF PUBLIC FLOAT

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

ACKNOWLEDGEMENT

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

By order of the Board
CCID CONSULTING COMPANY LIMITED*
Mr. Luo Wen
Chairman

Beijing, The People's Republic of China
7 August 2014

As at the date of this Report, the Board comprises executive directors namely Mr. Luo Wen and Mr. Li Shuchong; non-executive directors namely Mr. Song Xianzhu, Mr. Lu Shan and Mr. Wang Peng; and independent non-executive directors namely Mr. Guo Xinping, Mr. Han Fuling and Ms. Li Xuemei.

* For identification purposes only