

CCID Consulting

CCID Consulting Company Limited

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

Stock Code: 8235

ANNUAL REPORT 2015



思維創造世界

政府決策第一智庫

企業戰略第一顧問

信息化諮詢第一品牌



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This report, for which the directors (the “Director(s)”) 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 GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

This report will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the “Investor Relations” page of the Company’s website at www.ccidconsulting.com.

* For identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Luo Junrui (*Chairman*)

Non-Executive Director

An Guangyou

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 Junrui

NOMINATION COMMITTEE

Luo Junrui (*Chairman of the Committee*)

Guo Xinping

Li Xuemei

Han Fuling

SUPERVISORY COMMITTEE

Chen Ying (*Chairman of the Committee*)

Zhao Xiuzhen

Hu Yun

COMPLIANCE OFFICER

Luo Junrui (*Chairman*)

COMPANY SECRETARY

Chan Yin Wah

AUTHORISED REPRESENTATIVES

Luo Junrui (*Chairman*)

Chan Yin Wah

REGISTERED ADDRESS

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OFFICE AND CORRESPONDENCE ADDRESS

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre, 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.

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 2015.

FINANCIAL RESULTS

For the year ended 31 December 2015, the Group recorded a turnover of RMB123,196 thousand and a gross profit of RMB60,036 thousand. The net profit for the year amounted to RMB12,192 thousand and the basic earnings per share amounted to RMB1.3 cents.

FUTURE DEVELOPMENT

Strengthening Basic Research

We will improve our data research capacity to establish a basic research system mainly based on industrial big data. Besides, to improve the depth and level of specified reports and prospective studies, more attention should be paid to topics to be planned by selecting key issues and hot topics in the industrial, information and communication sectors, and carry out the advanced and countermeasures research specifically. What's more, we will not only perfect the research tools and methodology system of soft science, but also establish the quality management and control system of industrial and market research and improve the industrial decision consultancy services.

Stepping up Efforts in Branding

We will step up our efforts in optimization and innovation of brand communication, focus on complementary effectiveness between our product mix and brand communication model, and further spread the influence of research content to achieve synergetic competitiveness. With "Chanyeton" APP as our key promotion focus, we will consolidate the new media system which is constituted by a combination of "Chanyeton APP + WeChat + Weibo + official website + search engine" in order to enhance the effectiveness of the Company's brand.

Further Nurturing a Team of Talents

With an aim of developing a team of high-quality professionals, we will focus on nurturing core business personnel and business leaders, as well as training up top talents with innovative spirits for new areas while improving the mentoring system. Under the motivation mechanism of associating responsibilities with powers and rights, we also offer more promotion opportunities to talents who are confident of taking the lead, responsible, and willing to overcome challenges and pursue excellence. Meanwhile, our priority is also given to maintaining a stable team of talents. In this regard, we develop an emolument distribution mechanism for the purpose of motivating and retaining talents, thereby achieving the objective of retaining talents with attractive career path and remuneration.



Chairman's Statement

Stepped-up Efforts in Delicacy Management

Delicacy management is a matter of system building, which requires the mastering of method, efforts, timing and approach. It aims at fundamentals management in the areas of project management, performance management and knowledge management. And it aims at overall management perfection in the areas of fundamentals management, proactive service system, customer development, competitiveness improvement, cultivation of learning oriented organizational culture as well as cultivation of harmony organizational culture. It further aims at talents management perfection in the areas of research and development and innovation fund, employee incentive fund and outstanding performance processes. Thus achieving “detailed albeit enriched, specialized albeit generalized” effects by meeting progressive goals in an orderly manner.

Despite the challenges ahead, the board of Directors (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 Junrui
Chairman

Beijing, the People's Republic of China
24 March 2016



Management Discussion and Analysis

INDUSTRY OVERVIEW

Featured New Think Tanks, the Compass to the Consulting Industry

The Opinions on Stepped-Up Efforts in Establishment of New Think Tanks with Chinese Features issued in 2015 points out the direction for the development of the consulting industry by elevating the establishment of new type of think tanks with Chinese features to a national strategic level. Currently, the domestic economic development has come to an era of new normal, which translates to a more challenging era for the comprehensive deepening of reforms. These new developments require the making of more sophisticated decisions in terms of strategic importance, comprehensiveness, farsightedness and sustainability. Different types of think tanks and consulting institutions should embark on decision making consultancy studies in respect of the key issues imminently in need by different level of government authorities in decision making, as well as topics such as reforms of state-owned enterprises, industrial restructuring, industrial development planning, industrial policies formulation and key projects. They should embark on farsighted, targeted and reserved government policies research so as to enhance their abilities in integrated analysis and strategic planning.

Further Diversification, Standardization and Institutionalization of the Government Decision Consultancy Services

The main body of consulting services has been increasingly diversified. Under the new landscape of establishment of the new think tanks with Chinese features, think tanks and consulting institutions such as key academies of social science, administration institutes of party institutes of CCP and higher education institutions are going to further strengthen their policies study and decision making consulting functions and step up their service efforts towards government and industrial zone customers, which will resulted in a multi-level, cross-sectoral, and professional division of labor competition landscape in general. At the same time, the consultancy service market will be further standardized; the environment for developing social think tanks will be further improved; the product supply mechanism for social think tanks will be further perfected; and there will be an increasing number of channels for social think tanks to engage in decision consultancy services. In the future, we will focus on the establishment of 50 to 100 professional high-end think tanks. In respect of the government decision making consulting, government authorities of different levels will establish a system for the government procurement of decision making consulting services on the basis of a procurement mechanism of: procure as required, fees on case-by-case basis, open for all and contractual management. This will include the consulting reports, government policies proposals, planning designs, research and study information provided by think tanks and consulting institutions under the scope of government procurement and into the guidance catalogue of government service procurement. The procurement will be conducted by various ways, such as open tenders, invitation tenders, competitive negotiations and single source of procurement.

Corporate Consultancy Services to Face the Revolution of the Big Data Era

Big data is a collection of data which is mainly characterized by high volume, high variety, high velocity and high value. A huge amount of data with a variety of formats from diversified sources is collected and stored, and correlation analyses are carried out to discover new knowledge, create new values and develop new capabilities. With the arrival of the big data era, flow of technologies, materials, funds and talents will be driven by the flow of data. Decision making on business management should be based on massive, dynamic and timely data analyses on suppliers, customers and competitors. However, traditional consulting companies study static and lagging data and lack data resources that are comparable with those of the companies in the big data era. Once companies have mastered the collection, access and analysis of big data, they will be able to make their own decisions and thus their demand for external consultancy services will be significantly reduced. Some companies, which are able to collect, sort, analyze, explore, demonstrate and apply data, could even output the big data and offer consultancy services to other corporate customers based on big data.

Management Discussion and Analysis

Opportunities and Challenges Co-exist for Information Engineering Supervision and Design

In 2016, the construction of intelligent cities and the in-depth integration of informatization and industrialization will provide more rooms for the market expansion of the informatization design consulting and supervision business for the government and private sectors. As government authorities of different levels fully leverage on the informatization measures to enhance the efforts in party building, optimize the allocation of party and political resources and improve the governance abilities, it presents market expansion opportunities for information security supervision. Enhanced information security has given rise to a series of major government information engineering projects in respect of the national strategic security position, military and civilian integration and institutional reform of government, which provide the electronic government affairs engineering supervision segment with opportunities to further expand. Besides, the development of the big data industry, intelligent manufacturing and intelligent parks also provide opportunities for the design business. Meanwhile, the investment scale of government dominated engineering project will be subject to restrictions imposed by the “new normal” to a certain extent, which has adverse effect on the engineering supervision and design business. With large scale information system infrastructure building basically completed, the emphasis of informatization building going forward will focus on resources sharing and business synergies. At the same time, the extensive application of virtual technologies enables the intensive building model of information system engineering to become the main stream model, and investment scale of single engineering building is trending down. The wide application of newly emerged technologies, such as cloud computing, internet of things and mobile internet have led to significant changes in the related engineering building and administration mode, which presents challenges to the traditional supervision and design service capacity, service tools, and service mode.

Performance Analysis

The Group’s turnover for the year ended 31 December 2015 as classified by business activities is as follows:

	2015		2014	
	RMB(‘000)	%	RMB(‘000)	%
Management and Strategy Consultancy Services	61,709	50%	76,947	59%
Market Consultancy Services	12,424	10%	12,394	9%
Information Engineering Supervision Services	42,663	35%	37,217	28%
Other Services	6,400	5%	4,727	4%
Total	123,196	100%	131,285	100%

BUSINESS REVIEW

Further Expanding the Government and Corporate Customer Base

In 2015, the Group strived to expand key customer base by leveraging all of its competitive strengths, and has provided “Thirteenth Five-year Plan” industrial development planning consultancy for provinces such as Guangdong, Zhejiang, Anhui, Hubei, Guizhou, Cansu, Qinghai, Inner Mongolia and Jilin as well as various parks. The contract amounts of the projects experienced a significant growth and amounted to over RMB1 million. While consolidating the government channel, we actively expanded the IT corporate channel. By strengthening the industrial research on IT field, we seized new opportunities arising from industrial revolution. In particular, we brought in IT customers from the strategic aspect and our cooperation with companies such as IMB, HP, ADI, Fujitsu, Samsung, Qualcomm and Inspur has achieved initial success. The supervision segment has achieved major breakthroughs in large state-owned enterprises, such as AQSIQ and GAC as well as China Southern Power Grid and China Railway Corporation. The design business of intelligent cities has focused on the top-level design of cities and parks, and successfully expanded its customer base to include customers in Wenchang in Hainan, Xinyang in Henan, Yunyan in Guiyang and Luzhou in Sichuan.

Consolidating and Enhancing Influence on Key Industry Sectors

For the political and military information security segment, we won the bid of major government affairs information engineering supervision project of the PRC, such as the Golden Tax Project and national corporate information library, which enabled our industry position to continue to be consolidated and enhanced. As for the business unit informatization segment, we achieved breakthroughs in engineering business consultancy projects, such as Chinese Academy of Fishery Sciences and Soong Ching Ling Foundation. In respect of the project construction segment for projects such as intelligent cities, city emergency communication and national think tanks, market positioning and service areas have been increasingly focused and precise. With regard to the science, education, culture and health segment, we have undertaken projects from Chinese Academy of Engineering, Chinese Academy of Sciences, State Administration of Press, Publication, Radio, Film and Television of The People’s Republic of China, and Ministry of Education. This enabled us to open up a development path for industry specified services.

Enhanced Proactive Service System

We have further improved the publication system, further enhanced the quality of research content, continued to enhance the 5C (product manager, account manager, customer service manager, brand manager, on-line manager) proactive service system, clearly defined the key and potential customer base covered by our short-term, mid-term and long-term series publications, and timely collected and updated our publications data base. These have further improved the precision and effectiveness of targeted publications, strengthened the supervision of government procurement information, steadily enhanced the customer satisfaction, and shown the communication effect of personal connections.

Management Discussion and Analysis

Establishing the “Chanyeton” Platform

In 2015, in response to the development trend of the Internet and based on customers' needs, we have completed the establishment of the mobile APP “Chanyeton” platform, and commenced its operation and development in a media-oriented approach to complete the development of four versions of “Chanyeton” platform for PC websites, IOS, Android and PAD. “Chanyeton” offers six content modules, namely policies, developments, data, observations, reports and experts, and contains nearly 20,000 data threads. Resources are integrated to constitute 11 industrial channels, covering the Internet, software, communication, semi-conductor, digital information, high-end equipment, biology, new energies, new materials, energy saving and new energy vehicles. In addition, emphasis is also placed on 16 popular industrial sectors, including cloud computing, big data, the Internet of Things, Internet +, e-commerce, smartphones, integrated circuits, intelligent cities, intelligent manufacturing, mobile internet, information security, 3D printing and Industry 4.0.

Proactively Expand the Media Distribution Channels

In 2015, the Group continued to construct and perfect the media database and has established a database covering network, print and community press. There are more than 900 items in the media database and has pushed more than 180 press releases and reproduced nearly 2,000 items. At the same time, we have been continuously improving the establishment of various new media platform channels such as Wechat, Weibo, Today's Headlines, Baidu Wenku and APP, and constructing our own media distribution channel, as well as endeavoring to establish new distribution and marketing model. Currently, a distribution system covering nearly 1,000 print media and 8 new media platforms has been formed. Today's Headlines have been viewed over 900,000 times accumulatively and the number of followers and fans in Wechat and Weibo exceeds 23,000 and 100,000. The page views and download volume of wenku.baidu have experienced significant increase.

Further Enhance Team Competitiveness

In 2015, our team competitiveness by improvements is enhanced in multiple aspects, multiple levels and multiple categories, and further built up the professional capabilities of our team by our research and development and innovative funds and employee incentive fund. We have improved the application and reporting system and procedures of the employee incentive funds and kept quantifying the assessment indicators, so that they are closely linked to the results of staff performance appraisal and the requirements of the positions. In relation to the staff with excellent performance, their salaries will be raised or they will be rewarded by way of adjustment of administrative and professional technological position as well as employee incentive funds, so as to achieve the principles of meritocracy, being rewarded or punished according to performance as well as retaining the best while eliminating the worst. The training methods are changed from ‘single lecturer teaching’ to the integration of lecturer teaching + group project simulation”. Through a continuous three-month training, the staff can learn while doing, practice while learning, comment after practicing and reward after commenting, of which it can promote the preliminary understanding of the employees towards corporate culture, the business of the Company and the work flow as well as stimulating the learning interest and self-awareness of the staff, so as to achieve a better training result.

Continuous Fostering of Harmony Culture Building

We have sufficiently leveraged on the functions of the Party, the League and the Labor Union in light of the business characteristics. In relation to the organizational construction, the re-election of new labor union should be organized in a highly-effective and standard way. With regards to democratic management, the first meeting of the third session of staff representatives meeting was organized for the staff to bring great ideas for the Company's development and people's living. Regarding to the harmonic atmosphere, we insist that the labor union and the league leaders should attend professional trainings (cultural establishment, psychological health) which aims at enhancing the physical and mental health as well as the service ability of the staff. For humane care, care events such as "Season Greetings" and "Give Warmth" will be commenced continuously and we will provide care to those staff suffering serious illness or facing difficulties. In connection with sporting and cultural activities, the daily professional gymnastic activities cover all staff and employees are encouraged and supported to participate Push and Pull competition and the singing contest named 'Sing out Chinese Dream' as well as youth academic forums.

Marketing and Promotion

In 2015, the Group promoted the transformation and innovation in substance and form and achieved new breakthroughs in respect of influence and economic benefits through major brand programmes such as "China IT Market Annual Conference", "China Semiconductor Market Annual Conference" and "China IT Service Annual Conference". In addition, by means of the close integration of hotspot study and brand programmes, the Group successfully held various press conferences of the white papers, such as "the White Paper on China's Lithium Battery Separator Industry for 2015", "the Development of the 28nm Process Technology of China's IC", "China's OpenPOWER Industrial Environment Development", "Made in China 2025" and "Medical and Healthcare" as well as the research conferences such as the new landscape of One Belt, One Road, "New Circumstances, New Opportunities", "Internet+" and "Intelligent Enterprises", while disseminating the recent research results in-depth through Chanyeton, Weibo and Wechat in order to enhance the brand influence.

Analysis on Financial Key Performance Indicators

In 2015, the financial indicators of the Group, such as operating results, financial position and cash flow, remained solid. During the year, there was no fluctuation in the indicators.

With respect to turnover, the Group recorded a turnover of RMB123,196 thousand, representing a year-on-year decrease of 6% as compared to that of 2014. Such decrease was mainly due to the business transformation and innovation of the Group in early 2015. In particular, the Group enhanced its expansion of information engineering supervision business segment and in the regional market, thereby achieving a more substantial growth in turnover of a single segment while causing a certain decrease in turnover of other business segments under the impact of such business transformation. However, we are of the opinion that such decrease has been arising in the difficult transitioning period and the condition will gradually improve along with further implementation of business transformation and smooth transition of the adaptation period.

Management Discussion and Analysis

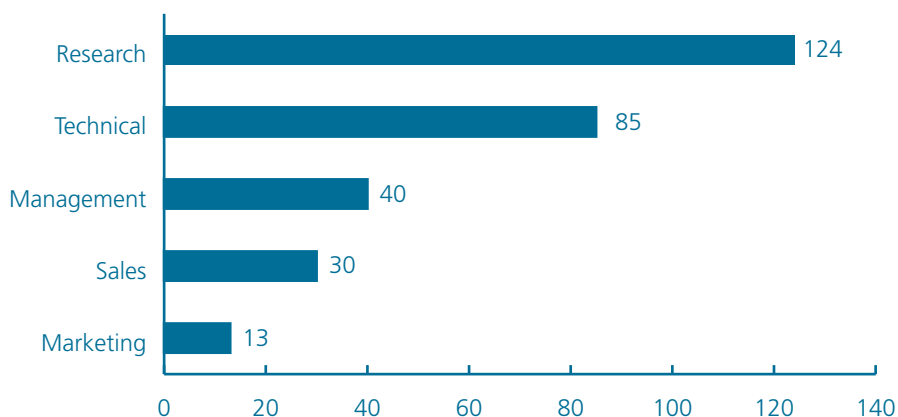
With respect to the costs, the Group fully enhanced its internal control efforts by streamlining and refining its implementation process of various projects in 2015. Accordingly, it issued a number of internal control measures and adopted effective means of information surveillance before, during and after the relevant events. Meanwhile, the Group also adjusted its head count under the principle of "simplicity and effectiveness". With such efforts made throughout the year, administrative expenses decreased by approximately RMB13 million, or 34% as compared to that of 2014.

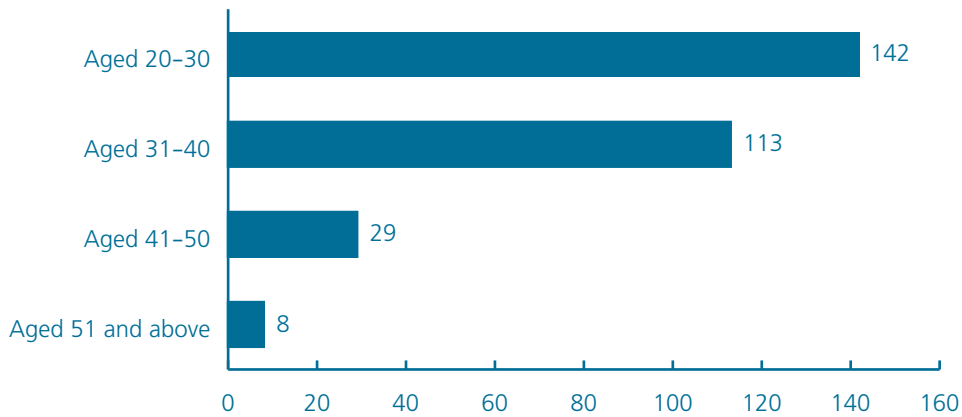
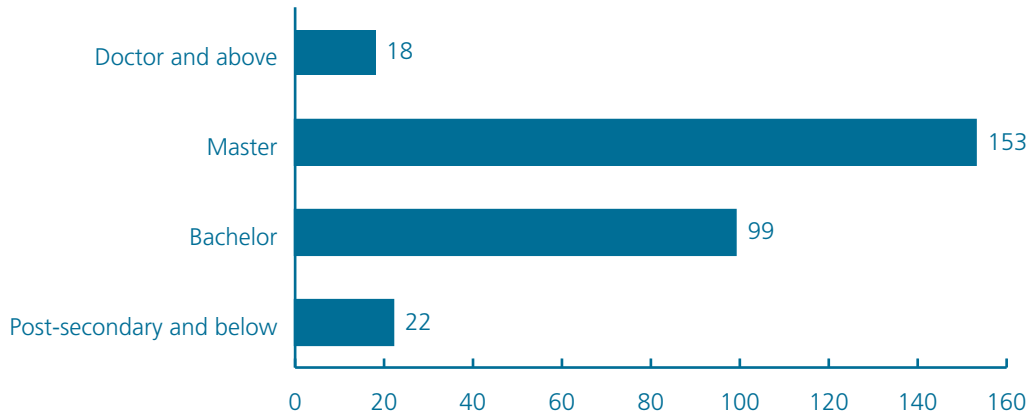
As for profit after taxation, despite the adverse impact of declining turnover, the Group achieved a growth in profit with effective cost system and control. In 2015, profit after taxation of the Group amounted to RMB12,192 thousand, representing a year-on-year growth of RMB1,552 thousand, or approximately 15%, as compared to that of 2014.

In regard to cash flow, the Group recorded a liquidity balance of RMB95,155 thousand as at 31 December 2015, representing a year-on-year increase of RMB23,938 thousand as compared to that of 2014. Such increase was mainly driven by operating cash inflow. Net operating cash inflow for the year significantly exceeded profit for the year before taxation, which effectively reflected the substantial revenue of the Group.

Human Resources

The Group had a total of 292 staff as of 31 December 2015 (2014: 385), the composition of which has been classified as follows:





Liquidity and Financial Resources

As of 31 December 2015, the Group held RMB95,123 thousand, HK\$36,522 and US\$2 of bank deposits, respectively. The Company's primary financial resources were cash flows generated from the operating activities. The management believes that, the Company possesses adequate working capital for the present requirements.

Management Discussion and Analysis

Capital Structure

The capital structure of the Group as of 31 December 2015 is summarized as below:

	RMB('000)	Percentage
Total equity attributable to equity holders of the Company	138,555	86%
Non-controlling interests	21,679	14%
Total	160,234	100%

Capital Commitment and Contingent Liabilities

As of 31 December 2015, the Group had no capital commitment and contingent liabilities, and the Company had a capital commitment of RMB800 thousand (2014: RMB800 thousand).

Pledged Assets

As of 31 December 2015, the Group had no pledged assets.

Gearing ratio

As of 31 December 2015, the Group's gearing ratio was approximately 20% (2014: 19%). Gearing ratio is calculated by total liabilities less amounts due to ultimate and immediate holding company then divided by total equity.

Major Investment

As of 31 December 2015, the Group had no major investment.

Major Acquisition and Disposal

As of 31 December 2015, the Group had no major acquisition and disposal.

Future Major Investment

The Group has no major investment plan.

Foreign Exchange Risk

The Group maintains a conservative policy towards the foreign exchange risk and interest rate management with most of the deposits denominated in Renminbi. The deposits in Hong Kong dollar are exposed to foreign exchange risk in Renminbi conversion. 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.

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTOR

Luo Junrui (駱俊瑞), aged 64, an executive director and the Chairman of the Board. Mr. Luo joined CCID Group in June 2002. He is currently the chief engineer of the Computer and Microelectronics Research and Development Center (計算機與微電子發展研究中心) and the China Software Testing Center (中國軟件評測中心) (“CSTC”) of the Ministry of Industry and Information Technology, the chairman of Beijing CCID Info Tech Inc., the deputy director of Science and Technology Committee under China Center for Information Industry Development (“CCID”). Mr. Luo graduated from the Department of Automation of Beijing Institute of Technology and majored in design and manufacturing of command instrument. He is a senior engineer. Mr. Luo has served as an automation engineer of Plant 738 of the Fourth Ministry of Machinery Building Industry, a cadre of the Computer Administration under Ministry of Electronics Industry, the director and deputy center director of Computer and Microelectronics Research and Development Center under Ministry of Electronics Industry (currently known as Computer and Microelectronics Research and Development Center under the Ministry of Industry and Information Technology), the deputy director of CSTC, the director of computer business department under China Electronics Corporation (CEC), senior vice president of CCID Consulting Corporation (賽迪顧問股份公司), and also a president of CCID Data source Co., Ltd., CCID Call Company Limited and CCID Net Information Technique Company Limited. Mr. Luo was appointed as an executive director of the Company since 25 November 2014.

NON-EXECUTIVE DIRECTOR

An Guangyou (安光有), aged 50, a non-executive director, and is currently the deputy chief economist of the China Center for Information Industry Development (CCID). Mr. An graduated from the Zhongnan University of Economics and Law (中南財經政法大學) with a bachelor’s degree. Mr. An possesses the professional qualifications such as senior auditor, certified public accountant, certified public valuer, real estate appraiser, real estate valuer. His positions successively held include the financial officer of the Henan Basic Machinery Corporation (基礎機械總公司), a chief accountant of Henan C.P.A. (河南審計事務所), a partner of YueHua Certified Public Accountants, and deputy chief economist of China Center of Information Industry Development (CCID). Mr. An was appointed as a non-executive director of the Company since 25 November 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Guo Xinping (郭新平), aged 52, an independent non-executive director, is currently the Vice-Chairman of the Board of Yonyou Network Technology Co., Ltd. (600588.SH) and the chairman of the supervisory committee of Chanjet Information Technology Company Limited (HK1588). Mr. Guo graduated from Zhongnan University of Finance and Economics with a bachelor degree and from Hong Kong University of Science and Technology with a master degree. Mr. Guo has worked in the Fiscal and Taxation Reform Department of Ministry of Finance. He has taken up the posts of General Manager, and Vice-Chairman and Chief Finance Officer of Yonyou Software Co. Ltd., an independent director of Glodon Software Company Limited (002410.SZ) (resigned on 25 March 2014) and of Tus-Sound Environmental Resources Company Limited (formerly known as Sound Environmental Resources Company Limited) (000826.SZ) (resigned on 25 September 2015, with effect from 20 October 2015), with over 20 years of experience in the field of enterprise operation and finance. Mr. Guo has served as an independent non-executive director of the Company with effect from 25 May 2002, and was re-elected on 25 November 2014.

Directors, Supervisors and Senior Management

Li Xuemei (李雪梅), aged 48, an independent non-executive director, is currently the Deputy Executive President of Transport and Statistics Research Institute of Beijing Jiaotong University and also a chancellor of the International Business Negotiation Professional Committee of the Chinese Research Council of Modern Management. Ms. Li graduated from Beijing Jiaotong University with a doctorate degree in management. Ms. Li had worked in Harbin Pharmaceutical Group Second Chinese Medicines Factory, Tianjin University and Beijing Jiaotong University and in-charged of various topics and project studies of Ministry of Science and Technology, Ministry of Railways, Beijing Municipal Science and Technology Commission, Beijing Municipal Education Commission and National Natural Science Foundation of China, etc. Ms. Li has served as an independent non-executive director of the Company with effect from 25 November 2011, and was re-elected on 25 November 2014.

Han Fuling (韓複齡), aged 52, an independent non-executive director, is currently a Professor of Faculty of Finance, Department Head of Applied Finance, and President of Financial Securities Research Institute of Central University of Finance and Economics. 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 and Design Center, and Central University of Finance and Economics. Mr. Han served as an independent director of Huasu Holdings Co., Ltd. (000509.SZ) (resigned on 7 March 2014) and of Henan Lotus Flower Gourmet Powder Co. Ltd. (600186.SH) (resigned on 24 December 2014). Mr. Han has been served as an independent non-executive director of the Company with effect from 17 March 2005, and was re-elected on 25 November 2014.

SUPERVISORS

Chen Ying (陳瑛), aged 64, the chairman of the Supervisory Committee. Ms. Chen graduated from the Party School of the Central Committee of C.P.C. and the Chinese Academy of Social Sciences. Her positions successively held include an executive officer of the Planning Committee of Liaoyang City, Liaoning Province, the division chief and deputy party secretary of China National Software & Service Co., Ltd, the deputy director and deputy party secretary of the Computer and Microelectronics Research and Development Center of the Ministry of Information Industry (信息產業部計算機與微電子發展研究中心) (currently known as Computer and Microelectronics Research and Development Center of the Ministry of Industry and Information Technology (工業和信息化部計算機與微電子發展研究中心)), a director and a supervisor of Beijing CCID Media Investments Co. Ltd. Ms. Chen was appointed as a supervisor with effect from 25 November 2014.

Hu Yun (胡雲), aged 42, graduated from the School of Business of the Hubei University. She held a bachelor degree of economics and is a senior accountant, and she had taught in Hubei University School of Business. She worked at various accounting firms during 2001 to 2007, responsible for annual audit for large state-owned enterprises and internal control consultation and financial training affairs for large and medium-size state-owned enterprises. Ms. Hu joined the CCID Group in October 2007 and served successively in CCID Consulting Company Limited and Beijing CCID Media Investment Co., Ltd. Since January 2011, she has served as financial controller of China Software Testing Center and has accumulated 20 years of experience in audit, internal control consultation and financial management. Ms. Hu was appointed as a supervisor of the Company with effect from 25 November 2014.

Zhao Xiuzhen (趙秀珍), aged 42, a supervisor. Ms. Zhao graduated from Remin University of China with a master degree in administrative management. Ms. Zhao joined the Company in 1999 and has served as the office Manager of the President's Office of the Company with over 10 years of experience in administrative management. Ms. Zhao has served as a supervisor of the Company since 25 November 2008 and was re-elected at the congress of staff on 25 November 2014 respectively.

SENIOR MANAGEMENT

Sun Huifeng (孫會峰), aged 37, has been appointed as the general manager since 16 March 2016, and is responsible for the overall operation and management. He is currently the general manager of Beijing CCID Strategy Management Consulting Co., Ltd., and has been appointed as the head of the training center of the China Center of Information Industry Development (CCID) since 22 April 2015. Mr. Sun graduated from the Huazhong University of Science & Technology with a master degree. Mr. Sun joined the Company in July 2008. He has served as the deputy general manager of the Company, the general manager and chief business officer of the Computer Industry Research Center (計算機產業研究中心), with over 10 years of experience in information technology, business strategies, business innovation as well as investment and financing consultation.

Li Shuchong (李樹翀), aged 37, has resigned as the general manager on 16 March 2016. Mr. Li graduated from the Chinese Academy of Sciences with a master degree in engineering. Mr. Li joined the Company in 2004, and has served as an executive director of the Company, the General Manager of Semi-conductor Industry Research Center (半導體產業研究中心) and the general manager, the business director and the assistant of CEO of Communication Industry Research Center (通信產業研究中心). He joined the Beijing CCID Net Information Technology Company Limited (北京賽迪網信息技術有限公司) in January 2010 and served successively as an executive general manager, chief editor and general manager. Mr. Li has served as the executive president and chief editor of China Information World (《中國計算機報》), president of the Digital Times magazine (《數字時代》) and president of the CRH magazine (《和諧之旅》) since July 2011.

Wen Fang (文芳), aged 36, has been appointed as a deputy general manager since 16 March 2016. Ms. Wen graduated from the Beijing Jiaotong University with a master degree in economics. Ms. Wen joined the Company in July 2004, and has served as the deputy general manager, the general manager and the chief business executive of the Computer Industry Research Center (計算機產業研究中心), the general manager of Beijing CCID City Strategy Consulting Co., Ltd., and the president of the Research Institute of Industrial Economics (工業經濟研究所) and a deputy director of the Technological Development Department (科技發展處) of China Center for Information Industry Development (CCID), with over 12 years of experience in the research of electronic information, software, industry planning and urban economy.

Wang Sanyi (王三義), aged 49, a deputy general manager. Mr. Wang graduated from the Xi'an Jiaotong University, with a doctorate degree in management and MBA. Mr. Wang joined the Company in September 2007, and has served as a deputy general manager of Enterprise Strategic Consultation Center, the chief business executive and an assistant to the president of enterprise strategic and internet consulting business, with over 10 years of consulting experiences in areas of management consulting, such as strategic management, human resources, marketing consulting and growth enterprises.

Song Yu (宋宇), aged 43, a deputy general manager. Ms. Song graduated from Peking University with a bachelor degree. Ms. Song joined the Company in August 2002, and has served as a deputy general manager of Semi-conductor Industry Research Center (半導體產業研究中心), business group research director, with over 12 years of experience in the industry research of electronic information, semiconductors and internet of things.

Li Ke (李珂), aged 39, a deputy general manager. Mr. Li graduated from Beijing Institute of Technology with a bachelor degree. Mr. Li joined the Company in April 2003. He has served as a general manager of the Semi-conductor Industry Research Center, and the director of semiconductors and consumer electronics business group, with over 12 years of research experience in industries of semiconductors, optoelectronics and Internet of Things.

Directors, Supervisors and Senior Management

Lu Ping (呂萍), aged 37, has been appointed as a deputy general manager since 16 March 2016. Ms. Lu graduated from Peking University with a master degree in law. She is a senior economist and is currently a Ph.D. candidate at the School of Economics and Management of Beijing University of Aeronautics and Astronautics. Ms. Lu joined the Company in June 2004, and has served as the deputy general manager of the Development Zone Research Center (開發區研究中心), the deputy general manager of the Electronic Information Industry Center (電子信息產業中心), and the deputy president of the World Industrial Research Institute (世界工業研究所) and a deputy director of the Technological Development Department (科技發展處) of China Center for Information Industry Development (CCID). Ms. Lu has almost 12 years of experience in market research, industry planning and government consultancy.

Fu Changwen (付長文), aged 35, a deputy general manager, the Secretary of the Board and the general manager of Beijing CCID County Strategy Consulting Co., Ltd. (formerly known as Beijing CCID City Strategy Consulting Co., Ltd.). Mr. Fu graduated from the Renmin University of China with a master degree in economics. Mr. Fu joined the Company in July 2004. He has served in the investment consulting business department, strategy consulting business department and investment management department, with over 11 years of experience in industrial study, strategy consulting and corporate governance.

Wang Hua (王華), aged 40, the financial controller. Mr. Wang graduated from City University of Macau and obtained a master degree. Mr. Wang joined the China Electronic Information Industry Development Research Institute in 2000, and has served as the finance manager, head of finance, assistant of director of finance department and chief financial officer, he joined the Company in March 2013 with more than 12 years of experience in financial areas.

Guan Dongsheng (管東升), aged 40, the general manager of Beijing CCID Industry and Information Engineering Supervision Center Co. Ltd. (formerly known as Beijing CCID Industry and Information Engineering Supervision Co., Ltd.), Beijing CCID Industry and Information Engineering Design Center Co., Ltd., the Vice President of Supervisor of Information System Association and a 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, and has served as the general manager of supervision business division, assistant to the Director, deputy general manager of Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd. and executive general manager of Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd., with more than 10 years of project management experience in government affairs informatization, science and research informatization, city informatization, telecommunications engineering and information security engineering.

COMPANY SECRETARY

Chan Yin Wah (陳燕華), aged 40, the Company Secretary and an authorized representative. She joined the Company in March 2012. Ms. Chan is the Associate Director of SW Corporate Services Group Limited. Ms. Chan has worked for various internationally well-known professional firms and listed companies in Hong Kong and has over 15 years of professional experience in handling the company secretarial, compliance services and share registry services 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 PRACTICES

For the year ended 31 December 2015, the Group has adopted and complied with the requirements of the code provisions (the “Code Provision(s)”) of the Corporate Governance Code and the Corporate Governance Report (the “CG Code”) in Appendix 15 to the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the “Required Standard of Dealings” in Rules 5.48 to 5.67 of the GEM Listing Rules as the standard of conducts for securities transactions by the Directors and the supervisors of the Company (the “Supervisor(s)”), and regulates the securities transactions by the Directors and Supervisors pursuant to the requirements of which. For the year ended 31 December 2015, all Directors and Supervisors have confirmed their compliance with the “Required Standard of Dealings” throughout the year upon specific enquiries by the Company.

BOARD OF DIRECTORS

The fifth session of the Board, formed after the extraordinary general meeting held by the Company on 25 November 2014, currently comprises of five Directors, the members of the Board include three influential independent non-executive Directors. All independent non-executive Directors are independent of the management of the Company and are experienced in the fields of business and finance. They have made significant contributions to the development of the Company. Detailed information of all Directors is set out on Pages 13 to 14 of this annual report.

RESPONSIBILITIES OF AND AUTHORITIES DELEGATED TO THE MANAGEMENT

The Board shall be accountable to the shareholders and lead the Company in a responsible and effective manner. The Board shall (among others) implement resolutions of the general meetings; determine the operation plans and investment plans and the setting-up of internal management organizations of the Company; formulate the annual financial budgets, financial statements and profit allocation plans of the Company; and engage senior management. In addition, the Board had established three board committees, namely, the audit committee (the “Audit Committee”), nomination committee (the “Nomination Committee”) and remuneration committee (the “Remuneration Committee”), and delegate responsibilities to these board committees within their terms of reference.

The Board delegates to the management authorities and responsibilities to conduct the daily management, administration and operation of the Company. The general manager shall be responsible to the Board.

All Directors perform their duties in good faith, act in the best interests of the Company and comply with all applicable laws and regulations, and always act in the interests of the Company and its shareholders.

Corporate Governance Report

BOARD COMPOSITION

For the year ended 31 December 2015, the Board has conformed at any time to the threshold requirement of GEM Listing Rules in respect of the appointment of at least three independent non-executive Directors, and the number of independent non-executive Directors shall make up one-third of the Board, with one of the independent non-executive Directors possessing appropriate professional qualifications, or accounting or related financial management expertise.

Pursuant to the requirements of Rule 5.09 of the GEM Listing Rules, the Company considers that all independent non-executive Directors are independent of the Company upon receipt from each of the independent non-executive Directors a written confirmation letter of independence.

To the best of the Company's knowledge, there are no relationships among the members of the Board, including financial, business, family or other material/relevant relationship(s).

The composition of the Board for the year ended 31 December 2015 was as follows:

Executive Director

Luo Junrui (*Chairman*)

Non-executive Director

An Guangyou

Independent Non-Executive Directors

Guo Xinping

Li Xuemei

Han Fuling

The Board is responsible to the shareholders of the Company. Its duties include the operational, strategic, financial and other major operational matters of the Company while the management is responsible for making decisions on the daily and routine operation.

In 2015, the Company convened 7 Board meetings and 2 general meetings in total, the attendance records of the Board and general meetings are as follows:

Director	Number of Board meetings that should be attended in 2015	Attendance of Board meetings	Number of general meetings that should be attended in 2015	Attendance of general meetings
Mr. Luo Junrui	7	7	2	2
Mr. An Guangyou	7	7	2	1
Mr. Guo Xinping	7	7	2	0
Mr. Han Fuling	7	7	2	0
Ms. Li Xuemei	7	7	2	0

Board Diversity Policy

The composition and diversity of the Board were considered by taking into account the Group's board diversity policy and by reference to a range of diversity measurable perspectives, including but not limited to their age, gender, skills, professional experience, knowledge and length of service. Executive Director possess extensive and diversified management and industrial experience. The non-executive Director and the three independent non-executive Directors possess professional knowledge and extensive experience in corporate finance and accountancy. Details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" in this report. The Company considered that the current structure of the Board can ensure the balance between power and authority.

Chairman and General Manager

Mr. Luo Junrui, an executive Director, acts as the chairman of the Company, and Mr. Li Shuchong acts as the general manager for the year 2015. The two different positions of the chairman and general manager are clearly separated, the chairman is responsible for the operation of the Board, and the general manager is responsible for the management of the Company's daily business operation. The articles of association of the Company (the "Articles of Association") has explained the respective roles and responsibilities of the chairman and general manager in details.

Mr. Li Shuchong has tendered his resignation as the general manager with effect from 16 March 2016 due to job reassignment. On the same date, Mr. Sun Huifeng has been appointed by the Board as the new general manager of the Company in place of Mr. Li Shuchong.

Non-executive Director

The non-executive Director of the Company, Mr. An Guangyou has been appointed with effect from 25 November 2014, he has signed a service agreement with the Company for a term of three years from 25 November 2014 to 24 November 2017.

The independent non-executive Directors of the Company, Mr. Guo Xinping, Ms. Li Xuemei and Mr. Han Fuling have been re-elected and appointed with effect from 25 November 2014. The three independent non-executive Directors have signed service agreements with the Company for a term of three years from 25 November 2014 to 24 November 2017.

Corporate Governance Report

Continuous Professional Development

All Directors confirmed that they have complied with the Code Provision A.6.5 relating to directors' training. In this year, all Directors had participated in continuous professional development by ways of attending the following seminars and/or reading materials in the following aspects to develop and update their knowledge and skills and they had provided their training records to the Company.

Director	Corporate Governance, Rules and Regulations	Financial Management and Other Affairs
Mr. Luo Junrui	✓	✓
Mr. An Guangyou	✓	✓
Mr. Guo Xinping	✓	✓
Mr. Han Fuling	✓	✓
Ms. Li Xuemei	✓	✓

Remuneration Committee

The Company has established the Remuneration Committee according to the relevant requirements of GEM Listing Rules. The chairman of the Remuneration Committee is Mr. Guo Xinping, an independent non-executive Director, and other members include Mr. Luo Junrui, an executive Director and Ms. Li Xuemei, an independent non-executive Director, which is in compliance with the requirement of GEM Listing Rules that the Remuneration Committee shall comprise a majority of independent non-executive directors.

The Company has set out the Remuneration Committee's written terms of reference and duties. The primary duties of the Remuneration Committee include making recommendation to the Board on the specific remuneration packages of individual executive directors and members of senior management, including benefits in kind, non-pecuniary benefits, retirement and pension rights and compensation, compensation for loss of office or appointment and compensation amounts, and making 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 responsibilities of the directors, employment conditions of the Company and feasibility of performance-based remuneration.

The Remuneration Committee held one meeting in 2015. The following table sets out the attendance of members of the Remuneration Committee at the meeting during 2015:

Director attended	No. of meetings/Attendance
Mr. Guo Xinping Chairman of the Committee	1/1
Ms. Li Xuemei	1/1
Mr. Luo Junrui	1/1

The Remuneration Committee has reviewed such contents including the existing terms of the service contracts of the executive Director and the letters of appointment of the non-executive Director and independent non-executive Directors. The Remuneration Committee considers that the existing terms of the service contracts of the executive Director and the letters of appointment of non-executive Director and independent non-executive Directors are fair and reasonable.

Nomination Committee

The Company has established the Nomination Committee according to the relevant requirements of GEM Listing Rules. The Chairman of the Nomination Committee is Mr. Luo Junrui, the chairman of the Board, and other members include Mr. Guo Xinping, Ms. Li Xuemei and Mr. Han Fuling, who are independent non-executive Directors.

The Company has set out the Nomination Committee's written terms of reference and duties. The primary duties of the Nomination Committee include reviewing regularly of the structure, size and composition of the Board (including skills, knowledge and experience), according to the shareholding structure of the Company and management and operation requirements of the Company, and making recommendations on any proposed changes to the Board; identifying individuals suitably qualified to take up the office of Directors, and selecting the relevant individuals nominated for directorship or providing advices to the Board in this regard; assessing the independence of independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee held one meeting in 2015. The following table sets out the attendance of members of the Nomination Committee at the meeting of 2015:

Director attended	No. of meetings/Attendance
Mr. Luo Junrui	1/1
Mr. Guo Xinping	1/1
Ms. Li Xuemei	1/1
Mr. Han Fuling	1/1

The Nomination Committee has reviewed such contents including the confirmation that the structure, size and composition of the Board are in compliance to relevant requirements under the GEM Listing Rules and Articles of Association and the confirmation of the independence of the independent non-executive Directors from the Company as well as the review of the Board Diversity Policy.

Audit Committee

The Company has established the Audit Committee. The Chairman of the Audit Committee is Ms. Li Xuemei, an independent non-executive Director, and other members include Mr. Guo Xinping and Mr. Han Fuling, both being independent non-executive Directors. Ms. Li Xuemei, the Chairman of the Audit Committee, has corresponding professional qualifications and financial experience. The Company has set out its written terms of reference and duties according to the requirement of Rule 5.29 of GEM Listing Rules.

The Audit Committee held five meetings in 2015. The following table sets out the attendance of members of the Audit Committee at the meetings of 2015:

Director attended	No. of meetings/Attendance
Ms. Li Xuemei	Chairman of the Committee 5/5
Mr. Guo Xinping	5/5
Mr. Han Fuling	5/5

Corporate Governance Report

During 2015 and up to the date of this annual report, the Audit Committee has reviewed the financial statements and annual reports for the year ended 31 December 2014 and 2015, the 2015 interim report and quarterly reports for the quarters ended 31 March 2015 and 30 September 2015, and was of the view that the preparation of such results have complied with applicable accounting standards and relevant regulatory and law provisions, and have made sufficient disclosures. The Audit Committee has also reviewed contents including related party transactions as well as the effectiveness of risk management and internal control procedures and the internal audit function and proposed amendments to the Terms of Reference for the Audit Committee of the Board of CCID Consulting Company Limited (the "Terms of Reference for the Audit Committee") pursuant to the latest requirements on risk management and internal control of the CG Code, and submitted its review opinion to the Board for consideration and approval.

On 30 December 2015, the Board approved to amend the Terms of Reference for the Audit Committee pursuant to the latest requirements on risk management and internal control of the CG Code. The amended Terms of Reference for the Audit Committee was posted on the websites of the Stock Exchange and the Company on the same day.

Corporate Governance Functions

The Board has adopted its corporate governance functions and formulated the written terms of reference in March 2012 so as to assist the performance of its corporate governance functions. The primary duties of the Board in respect of corporate governance functions include:

- to develop and review the Company's policies and practices of 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 in 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 CG Code and the disclosure in the Corporate Governance Report.

For the year ended 31 December 2015, the above corporate governance functions were performed and implemented by the Board, and the Board have reviewed the compliance of the Company with the CG Code as disclosed in this Corporate Governance Report.

Remuneration of the members of the senior management by remuneration band

Pursuant to Code Provision B.1.5, the remuneration of the members of the senior management by remuneration band for the year ended 31 December 2015 is set out below:

Remuneration band	Number of individuals
RMB300 thousand and below	0
RMB301 thousand to RMB500 thousand	5
RMB501 thousand or above	3

Further particulars of Directors' emoluments and the five highest paid individuals discloseable pursuant to Rule 18.30 of the GEM Listing Rules are set out in notes 9 and 10 to the consolidated financial statements as set out on pages 73 to 77 of the audit report.

AUDITOR'S REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions would constitute any potential material adverse effect on the Company. During the year, an aggregate of RMB375 thousand was payable by the Company to the external auditor for their auditing services. Apart from the above, no significant non-audit service has been provided by the external auditor of the Company.

DIRECTORS' AND AUDITOR'S FINANCIAL REPORTING RESPONSIBILITY

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

The Directors note that they are responsible for preparing the accounts of the Company.

The responsibilities of the auditor of the Company with respect to the financial statements of the Group are set out in the Independent Auditor's Report on pages 43 to 44.

CONTINUING OPERATION

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operation in the foreseeable future and therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is aware of its responsibility to continuously monitor the risk management and internal control systems of the Group, and has conducted a review as to whether the risk management and internal control systems of the Group were effective for the year ended 31 December 2015. Based on the Audit Committee's review on the report and investigation findings prepared by the internal audit team as well as its review results on the risk management and internal control systems, the Board was of the view that the Group's risk management and internal control systems, including financial control, operational control and compliance control, as well as the resources, staff qualifications and experience and the training programmes for staff and relevant budget of the accounting, internal audit and financial reporting functions are effective and adequate. The risk management and internal control systems of the Group was designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

On 30 December 2015, the Board approved to amend the Terms of Reference for the Audit Committee pursuant to the latest requirements on the risk management and internal control of the CG Code with an aim to monitor the risk management and internal control systems of the Group in a more effective manner.

COMPANY SECRETARY

Ms. Chan Yin Wah ("Ms. Chan") is the Company Secretary of the Company in complied with the requirements 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' RIGHTS

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

According to Article 73 of the Articles of Association, two or more shareholders holding ten per cents (10%) or more of the voting shares in aggregate at the proposed meeting may, by signing one or more counterpart requisitions stating the subject(s) of the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall convene such extraordinary general meeting or class meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid shareholdings shall be calculated on the basis of the date of submission of the written request by the shareholders. In case that the Board fails to give a notice to convene such meeting within thirty (30) days after receipt of the aforesaid written request, the shareholders who put forward the request may convene such a meeting themselves within four months after receipt of the request by the Board. Such meeting shall be convened with procedures as similar as possible where general meeting are convened by the Board. The expenses reasonably incurred by shareholders in convening and holding such a meeting themselves by reason of the failure of the Board to hold such a meeting pursuant to the aforesaid request shall be borne by the Company and shall be deducted from any amount due to the breaching directors by the Company.

(2) Procedures for directing shareholders' enquiries to the Board

Shareholders have the right to raise enquiries to the Board. All enquiries shall be submitted in writing and the contact information is as set out below:

Principal Place of Business in Hong Kong

Address: 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Beijing

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

(3) Procedures for shareholders putting forward proposals at a general meeting

According to Article 55 of the Articles of Association, when the Company convenes an annual general meeting, shareholders holding more than five (5) per cent. (including five (5) per cent.) of the total voting shares of the Company in aggregate are entitled to propose new resolutions in writing to the Company (please refer to below for contact information). The Company shall include matters which fall within the scope of duties of the general meeting into the agenda of such meeting.

Shareholders have the right to raise enquiries to the Board. All enquiries shall be submitted in writing and the contact information is as set out below:

Principal Place of Business in Hong Kong

Address: 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Beijing

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

ARTICLES OF ASSOCIATION

The following amendments to the Articles of Association have been approved by the shareholders at the annual general meeting held on 11 June 2015:

Article 3

Original:

Company address:	Room 210, No. 12 Huo Ju Jia Road, Chang Ping District, Beijing, PRC
Postal code:	102200
Telephone No.:	(010)88559527
Fax No.:	(010)88559680

Amended as:

Company address:	Room 311, No. 2 Building, No. 28 Zhen Xing Road, Chang Ping District, Beijing
Postal code:	102200
Telephone No.:	(010)88559008
Fax No.:	(010)88559009

Article 87:

Original:

The Company shall establish a Board of Directors comprising 6 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 the directors shall be independent (non-executive) Directors (herein meaning those directors who are independent to the shareholders, do not hold office in the Company and comply with the requirements of the Listing Rules regarding being independent non-executive Directors), 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.

Amended as:

The Company shall establish a Board of Directors comprising 5 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 the directors shall be independent (non-executive) Directors (herein meaning those directors who are independent to the shareholders, do not hold office in the Company and comply with the requirements of the Listing Rules regarding being independent non-executive Directors), 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.

Corporate Governance Report

The following amendments to the Articles of Association have been approved by the shareholders at the extraordinary general meeting held on 19 October 2015:

Article 1:

Original:

CCID CONSULTING COMPANY LIMITED (the "Company") is a joint stock limited company established in accordance with the Company Law of the People's Republic of China ("PRC") (the "Company Law"), the State Council's Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the "Special Regulations") and other relevant laws and regulations of the State.

The Company was established by means of promotion with the approval of the State Economic and Trade Commission, as evidenced by approval document "Guo Jing Mao Qi Gai [2002] No. 115". It is registered with and was granted a business licence by Beijing Administration Bureau of Industry and Commerce on 15 March 2002. The Company's business licence number is: 1100001199461.

The sponsors of the Company are the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry, Beijing CCID Riyue Investment Company Limited, Deng Zhicheng, Xu Mutu, Lu Shan, Yang Tianxing and Luo Wen.

The Company, having been approved by the CSSCC on the basis of Document "Zheng Jian Guo He Zi (2002) No. 74", completed the placing of 209,000,000 Shares on December 11, 2002, listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, with its Overseas Listed Foreign Shares comprising 29.86% of the Company's Shares upon placement.

To be amended as:

CCID CONSULTING COMPANY LIMITED (the "Company") is a joint stock limited company established in accordance with the Company Law of the People's Republic of China ("PRC") (the "Company Law"), the State Council's Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the "Special Regulations") and other relevant laws and regulations of the State.

The Company was established by means of promotion with the approval of the State Economic and Trade Commission, as evidenced by approval document "Guo Jing Mao Qi Gai [2002] No. 115". It is registered with and was granted a business licence by Beijing Administration Bureau of Industry and Commerce on 15 March 2002. The Company's business licence number is: 1100001199461.

The founders of the Company are the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (formerly known as Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry), Beijing CCID Riyue Investment Company Limited, Deng Zhicheng, Xu Mutu, Lu Shan, Yang Tianxing and Luo Wen.

The Company, having been approved by the CSSCC on the basis of Document "Zheng Jian Guo He Zi (2002) No. 27", completed the placing of 209,000,000 Shares on December 11, 2002, listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, with its Overseas Listed Foreign Shares comprising 29.86% of the Company's Shares upon placement.

Article 15:

Original:

As examined and approved by the authorised department of the State Council, the Company issued 51,000,000 ordinary shares, which represent 100% of the ordinary shares issued by the Company to its founders when it was first established. Of these, 40,800,000 shares (80% of the aggregate number of shares) are owned by the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry, 9,690,000 shares (19% of the aggregate number) are owned by Beijing CCID Riyue Investment Company Limited, 102,000 shares (0.2% of the aggregate number) are owned by Deng Zhicheng, 102,000 shares (0.2% of the aggregate number) are owned by Xu Mutu, 102,000 shares (0.2% of the aggregate number) are owned by Yang Tianxing, 102,000 shares (0.2% of the aggregate number) are owned by Luo Wen and 102,000 shares (0.2% of the aggregate number) are owned by Lu Shan respectively.

The Company increased its capital for the first time after the founding of the Company with the issuance of 190,000,000 ordinary shares of overseas listed foreign shares, and after exercising the Over-allotment Option, no more than 28,500,000 of Overseas Listed Foreign Shares were issued. The Domestic Shares held by the Company's state-owned shareholders of the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry and Beijing CCID Riyue Investment Company Limited were converted into Overseas Listed Foreign Shares, which were not more than 19,000,000 shares, and the number of shares after exercising the Over-allotment Option did not exceed 28,500,000 shares.

Amended as:

As examined and approved by the authorised department of the State Council, the Company issued 51,000,000 ordinary shares, which represent 100% of the ordinary shares issued by the Company to its founders when it was first established. Of these, 40,800,000 shares (80% of the aggregate number of shares) are owned by the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (formerly known as Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry), 9,690,000 shares (19% of the aggregate number) are owned by Beijing CCID Riyue Investment Company Limited, 102,000 shares (0.2% of the aggregate number) are owned by Deng Zhicheng, 102,000 shares (0.2% of the aggregate number) are owned by Xu Mutu, 102,000 shares (0.2% of the aggregate number) are owned by Yang Tianxing, 102,000 shares (0.2% of the aggregate number) are owned by Luo Wen and 102,000 shares (0.2% of the aggregate number) are owned by Lu Shan respectively.

The Company increased its capital for the first time after the founding of the Company with the issuance of 190,000,000 ordinary shares of overseas listed foreign shares, and after exercising the Over-allotment Option, no more than 28,500,000 of Overseas Listed Foreign Shares were issued. The Domestic Shares held by the Company's state-owned shareholders of the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (formerly known as Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry) and Beijing CCID Riyue Investment Company Limited were converted into Overseas Listed Foreign Shares, which were not more than 19,000,000 shares, and the number of shares after exercising the Over-allotment Option did not exceed 2,850,000 shares.

Corporate Governance Report

Article 16:

Original:

If the Over-allotment Option is not exercised, the Share structure of the Company upon increase of capital with the issuance of shares is 700,000,000 ordinary shares, among which 491,000,000 shares are Domestic Shares (70.143% of the aggregate number of ordinary shares issued by the Company), 392,610,000 shares are owned by the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry, 93,290,000 shares are owned by Beijing CCID Riyue Investment Company Limited, 1,020,000 shares are owned by Deng Zhicheng, 1,020,000 shares are owned by Xu Mutu, 1,020,000 shares are owned by Yang Tianxing, 1,020,000 shares are owned by Luo Wen and 1,020,000 shares are owned by Lu Shan (all of the aforementioned names are the founders) respectively, and 209,000,000 shares are held by the shareholders of Overseas Listed Foreign Shares, which represent 29.857% of the ordinary shares issued by the Company.

If the Over-allotment Option is exercised, the Share structure of the Company is 728,500,000 ordinary shares, among which 488,150,000 shares are Domestic Shares (67.008% of the aggregate number of ordinary shares issued by the Company), 390,301,500 shares are owned by the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry, 92,748,500 shares are owned by Beijing CCID Riyue Investment Company Limited, 1,020,000 shares are owned by Deng Zhicheng, 1,020,000 shares are owned by Xu Mutu, 1,020,000 shares are owned by Yang Tianxing, 1,020,000 shares are owned by Luo Wen and 1,020,000 shares are owned by Lu Shan (all of the aforementioned names are the founders) respectively, and 240,350,000 shares are held by the shareholders of Overseas Listed Foreign Shares, which represent 32.992% of the ordinary shares issued by the Company.

To be amended as:

The Share structure of the Company upon aforesaid increase of capital with the issuance of shares is 700,000,000 ordinary shares, among which 491,000,000 shares are Domestic Shares (70.143% of the aggregate number of ordinary shares issued by the Company), 392,610,000 shares are owned by Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (formerly known as Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry), 93,290,000 shares are owned by Beijing CCID Riyue Investment Company Limited, 1,020,000 shares are owned by Deng Zhicheng, 1,020,000 shares are owned by Xu Mutu, 1,020,000 shares are owned by Yang Tianxing, 1,020,000 shares are owned by Luo Wen and 1,020,000 shares are owned by Lu Shan (all of the aforementioned names are the founders) respectively, and 209,000,000 shares are held by the shareholders of Overseas Listed Foreign Shares, which represent 29.857% of the entire ordinary shares issued by the Company.

Pursuant to the Confirmation Letter for Share Transfer Registration issued by the China Securities Depository and Clearing Corporation Limited, the founders and shareholders of the Company, Luo Wen, Lu Shan, Xu Mutu, Yang Tianxing, Deng Zhicheng, transferred their respective 1,020,000 Domestic Shares of the Company to Beijing CCID Riyue Investment Company Limited on 10 July 2015 respectively. Upon the completion of the above transfers, the Share structure of the Company is 700,000,000 ordinary shares, among which 491,000,000 shares are Domestic Shares (70.143% of the aggregate number of ordinary shares issued by the Company), 392,610,000 shares are owned by the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (formerly known as Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry), 98,390,000 shares are owned by Beijing CCID Riyue Investment Company Limited (all of the aforementioned names are the founders) respectively, and 209,000,000 shares are held by the shareholders of Overseas Listed Foreign Shares, which represent 29.857% of the entire ordinary shares issued by the Company. Luo Wen, Lu Shan, Xu Mutu, Yang Tianxing, Deng Zhicheng ceased to hold any shares of the Company.

The Board hereby presents its report and the audited financial statements of the Company and the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Group is principally engaged in (among others) management and strategy 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. The principal activities and other details of subsidiaries of the Company are set out in note 15 to the consolidated financial statements.

BUSINESS REVIEW

The fair review of the Group's business is detailed in the Management Discussion and Analysis on pages 7 to 10 of this annual report. The discussion constitutes a part of this Report of the Directors.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and a summary of the assets and liabilities for the last five financial years extracted from the audited financial statements are set out on page 104. This summary is not a part of the audited financial statements.

PROSPECTS

The prospects of the Group's business are detailed in the Chairman's Statement on pages 3 to 4 of this annual report. The report constitutes a part of this Report of the Directors.

KEY RISKS AND UNCERTAINTIES FACING THE GROUP

Market Risk

The Group's major customers include governmental authorities at all levels, industrial parks and enterprises. Under the new landscape of establishment of the new think tanks with Chinese features, think tanks and consulting institutions such as key academies of social science, administration institutes of party institutes of CCP and higher education institutions are going to step up their service efforts towards government and industrial zone customers, which makes the market increasingly competitive. Furthermore, the PRC economic development has come to an era of new normal, under which the economic growth shifted from high gear to medium-to-high gear. The growth in fiscal revenue of local governments slowed down and there was a significant change in the market environment of enterprises, which may cause a decrease in budgets or investments of the government, industrial parks in respect of their demand for consulting services, and thus, may affect the future business growth of the Group.

Risk of Talent Loss

The Group has always attached great importance to incentives for talents. Although it has established and refined the relevant remuneration system, there can be no assurance that all outstanding talents and core personnel can be retained. Meanwhile, increased competition among consulting institutions has intensified competition for professionals to a certain extent, which exposed the Group to risk of talent loss.

Report of the Directors

Financial Risk

For details, please see note 36 to consolidated financial statements on pages 100 to 102 of this report.

Save as mentioned above, there may be other risks and uncertainties that are unknown to the Group or which may not be material at present but may turn out to be material in the future.

RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 December 2015 and the financial position of the Group as at that date were set out from pages 45 to 47 of the consolidated financial statements.

The Board has proposed the payment of a final dividend of RMB1.52 cents (tax inclusive) per share for the year ended 31 December 2015 to the shareholders whose names appear on the register of members of the Company on 19 June 2016 (the "2015 Final Dividend"). Based on the number of issued shares as at the date of this annual report, the 2015 Final Dividend, if declared and paid, will amount to an aggregate amount of RMB10,640,000 (tax inclusive). For distribution of 2015 Final Dividend, dividends on domestic shares will be paid in Renminbi and dividends on H shares will be paid in Hong Kong Dollars (at the average closing prices of Hong Kong dollars announced by the People's Bank of China one week prior to the announcement of dividend (i.e. the date of the annual general meeting of the Company to be held on 7 June 2016 (the "2015 AGM"))). The proposed payment of 2015 Final Dividend is subject to the approval by the shareholders at the 2015 AGM.

Pursuant to the Notice on the Issues Concerning Withholding Enterprises Income Tax on the Dividends Payable by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise H Share Holders (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) of the State Administration of Taxation, a PRC resident enterprise, when distributing dividends for the year 2008 and for the years thereafter to holders of H shares who are overseas non-resident enterprises, shall be subject to enterprise income tax withheld at a uniform rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax.

Pursuant to relevant laws and regulations and regulatory documents such as the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)) and the Notice of the State Administration of Taxation on the Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]45號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), dividends received by overseas resident individual shareholders from the stocks issued by domestic non-foreign investment enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld by the withholding agents. However, overseas resident individual shareholders of the stocks issued by domestic non-foreign investment enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries in which they are residents and China, or the tax arrangements between Mainland China and Hong Kong (Macau). For individual holders of H shares, dividends payable to them are subject to the individual income tax withheld at a tax rate of 10% in general unless otherwise specified by the tax regulations and the relevant tax agreements.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders who are entitled to attend and vote at the 2015 AGM, the register of H shareholders will be closed from 8 May 2016 to 7 June 2016, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for attending the 2015 AGM, all transfer documents of H shares accompanied by the relevant share certificate(s) must be lodged to the Company's H share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 6 May 2016 for registration.

Shareholders whose names appear on the register of members of the Company at the close of business on 6 June 2016 will be entitled to attend and vote at the 2015 AGM.

In order to determine the shareholders who are entitled to receive the 2015 Final Dividend, the register of H shareholders will be closed from 14 June 2016 to 19 June 2016, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for receiving the 2015 Final Dividend, all transfer documents of H shares accompanied by the relevant share certificate(s) must be lodged to the Company's H share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 13 June 2016 for registration.

Shareholders whose names appear on the register of members of the Company at the close of business on 19 June 2016 are entitled to receive the 2015 Final Dividend. The proposed 2015 Final Dividend will be paid on or about 17 August 2016 following the approval at the 2015 AGM.

FIXED ASSETS

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

SHARE CAPITAL

The movement in the Group's registered, issued and fully paid share capital during the year was set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the 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 Company and the Group during the year are set out in note 32 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

Report of the Directors

LOANS AND BORROWINGS

The Group had no loans and borrowings during the year.

DISTRIBUTABLE RESERVES

For the year ended 31 December 2015, no capital reserve of the Group was available for distribution by way of a future capitalization issue. In addition, as mentioned in note 32 to the consolidated financial statements, the Company had retained profits of approximately RMB46,915 thousand available, after provisions, for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 18% of the total annual sales of the Group, and of which sales to the largest customer accounted for 4%.

The Group has provided certain consulting services to the companies under the same ultimate shareholder as the Company, details of which were set forth in note 34 to the consolidated financial statements, "Related Party Disclosures". Save as disclosed above, none of the Directors or any of their associates or any other shareholder which owns more than 5% of the Company's issued share capital, to the knowledge of the directors, has any interests in the Company's five largest customers.

As the nature of the Group's main activities are provision of consulting and research services, which may be acquired by various suppliers at similar prices, there is no major supplier (as defined in Appendix 16 to the GEM Listing Rules). The Group has maintained a sustained and stable relationship with its customers and suppliers by providing its customers with products and services in good quality. The Group's business has not relied on any individual customers and suppliers which have a material impact on the Group.

THE BOARD OF DIRECTORS

For the year ended 31 December 2015, the Board comprised:

Executive Director

Luo Junrui (*Chairman*)

Non-executive Director

An Guangyou

Independent Non-executive Directors

Guo Xinping

Li Xuemei

Han Fuling

In accordance with the requirements of the Articles of Association, the term of all existing Directors is three years and they may elect to be re-elected.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors, Supervisors and senior management of the Company were set out on page 13 to 16 of this annual report.

SERVICE CONTRACTS FOR DIRECTORS AND SUPERVISORS

Mr. Luo Junrui, an executive Director of the Company, was appointed with effect from 25 November 2014, and has entered into a 3-year service contract from 25 November 2014 to 24 November 2017 with the Company.

Mr. An Guangyou, a non-executive Director of the Company, was appointed with effect from 25 November 2014, and has entered into a 3-year service contract from 25 November 2014 to 24 November 2017 with the Company.

Mr. Guo Xinping, Ms. Li Xuemei and Mr. Han Fuling, the independent non-executive Directors of the Company were re-elected and re-appointed with effect from 25 November 2014. All of them have entered into a 3-year service contract from 25 November 2014 to 24 November 2017 with the Company.

Ms. Chen Ying, Mr. Hu Yun and Ms. Zhao Xiuzhen, the Supervisors of the Company were re-elected and re-appointed with effect from 25 November 2014. All of them have entered into a service contract from 25 November 2014 to 24 November 2017 with the Company.

Except for the above contracts, the Directors and the Supervisors do not have any other service contract with the Company and its subsidiaries.

DIRECTORS' AND SUPERVISORS' REMUNERATION

The Directors' and Supervisors' remuneration shall be approved by the shareholders at the general meeting. Other emoluments shall be fixed by the Board based on the Directors' and Supervisors' duties, responsibilities and performance as well as the Company's results. The details of the Directors' and Supervisors' remuneration are set out in note 9 to the consolidated financial statements.

CONTRACT OF SIGNIFICANCE

Apart from those disclosed under the relevant connected transactions in this annual report, none of the Company, its holding company or any of its subsidiaries or subsidiaries of the Company has entered into any contract of significance during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

1. Non-Exempted Continuing Connected Transactions

For the year ended 31 December 2015, the Group has entered into the following continuing connected transactions, and disclosure of certain details is in compliance with requirements of Chapter 20 of the GEM Listing Rules.

- (1) On 28 March 2013, the Company entered into a framework agreement with China Center of Information Industry Development ("CCID") in relation to the information consultancy and supervision services revenue for the period from 28 March 2013 to 31 December 2015. Given that the agreement expired on 31 December 2015, the Company and CCID renewed the information consultancy and supervision services revenue framework agreement on 26 October 2015 (the "Renewed Framework Agreement 1"). Pursuant to the Renewed Framework Agreement 1, the Company and/or its subsidiaries (herein as defined

in the announcement dated 26 October 2015 of the Company) shall, upon the request of CCID and/or its associates (herein as defined in the announcement dated 26 October 2015 of the Company), provide information planning and information engineering supervision services to CCID and/or its associates for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 1 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB6,000,000, RMB6,300,000 and RMB6,678,000 (these amounts will last until the date of termination of the Renewed Framework Agreement 1), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 1 shall be recognition of 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.

- (2) On 28 March 2013, the Company entered into a framework agreement with CCID in relation to the information consultancy and supervision services expense for the period from 28 March 2013 to 31 December 2015. Given that the agreement expired on 31 December 2015, the Company and CCID renewed the information consultancy and supervision services expense framework agreement on 26 October 2015 (the "Renewed Framework Agreement 2"). Pursuant to the Renewed Framework Agreement 2, the CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide information planning and information engineering supervision services to the Company and/or its subsidiaries for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 2 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB1,000,000, RMB1,050,000 and RMB1,113,000 (this amount will last until the date of termination of the Renewed Framework Agreement 2), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 2 shall be recognition of 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.
- (3) On 28 March 2013, the Company entered into a framework agreement with CCID in relation to the management and strategy consultancy services revenue for the period from 28 March 2013 to 31 December 2015. Given that the agreement expired on 31 December 2015, the Company and CCID renewed the management and strategy consultancy services revenue agreement on 26 October 2015 (the "Renewed Framework Agreement 3"). Pursuant to the Renewed Framework Agreement 3, the Company and/or its subsidiaries shall, upon the request of CCID and/or its associates, 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 for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 3 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB5,000,000, RMB5,250,000 and RMB5,565,000 (these amounts will last until the date of termination of the Renewed Framework Agreement 3), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 3 shall be recognition of 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.

- (4) On 28 March 2013, the Company entered into a framework agreement with CCID in relation to the management and strategy consultancy services expense for the period from 28 March 2013 to 31 December 2015. Given that the agreement expired on 31 December 2015, the Company and CCID renewed the management and strategy consultancy services expense framework agreement on 26 October 2015 (the “Renewed Framework Agreement 4”). Pursuant to the Renewed Framework Agreement 4, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, 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 for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 4 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB1,200,000, RMB1,260,000 and RMB1,335,600 (these amounts will last until the date of termination of the Renewed Framework Agreement 4), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 4 shall be recognition of 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.
- (5) On 28 March 2013, the Company entered into a framework agreement with CCID in relation to administration services expense for the period from 28 March 2013 to 31 December 2015. Given that the agreement expired on 31 December 2015, the Company and CCID renewed the administration services expense framework agreement on 26 October 2015 (the “Renewed Framework Agreement 5”). Pursuant to the Renewed Framework Agreement 5, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide administration services in respect of house leasing, property management, Internet port and telephone and translation to the Company and/or its subsidiaries for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 5 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB3,500,000, RMB3,675,000 and RMB3,895,500 (these amounts will last until the date of termination of the Renewed Framework Agreement 5), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 5 shall be recognition of 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.

For the category of information consultancy and supervision services, the applicable percentage ratios (other than the profit ratio) for the Renewed Framework Agreement 1 and the Renewed Framework Agreement 2 in aggregate, does not exceed 25%, and the total consideration is less than HK\$10 million. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions exempt from the circular, independent financial advice and shareholders’ approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

For the category of management and strategy consultancy services, the applicable percentage ratios (other than the profit ratio) for the Renewed Framework Agreement 3 and the Renewed Framework Agreement 4 in aggregate, does not exceed 25%, and the total consideration is less than HK\$10 million. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions exempt from the circular, independent financial advice and shareholders’ approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

Report of the Directors

For the category of administration services, the applicable percentage ratios (other than the profit ratio) for the Renewed Framework Agreement 5 does not exceed 5%. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transaction exempt from the circular, independent financial advice and shareholders' approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

CCID is the ultimate controlling shareholder of the Company and holds approximately 70.14% of the total issued share capital of the Company as at the date of this annual report. Accordingly, CCID and its associates are connected persons of the Company under the GEM Listing Rules. In accordance with Chapter 20 of the GEM Listing Rules, the above renewed framework agreements and the transactions contemplated thereunder constitute Continuing Connected Transactions of the Company.

As Mr. Luo Junrui, an executive Director, and Mr. An Guangyou, a non-executive Director, are the deputy director of Science and Technology Committee and the deputy chief economist of CCID respectively, both of them are materially interested in the above continuing connected transactions. In accordance with the GEM Listing Rules and applicable requirements, they were requested to abstain and did abstain from voting for passing the resolutions in relation to the approval of the aforementioned renewed framework agreements at the Board meeting.

Details of the above continuing connected transactions are set out in the announcements dated 26 October 2015 and 24 November 2015 published on the "Latest Company Announcements" page of the GEM website at www.hkgem.com and on the "Investor Relations" page of the Company's website at www.ccidconsulting.com.

2. Non-Exempted Connected Transactions

For the year ended 31 December 2015, the Group had no connected transactions that are not exempt pursuant to Rule 20.31 of the GEM Listing Rules.

Further details of the above continuing connected transactions and connected transactions are set out in note 34 on pages 98 and 99 to the consolidated financial statements of this annual report.

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

- (1) The transactions are in the ordinary and usual course of business of the Group;
- (2) The transactions have been entered into on normal commercial terms or better (as defined in the GEM Listing Rules); and
- (3) The transactions have been entered into according to the agreement governing them on terms that are fair and reasonable and in the interest of the Company's shareholders as a whole.

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

- (1) Nothing has come to their attention that cause them to believe such continuing connected transactions were not approved by the Board;

- (2) If the continuing connected transactions involve the provision of goods or services by the Group, nothing has come to their attention to cause them to believe that such continuing connected transactions were not in all material respects, conducted in accordance with the pricing policies of the Group;
- (3) Nothing has come to their attention that cause them to believe that such continuing connected transactions were not, in all material respects, conducted in accordance with the agreed terms of the relevant transactions; and
- (4) Nothing has come to their attention that cause them to believe that such continuing connected transactions exceeded the cap disclosed in previous announcements.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the relevant connected transactions in this annual report, the Directors and Supervisors do not, directly or indirectly, have any transaction, arrangement or contract of material interests with the Company during the year (except service contracts).

Further details about transactions conducted in relation to these contracts during the year was set out in Related Party Disclosures in note 34 to the consolidated financial statements.

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

As of 31 December 2015, none of the Directors, Supervisors and chief executives or their associates have any interest or short position in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which are required to inform the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise inform the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors as mentioned in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES

Save as disclosed above under the paragraph "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", at no time during the period were rights to obtain benefits by means of purchasing shares or debentures of the Company granted to any Director and Supervisor, their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and Supervisors to obtain such rights.

SHARE OPTION SCHEME

The Company conditionally adopted a Share Option Scheme as at 20 November 2002. The major terms and conditions of the Share Option Scheme were set out in the section "Summary of the Terms of Share Option Scheme" under Appendix IV of the prospectus of the Company as published on 29 November 2002. However, employees who are Chinese nationals are not entitled to exercise the option until these persons are allowed to subscribe or deal in H shares under the PRC laws and regulations. As at the date of this report, the Share Option Scheme is not yet effective. No Share Option has been granted under the Share Option Scheme as of 31 December 2015.

Report of the Directors

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

As of 31 December 2015, the following persons (other than the Directors, Supervisors and chief executives) 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.

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of securities	Approximate percentage of issued capital
China Centre of Information Industry Development ("CCID") (Note 1)	Interest of controlled corporation	Long position	491,000,000 domestic shares	100.00%	70.14%
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	98,390,000 domestic shares	20.04%	14.06%
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 beneficiary interests in the Company comprising the 392,610,000 domestic shares held directly by Research Center and the 98,390,000 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% of the share capital 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 holds approximately 40% equity interests in the share capital 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 "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", as at 31 December 2015, there was no other person had interests and short position in shares and underlying shares of the Company were required to be kept in the register 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 GEM Listing Rules as at 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 REMUNERATION POLICY

As at 31 December 2015, the Group had a total of 292 employees (2014: 385). 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. 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.

The Group recognized that staff is critical to our continuous and stable development. We work together with our staff to provide customers with products and services in good quality.

Report of the Directors

MANAGEMENT CONTRACTS

During the year, the Company did not enter into any contracts with respect to the management and administration of all or any substantial part of the business of the Company.

DONATIONS

During the year, no donation was made by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group currently focuses on consulting services which have a low impact on the environment. However, environmental protection remains a key concern of the Group, and the Group therefore encourages environmental protection and promotes its environmental awareness to all employees.

The Group commits to the principle and practice of recycling and reducing. It adopts a series of measures to protect the environment, such as encouraging water conservation, use of recycled paper for printing and copying, double-sided printing and copying, as well as switching off idle lightings and air conditioners in a timely manner to reduce energy consumption in offices.

The Group will review its environmental practices from time to time and consider implementing further environmental friendly measures, sustainability targets and practices in the operation of the Group's businesses to embrace the principles of reduce, recycle and reuse, and further minimize our already low impact on the environment.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group carried out monitoring in respect of the Company's operations, financial management and staff management in accordance with relevant economic laws, regulations and implementation rules such as the Anti-Unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法), the Contract Law of the People's Republic of China (中華人民共和國合同法), the Company Law of the People's Republic of China (中華人民共和國公司法), the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) and the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法). Meanwhile, it also reviewed its compliance with the GEM Listing Rules and the SFO.

To the best of the knowledge of the Board and the management, the Group complied with the relevant laws and regulations which constitutes material impact on the business and operation of the Company and its subsidiaries in all material respects.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors', Supervisors' and senior management's liabilities in respect of legal actions against its Directors, Supervisors and senior management arising out of corporate activities.

AUDITORS

The financial statements for the year ended 31 December 2015 have been audited by Qual-Mark CPA Limited who retire and offer them for re-appointment at the 2015 AGM.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Group and its compliance is set out in the “Corporate Governance Report” on Page 17 to 28 of this annual report.

SUBSEQUENT EVENTS

On 2 February 2016, the Company subscribed a wealth management product issued by China Construction Bank Corporation at a consideration of RMB10,000,000. The type of product is non-principal guaranteed with floating income. The Board has approved the investment term of the wealth management product of 120 days to 269 days at an expected annualized yield rate of 4%.

On 16 March 2016, the Board announced that Mr. Li Shuchong has resigned as the general manager of the Company due to job reassignment and Mr. Sun Huifeng has been appointed as the new general manager of the Company on the same date. The biographical details of Mr. Sun Huifeng and Mr. Li Shuchong are set out in “Directors, Supervisors and Senior Management” on page 15 of this report.

On 24 March 2016, the Board recommends the distribution of the 2015 Final Dividend, the details of which are set out in the section headed “Results and Dividends” in this Report of the Directors.

By Order of the Board

Luo Junrui

Chairman

Beijing, the People’s Republic of China
24 March 2016

Report of the Supervisory Committee

To: All Shareholders

The supervisory committee of CCID Consulting Company Limited (the “Supervisory Committee”) has discharged its duties and authorities conscientiously, protected the interests of the shareholders and the benefits of the Company, and performed according to the principles of honesty and credibility scrupulously with reasonable care and diligent on proactive basis in accordance with the Company Law of the PRC, requirements of the relevant laws and regulations of Hong Kong and the Articles of Association.

During the year, the Supervisory Committee prudently reviewed the operational and development plans of the Company and provided reasonable suggestions and advice to the Board, strictly and effectively supervised the Company’s management as to whether the making of significant policy decisions and specific decisions was in compliance with the PRC laws and regulations and the Articles of Association, and whether they were in the interests of shareholders.

We have reviewed conscientiously and gave our consent to the report of the Directors, the audited financial reports and the dividend distribution proposal proposed at the forthcoming annual general meeting. We are of the opinion that the members of the Board, the general manager and other senior management of the Company have strictly observed the principles of honesty and credibility, performed their duties diligently and scrupulously, and have exercised their authority of office in good faith for the best interests of the Company, and have been capable of conducting their work in line with the Articles of Association, featuring relatively standardized operation and ever-perfecting internal control system. The transactions between the Company and related companies are executed strictly pursuant to terms in the interests of the shareholders of the Company as a whole and at fair and reasonable considerations. To date, none of the Directors, general manager and senior management members has been found abusing their authority of office, prejudicing the interests of the Company and infringing upon the interests of shareholders of the Company and employees of the Company, or in breach of any laws and regulations and the Articles of Association as well.

The Supervisory Committee is satisfied with the works and the economic benefits attained for the Company in 2015 and is fully confident in the future development of the Company.

By Order of the Supervisory Committee

Chen Ying

Chairman of the Supervisory Committee

Beijing, the People’s Republic of China
24 March 2016

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 45 to 103 which comprise the consolidated statements of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the 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 HKFRSs and the disclosure requirements of 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 the Hong Kong Companies Ordinance and for no other purpose. 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 the 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 financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with HKFRSs and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

QUAL-MARK CPA LIMITED

Certified Public Accountants (Practising)
Room 2203, 22/F., Tung Wai Commercial Building,
109-111 Gloucester Road, Wanchai, Hong Kong

24 March 2016

Chan Ling Fung

Practising Certificate number P06188

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015

	Notes	2015 RMB('000)	2014 RMB('000)
Revenue	4	123,196	131,285
Cost of sales		(63,160)	(63,312)
Gross profit		60,036	67,973
Other revenue			
Other revenue	4	785	515
		60,821	68,488
Operating expenses			
Selling and distribution expenses		(11,948)	(14,965)
Administrative expenses		(25,302)	(38,600)
Other operating expenses		(66)	(65)
		(37,316)	(53,630)
Impairment of assets	5	(7,777)	(1,111)
		(45,093)	(54,741)
Profit before taxation	7	15,728	13,747
Taxation	8	(3,536)	(3,107)
Profit for the year		12,192	10,640
Other comprehensive income		–	–
Total comprehensive income for the year		12,192	10,640
Attributable to:			
Equity holders of the Company		9,377	8,978
Non-controlling interests		2,815	1,662
		12,192	10,640
Earnings per share			
Basic (RMB cents)	12	1.3	1.3
Diluted (RMB cents)	12	1.3	1.3

The notes on pages 50 to 103 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 RMB('000)	2014 RMB('000)
Non-current assets			
Property, plant and equipment	14	20,038	20,961
Intangible assets	16	14,681	14,681
Accrued assets	19	100	9,497
Long term investments	17	1,990	1,990
Deferred tax assets	27	1,597	2,172
		38,406	49,301
Current assets			
Accounts receivable	17,18	18,327	16,731
Accrued assets	19	35,988	34,315
Prepayment, deposits and other receivable	17,21	7,114	7,084
Cash and cash equivalents	22	95,155	71,217
Short term investments	17	175	227
Current tax assets		57	–
		156,816	129,574
Current liabilities			
Accounts payable	17,23	1,140	2,661
Deferred revenue	24	7,088	6,459
Accruals and other payable	17,25	19,357	15,988
Due to related parties	26	3,278	3,091
Current tax liabilities		3,907	1,747
		34,770	29,946
Net current assets		122,046	99,628
Non-current liabilities			
Deferred tax liabilities	27	218	887
NET ASSETS		160,234	148,042

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 RMB('000)	2014 RMB('000)
EQUITY			
Share capital	28	70,000	70,000
Reserves		68,555	59,178
Total equity attributable to equity holders of the Company		138,555	129,178
Non-controlling interests		21,679	18,864
TOTAL EQUITY		160,234	148,042

Approved by the board of directors on 24 March 2016.

On behalf of the Directors

Luo Junrui
Director

An Guangyou
Director

The notes on pages 50 to 103 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Notes	2015 RMB('000)	2014 RMB('000)
Share capital			
Balance at beginning and end of year	28	70,000	70,000
Statutory reserve			
Balance at beginning of year		8,550	6,797
Appropriated from retained profits		2,004	1,194
Appropriated from non-controlling interests		–	546
Changes due to capital injection to a partly-owned subsidiary	29	–	13
Balance at end of year		10,554	8,550
Retained profits			
Balance at beginning of year		50,628	42,801
Profit for the year*		9,377	8,978
Appropriated to statutory reserve		(2,004)	(1,194)
Changes due to capital injection to a partly-owned subsidiary	29	–	43
Balance at end of year		58,001	50,628
Total equity attributable to equity holders of the Company		138,555	129,178
Non-controlling interests			
Balance at beginning of year		18,864	17,757
Capital contributed by non-controlling interests		–	47
Profit for the year [#]		2,815	1,662
Changes due to capital injection to a partly-owned subsidiary	29	–	(56)
Appropriated to statutory reserve		–	(546)
Balance at end of year		21,679	18,864
Total		160,234	148,042
Total comprehensive income for the year			
Attributable to equity holders of the Company*		9,377	8,978
Attributable to non-controlling interests [#]		2,815	1,662
		12,192	10,640

The notes on pages 50 to 103 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Note	2015 RMB('000)	2014 RMB('000)
Cash flows from operating activities			
Profit before taxation		15,728	13,747
Depreciation		1,643	1,630
Interest income		(245)	(237)
Fair value adjustment on financial assets		52	(65)
		17,178	15,075
Changes in accounts receivable		(1,596)	(1,326)
Changes in accrued assets		7,724	3,958
Changes in prepayment, deposits and other receivable		(30)	2,218
Changes in accounts payable		(1,522)	1,456
Changes in accruals and other payable		4,186	(2,402)
		25,940	18,979
PRC enterprise income tax paid		(1,527)	(3,196)
		24,413	15,783
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(720)	(60)
Interest received		245	237
		(475)	177
Cash flows from financing activities			
Capital contributed by non-controlling interests		–	47
		–	47
Net changes in cash and cash equivalents			
Cash and cash equivalents at beginning of year		71,217	55,210
		95,155	71,217
Cash and cash equivalents at end of year	22	95,155	71,217

The notes on pages 50 to 103 form part of these consolidated financial statements.

Notes to Consolidated Financial Statements

31 December 2015

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	Hong Kong Companies Ordinance (Cap. 622) which came into operation on 3 March 2014
HKFRS	Individual Hong Kong Financial Reporting Standard issued by HKICPA
HKAS	Individual Hong Kong Accounting Standard issued by HKICPA
HK(SIC)-Int	Individual Hong Kong Interpretation issued by HKICPA based on equivalent interpretation issued by former Standing Interpretations Committee
HK(IFRIC)-Int	Individual Hong Kong Interpretation issued by HKICPA based on equivalent interpretation issued by International Financial Reporting Interpretation Committee
HK-Int	Individual Hong Kong Interpretation issued by HKICPA
HKFRSs	the collection of all individual HKFRS, HKAS, HK(IFRIC)-Int, HK(SIC)-Int and HK-Int
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 Industry and Information Engineering Design Center Co., Ltd., a subsidiary of the Company

1. GENERAL (Continued)

(a) Definition (Continued)

CCID Supervision	Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd. (formerly known as Beijing CCID Industry and 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
CCID Strategy	Beijing CCID County Strategy Consulting Co., Ltd., (formerly known as 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
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
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 the 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 311, No. 2 Building, No. 28 Zhen Xing 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 is a provider of modern consultancy. The Group principally engages in the provision of management and strategic consultancy, market consultancy, data information management, design consulting and information engineering supervision services.

Notes to Consolidated Financial Statements

31 December 2015

1. GENERAL (Continued)

(c) Parent company

In the opinion of the Directors, the Company's immediate parent company is MIICMD, a company established in the PRC; the Company's ultimate parent company (which is also the Company's ultimate parent undertaking) 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.

(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) Translation differences

The financial statements have been issued in the Chinese language accompanied by an English translation. If there is any conflict in the financial statements between the meaning of the English words in the English translation and the Chinese words and terms in the Chinese version, the meaning of Chinese version shall prevail.

(f) Unofficial name

The English names of those companies incorporated in PRC as mentioned in the consolidated financial statements are not the official names in their constitutions but the unofficial translation of their Chinese names.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements comply with all of the requirements of each applicable standard and interpretation in HKFRSs effective at the beginning of the reporting period. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM.

(b) Basis of measurement

The measurement bases used in preparing these consolidated financial statements are set out in note 3 to consolidated financial statements.

2. BASIS OF PREPARATION (Continued)

(c) Critical accounting judgments

The judgments that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are set out below.

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 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.

Discounting factor

For the purpose of measuring the recoverable amount of an asset in use, discounting factor shall be estimated by reference to the generally expected return rate in the market on such kind of assets. In case the market information is not available, discounting factor shall be estimated by reference to the expected annual return from the asset at the time of recognition.

(d) Assumptions and other major sources of estimation uncertainty

Assumptions made about the future and other major sources of estimation uncertainty at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period is set out below.

Impairment of assets

The impairments of property, plant and equipment, intangible assets, available-for-sale financial assets measured at cost, trade and other receivables and accrued assets are based on the Directors estimation on the recoverable amounts of the assets that would be determined by reference to fair value less costs to sell and value in use estimated using the discounted cash flow method. Because of inherent risks associated with the estimations, their accuracy may have a significant impact on the carrying amounts of the property, plant and equipment, intangible assets, available-for-sale financial assets measured at cost, trade and other receivables and accrued assets as stated in the consolidated statement of financial position and the profit or loss for the next reporting period. At present, the management is unable to provide information about the sensitivity and expected resolution of the uncertainty. The possible effect of the assumptions and sources of estimation uncertainty is unable to be estimated reliably; it is impracticable to disclose the extent of possible effects within the next reporting period.

Notes to Consolidated Financial Statements

31 December 2015

2. BASIS OF PREPARATION (Continued)

(e) Mandatory effective HKFRS

The following amended HKFRS and HKAS become effective mandatorily in the year.

Amendment to HKAS 19 (2011): Defined Benefit Plans: Employee Contribution

The amendments to HKAS 19 (2011) clarify the accounting for the contributions made by employees or third parties. It applies when the defined benefit plans require employees or third parties to contribute to the cost of the plan that may reduce the ultimate liabilities of the entity's defined benefit obligation. Contributions by employees may reduce the cost of the benefits to the entity, or are a reimbursement right. Contributions by employees or third parties in the formal terms of the plan (or arise from a constructive obligation that goes beyond those terms), or are discretionary. Discretionary contributions by employees or third parties reduce service cost of the Group upon payment of these contribution to the plan.

Contributions from employees or third parties set out in formal terms of the plan either reduce service cost (if they are linked to service), or reduce remeasurement adjustments of the net defined benefit liability or assets. Their contribution in respect of service are attributed to periods of service as a negative benefit. If changes in employee contributions are not set out in formal terms of a plan and do not arise from a constructive obligation, changes in employee or third-party contribution in respect of service result in current and past service cost; otherwise, such changes result in actuarial gains and losses.

As the Group does not have defined benefit plan that require its employees or third party to contribute to the cost of the plan that may reduce the ultimate liabilities of the Group's defined benefit obligation, the initial application of the amendment does not have material impact to the financial performance and financial position of the Group for the periods present.

Annual Improvements to HKFRSs 2010-2012 cycle

This annual improvements set out amendments HKFRS 2, HKFRS 3, HKFRS 8, basis of conclusion of IFRS 13, HKAS 16, HKAS 24 and HKAS 38.

Amendment to HKFRS 2: Share-based Payment

This amendment has added the definitions of 'performance condition' and 'service condition' and re-defined the terms 'vesting condition' and 'market condition'. The Group has revised its accounting policy in respect of share-based payment to take the new and revised defined terms into account. The initial application of the new accounting policy does not have material impact to the financial performance and financial position of the Group for the periods present.

2. BASIS OF PREPARATION (Continued)

(e) Mandatory effective HKFRS (Continued)

Annual Improvements to HKFRSs 2010-2012 cycle (Continued)

Amendment to HKFRS 3: Business Combinations

This amendment clarifies that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. If an entity applies this amendment but does not yet apply HKFRS 9, any reference to HKFRS 9 should be read as a reference to HKAS 39. As this amendment shall only be applied to the business combinations effected prospectively, it would affect the financial performance and financial position of the Group and disclosures of the business combinations in this year and subsequent years.

Amendment to HKFRS 8: Operating Segments

This amendment requires disclosing the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics; and clarify that a reconciliation of the total of the reporting segments' assets to the Group's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. The Group has presented additional information in the separate statement of Operating Segments in order to meet the disclosure requirements of this amendment.

Amendment to the basis of conclusions of HKFRS 13: Fair Value Measurement

This amendment rectifies the accidental deletion of the paragraph that confer the ability to an entity to measure short-term receivables and payables without taking discounting into account during the consequential amendments to HKAS 39 and HKFRS 9 upon issuance of HKFRS 13. The initial application of the rectification does not have material impact to the financial performance and financial position of the Group for the periods present.

Notes to Consolidated Financial Statements

31 December 2015

2. BASIS OF PREPARATION (Continued)

(e) Mandatory effective HKFRS (Continued)

Annual Improvements to HKFRSs 2010-2012 cycle (Continued)

Amendments to HKAS16: Property, Plant and Equipment and HKAS 38: Intangible Assets

These two amendments have amended the method of adjustment on accumulated depreciation/amortisation when an asset is revalued under valuation model. According to the amended paragraphs 35 of HKAS 16 and paragraph 80 of HKAS 38, when an item of property, plant and equipment or intangible assets is revalued, its carrying amount is adjusted to the revalued amount; at the date of the revaluation, the accumulated depreciation/amortisation is either adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment loss or eliminated against the gross carrying amount of the asset. The amount of the adjustment of accumulated depreciation/amortisation forms part of the increase or decrease of carrying amount that is accounted for in accordance with paragraphs 39 and 40 of HKAS 16 and paragraphs 85 and 86 of HKAS 38. As the Group has been eliminating the depreciation/amortisation against the gross carrying amount of the revalued assets, the initial application of the amendments does not have material impact to the financial performance and financial position of the Group for the periods present.

Amendment to HKAS 24: Related Party Disclosure

This amendment clarifies that a management entity which provides key management personnel services to a reporting entity or its parent is a related party of the reporting entity. Amounts incurred by the reporting entity for the provision of the key management personnel services that are provided by a separate management entity shall be disclosed. The Group has tailored its accounting policy regarding related parties in order to meet the new definition of related parties.

Annual Improvements to HKFRSs 2011-2013 cycle

This annual improvements set out amendments to HKFRS 1, HKFRS 3, HKFRS 13 and HKAS 40. The amendments to HKFRS 1 clarify that the first-time adoption of HKFRSs does not require an entity to use a more recent version of IFRS. The amendments to HKFRS 3 specifically exclude the accounting for the formation of joint arrangement in the financial statements of the joint arrangement itself from the scope of business combination. The amendments to HKFRS 13 have modified the texture of some paragraphs. The amendments to HKAS 40 mainly clarify the interrelationship between HKFRS 3 and HKAS 40. The initial application of the annual amendments to HKFRSs 2011-2013 cycle does not have material impact to the financial performance and financial position of the Group for the periods present and the disclosures in these consolidated financial statements.

2. BASIS OF PREPARATION (Continued)**(f) Impact of issued but not yet effective HKFRS**

HKICPA has issued the following HKFRS and HKAS, 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 (Revised)	Financial instruments	1 January 2018
HKFRS 14	Regulatory deferred account (for the first timer of adopting HKFRSs only)	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendment to HKFRS 10 and HKAS 28 (2011)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendment to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendment to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendment to HKAS 1	Disclosure Initiative	1 January 2016
Amendment to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendment to HKAS 16 and HKAS 41	Agriculture: Bearer Plants	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvement to HKFRS 2012-2014 cycle	Amendments to HKFRS 5, HKFRS 7, HKAS 19 and HKAS 34	1 January 2016

The Group has not early adopted the New Standards and Amendments in these consolidated financial statements. The Group is going to initially apply the New Standards and Amendments in the first accounting period beginning on or after their respective mandatory effective dates. The Group has 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 its consolidated financial statements in the period of initial application.

Notes to Consolidated Financial Statements

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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) Bases of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiary, including those controlled through investment entity subsidiaries. Subsidiaries are those investees, including unincorporated company such as partnership, controlled by the Company. The Company controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power may be arising from holding of majority of voting rights in subsidiaries or from other means such as contractual arrangement.

A subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-consolidated from the date that control ceases. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from effective date of acquisition or up to the effective date of disposal, as appropriate.

The consolidated financial statements present financial information about the Group as a single economic entity. They combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company with those of its subsidiaries. The carrying amount of the holding company's investment in each subsidiary shall offset against the holding company's portion of equity of each subsidiary. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profits and losses resulting from intragroup transactions are eliminated in full unless the losses indicate an impairment that requires recognition in the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events and conditions in similar circumstances. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. The financial statements of the Company and of its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date (equivalent to the reporting date of the Company).

(b) Intangible assets

Intangible assets are measured at initial recognition at cost. After initial recognition, intangible assets with indefinite useful lives are measured at cost less accumulated amortisation and impairment losses, if any. They are not subject to amortisation but reviewed for impairment annually.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(c) Property, plant and equipment**

Property, plant and equipment are measured at initial recognition at cost and subsequently measured 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. If necessary, the residual value, depreciation method or useful life of that asset is amended prospectively to reflect the new expectation. Depreciation is calculated using the straight-line method to write off the depreciable amount of each property, plant and equipment to profit or loss unless it is included in the carrying amount of another assets over its estimated useful lives. The following estimated useful lives are used for the depreciation of property, plant and equipment.

	2015	2014
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 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.

Notes to Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of assets

i) *Accounts receivable and accrued assets*

Receivables that are stated at 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 Relief from Royalty Valuation Method with several major assumptions. Impairment loss is determined by comparing the recoverable amount with carrying value of the intangible assets.

iii) *Other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment and available-for-sale financial assets stated at cost may be impaired or, an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of assets (Continued)

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.

(h) Composition of 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.

Notes to Consolidated Financial Statements

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability will be recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. At initial recognition, financial instruments are accounted for at trade date basis and measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs thereon. After initial recognition, financial assets and financial liabilities are measured at fair value, at amortised cost or at cost depending on their classifications.

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. After initial recognition, financial assets at fair value through profit or loss are measured at fair value prior to the deduction of transaction costs. Gains or losses arising from changes in fair value or otherwise are recognised in profit or loss. Such gains or losses are presented separately from interest and dividends.

Unquoted equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are classified as available-for-sale financial assets. Such kind of available-for-sale financial assets are measured at cost after initial recognition. Interest calculated using the effective interest method, dividends on equity instrument, impairment loss, exchange gain or loss and gain or loss after derecognition are recognised in profit or loss.

(j) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Income tax (Continued)

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.

Notes to Consolidated Financial Statements

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(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 previous 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions and contingent liabilities

Provision has been made for all legal or constructive obligations as a result of past events that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of 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.

(m) 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.

Notes to Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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, strategic consultancy and design 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.

(p) Translation of foreign currencies

The functional currency of the Company and its subsidiaries operating in PRC is Renminbi. Foreign currency transactions are translated into the functional currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the approximate rates of exchange ruling at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at that date when the fair value was measured. Exchange differences arising on the settlement or translation of foreign currency monetary items are recognised in profit or loss. However, exchange differences relating to a gain or loss on a non-monetary item that is recognised in other comprehensive income is recognised into other comprehensive income too.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Related parties

For the purposes of these consolidated financial statements, a person is considered to be related to the Group if the person or a close member of that person's family has control or joint control over the Group; has significant influence over the Group; or is a member of the key management personnel of the Group or of a parent of the Company.

An entity is also related to the Group if any of the following conditions applies:

- (a) 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);
- (b) 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;
- (c) The members of the Group and the entity are joint ventures of the same third party;
- (d) 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;
- (e) 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;
- (f) The entity is controlled or jointly controlled by a person who has control or joint control over the Group; has significant influence over the Group; or is a member of the key management personnel of the Group or of a parent of the Company;
- (g) A person who has control or joint control over the Group 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); and
- (h) A management entity which provides key management personnel services to the Group or its parent.

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.

Notes to Consolidated Financial Statements

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction. Fair value can be determined based on quoted market price in an active market for identical assets or by valuation techniques such as market approach, cost approach or income approach. When valuation techniques are applied, observable inputs other than quoted market price and/or unobservable inputs will be used to estimate the fair value of the assets or liabilities. The Group shall use one or more valuation techniques to measure fair value consistently.

For those assets and liabilities measured at fair value, the assets or liabilities shall initially be measured at fair value. If the transaction price of the assets and liabilities differs from their fair value, the resulting gains or losses shall be recognised in profit or loss.

The fair value of the Group's assets and liabilities measured at the reporting date on a recurring and non-recurring basis, are categorised into the three-level fair value hierarchy as defined in HKFRS 13: Fair Value Measurement. The level into which a fair value measurement is classified is determined based on the observability and significance of the inputs used in the valuation technique. The fair value of Level 1 fair value hierarchy is measured using only unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. The fair value of Level 2 fair value hierarchy is measured using observable inputs other than quoted market prices and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available. The fair value of Level 3 fair value hierarchy is measured using significant unobservable inputs. Depending on the availability of the various inputs at the time of measurement, assets and liabilities measured at fair value may be classified in Level 1, 2 or 3 from time to time. If necessary, such assets and liabilities may be transferred from a level to another.

(s) Non-controlling interests

Non-controlling interests are the equity in subsidiaries that are not attributable to the equity holders of the Company. At acquisition date, the Group initially measures components of non-controlling interests in the acquiree at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. After initial recognition, the Group allocates the profit or loss and each component of other comprehensive income in subsidiaries to the non-controlling interests based on their proportionate share in the respective subsidiaries. Non-controlling interests in net assets which consist of the amount of those interests at the date of the original business combination and the share of changes in equity by the non-controlling parties since the date of the combination are presented separately from the controlling interests. Losses and other comprehensive income applicable to the non-controlling parties in excess of the non-controlling interests in the subsidiary equity are allocated to non-controlling interests even if this results in the non-controlling interests having a deficit balance. When the proportion of the equity held by non-controlling interests changes, it shall adjust the carrying amount of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. It shall recognise directly in the equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the equity holders of the Company.

(t) Separate financial statement

The Group regards the company-level statement of financial position of the Company presented in notes to consolidated financial statements as a separate financial statement. In the separate financial statement, the investments in subsidiaries, associates and joint ventures are measured at cost less impairment.

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:

	2015 RMB('000)	2014 RMB('000)
Management and strategic consultancy services	61,709	76,947
Market consultancy services	12,424	12,394
Data information management services	471	647
Information engineering supervision services	42,663	37,217
Other	5,929	4,080
	123,196	131,285

(b) Other revenue

	2015 RMB('000)	2014 RMB('000)
Interest income from bank deposits	245	237
Changes in fair value in short-term investments	–	65
Sundry income	540	213
	785	515

Notes to Consolidated Financial Statements

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5. IMPAIRMENT OF ASSETS

	2015 RMB('000)	2014 RMB('000)
Trade receivables and accrued assets		
Bad and doubtful debts recognised in profit or loss	8,171	3,839
Bad and doubtful debts recovered	(394)	(2,728)
	7,777	1,111

The Directors have carried out individual assessment on accounts receivable and accrued assets 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:

	2015 RMB('000)	2014 RMB('000)
Individually assessed		
New and additions	8,171	3,839
Less: Recovered	(394)	(1,532)
	7,777	2,307
Collectively assessed		
New and additions	-	-
Less: Recovered	-	(1,196)
	-	(1,196)

6. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follows:

	2015 RMB('000)	2014 RMB('000)
Auditor's remuneration	301	311
Auditor's expenses	75	61
	376	372

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Net (gain)/loss on financial instruments

	2015 RMB('000)	2014 RMB('000)
Financial assets and liabilities at fair value through profit or loss at initial recognition	52	(65)

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

	2015 RMB('000)	2014 RMB('000)
Fees, salaries, wages and other short-term benefits	44,697	53,224
Retirement benefit scheme contributions	14,617	15,852
Total staff costs	59,314	69,076

Total staff costs include research and development costs amounted to RMB4,786 thousand (2014: RMB13,149 thousand).

At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2014: Nil).

Notes to Consolidated Financial Statements

31 December 2015

7. PROFIT BEFORE TAXATION (Continued)

(c) Other items

	2015 RMB('000)	2014 RMB('000)
Cost of services provided #	63,160	63,312
Depreciation #	1,643	1,630
Operating lease rental: Land and buildings #	2,503	2,362
Research and development cost #	4,786	13,149
# The cost of services provided included:		
Depreciation	899	816
Staff cost	38,085	34,205
Operating lease rental: Land and buildings	818	975

8. TAXATION

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

	2015 RMB('000)	2014 RMB('000)
PRC enterprise income tax		
Provision for the year	4,124	2,969
Deferred tax – temporary differences	(642)	138
Adjustment on current tax of prior periods	54	–
	3,536	3,107

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 2015 (2014: 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 members in the Group (except CCID Supervision) are subject to a corporate income tax at a rate of 25% (2014: 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% (2014: 15%).

Major unrecognised deferred tax at the end of reporting period is disclosed in note 27(b) to the consolidated financial statements.

8. TAXATION (Continued)

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

	2015 RMB('000)	2014 RMB('000)
Profit before taxation	15,728	13,747
Applicable tax rate	25%	25%
Product of accounting profit multiplied by applicable tax rate	3,932	3,437
Tax effect of non-deductible expenses	308	11
Preferential tax rate granted to high technology industry	(1,821)	(649)
Tax effect of unused tax losses	1,170	487
Tax effect of unrecognised but taxed income	2,502	2,483
Tax effect of deductible but not recognised expenses	1,435	1,004
Tax effect of recognised but untaxed income	(2,929)	(2,916)
Tax effect of non-taxable revenue	(157)	(416)
Tax effect of tax loss in prior years offsetting tax profit for current year	(326)	(402)
Adjustment on deferred tax expenses	(642)	138
Other adjustments	64	(70)
Tax expense	3,536	3,107

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

Remuneration of directors (including former directors and shadow directors) and supervisors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2015 RMB('000)	2014 RMB('000)
Acting as directors		
Fees	275	235
Provision of management services		
Emoluments (including benefit in kind)	490	1,014
	765	1,249

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9. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Details of directors' and supervisors' and past directors' (including general manager) remuneration disclosed pursuant to Rule 18.28 of the GEM Listing Rule are as follows:

2015

	Fees RMB('000)	Salaries and other benefits RMB('000)	Discretionary bonus RMB('000)	Retirement benefit scheme contributions RMB('000)	Total RMB('000)
Executive directors					
Luo Junrui	29	–	–	–	29
Non-executive directors					
An Guangyou	29	–	–	–	29
Independent non-executive directors					
Guo Xiping	43	–	–	–	43
Han Fuling	43	–	–	–	43
Li Xuemei	43	–	–	–	43
Supervisors					
Zhao Xiuzhen	30	91	6	48	175
Hu Yun	29	135	113	97	374
Chen Ying	29	–	–	–	29
	275	226	119	145	765
General manager					
Li Shuchong	–	439	67	97	603
Total for 2015	275	665	186	242	1,368

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 2015 (2014: Nil). No directors and supervisors forfeited any emolument during the year ended 31 December 2015 (2014: Nil).

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Throughout 2015, the Company made no loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company, their controlled body corporate or their connected entities; the subsidiary undertakings of the Company also made no loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company.

In the opinion of the Directors, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the financial year.

2014

	Fees RMB('000)	Salaries and other benefits RMB('000)	Discretionary bonus RMB('000)	Retirement benefit scheme contributions RMB('000)	Total RMB('000)
Executive directors					
Luo Wen (Note 9.1)	7	–	–	–	7
Li Shuchong (Note 9.2)	32	457	213	87	789
Luo Junrui (Note 9.3)	2	–	–	–	2
Non-executive directors					
Song Xianzhu (Note 9.1)	7	–	–	–	7
Wang Peng (Note 9.1)	7	–	–	–	7
Lu Shan (Note 9.1)	7	–	–	–	7
An Guangyou (Note 9.4)	2	–	–	–	2
Independent non-executive directors					
Guo Xiping (Note 9.5)	43	–	–	–	43
Han Fuling (Note 9.5)	43	–	–	–	43
Li Xuemei (Note 9.5)	43	–	–	–	43
Supervisors					
Gong Chenghe (Note 9.6)	7	–	–	–	7
Zhao Zeming (Note 9.6)	7	–	–	–	7
Zhao Xiuzhen (Note 9.7)	24	146	14	77	261
Hu Yun (Note 9.8)	2	12	–	8	22
Chen Ying (Note 9.8)	2	–	–	–	2
Total for 2014	235	615	227	172	1,249

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9. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Notes:

- 9.1 According to the requirements under the Opinions on Further Regulation on Party and Political Leaders and Cadres Working Part-time (Holding Office) in Enterprises issued by the Organization Department of the CPC Central Committee, party and political leaders and cadres who currently hold position and currently do not hold position but have not completed their retirement (resignation) procedures or those who have completed their retirement (resignation) procedures shall not work part-time (hold office) in enterprises, unless otherwise obtain the approval from the cadres management authority under limited exception. Therefore, Mr. Luo Wen, as Executive Director, Mr. Song Xianzhu, Mr. Lu Shan and Mr. Wang Peng, as Non-executive Directors and have not offered did not offer for re-election at the Extraordinary General Meeting held on 25 November 2014 in order to comply with the above relevant requirements. They confirmed that there was no disagreement with the Board of the Company. In addition, the Board and each of them confirmed that there are no matters concerning their retirement that need to be brought to the attention of the shareholders of the Company. The Company approved their retirement at the Extraordinary General Meeting held on 25 November 2014.
- 9.2 Mr. Li Shuchong will continue to act as the Company's General Manager, he intends to concentrate on the operational management of the Company. Mr. Li has decided to retire following the expiration of his current term of office falling on 25 November 2014, and not to offer and has not offered himself for re-appointment at the Extraordinary General Meeting held on 25 November 2014. Mr. Li Shuchong confirmed that there was no disagreement with the Board of Directors of the Company and there is no matter relating to his retirement that will need to be brought to the attention of shareholders of the Company. The Company approved the retirement of Mr. Li Shuchong.
- 9.3 By the Extraordinary General Meeting held on 25 November 2014, the shareholders of the Company resolved to appoint Mr. Luo Janrui as an Executive Director of the Company.
- 9.4 By the Extraordinary General Meeting held on 25 November 2014, the shareholders of the Company resolved to appoint Mr. An Guangyou as a Non-Executive Director of the Company.
- 9.5 By the Extraordinary General Meeting held on 25 November 2014, the shareholders of the Company resolved to re-elect Mr. Guo Xiping, Mr. Han Fuling and Ms. Li Xuemei as an Independent Non-Executive Director of the Company.
- 9.6 According to the requirements under the Opinions on Further Regulation on Party and Political Leaders and Cadres Working Part-time (Holding Office) in Enterprises issued by the Organization Department of the CPC Central Committee, party and political leaders and cadres who currently hold positions and currently do not hold positions but have not completed their retirement (resignation) procedures or those who have completed their retirement (resignation) procedures shall not work part-time (hold office) in enterprises, unless otherwise obtain the approval from the cadres management authority under limited exception. Therefore, Mr. Gong Chenghe and Mr. Zhao Zeming did not offer for re-election at the Extraordinary General Meeting held on 25 November 2014 in order to comply with the above relevant requirements. They confirmed that there was no disagreement between the supervisory committee and the Board of the Company. In addition, the Retiring Supervisors confirmed that there are no matters concerning the retirement that need to be brought to the attention of the shareholders of the Company. The Company approved their resignations at the Extraordinary General Meeting held on 25 November 2014.
- 9.7 By the congress of staff held on 25 November 2014, Ms. Zhao Xiuzhen was re-elected as staff representative Supervisor of the Company.
- 9.8 By the Extraordinary General Meeting held on 25 November 2014, the shareholders of the Company resolved to elect Ms. Chen Ying and Ms. Hu Yun as Supervisors of the Company.

10. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments, one (2014: one) of them is a director (including general manager) whose emoluments are disclosed in note 9 to consolidated financial statements. The aggregate of the emoluments in respect of the other four (2014: four) individuals are as follows:

	2015 RMB('000)	2014 RMB('000)
Salaries and other benefits	1,383	1,453
Discretionary bonuses	713	767
Retirement benefit scheme contributions	389	329
	2,485	2,549

The emoluments of all highest paid non-director individuals fall below RMB1,000,000 (2014: 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 2015 (2014: Nil).

11. DIVIDENDS

	2015 RMB	2014 RMB
Proposed final dividend – RMB1.52 cents per share (tax inclusive) (2014: nil)		
491,000,000 domestic shares	7,463,200	–
209,000,000 H shares	3,176,800	–
	10,640,000	–

The proposed final dividend for the year is subject to the resolution of the Company's shareholders at the 2015 AGM.

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.

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11. DIVIDENDS (Continued)

- (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 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:

	2015	2014
Profit attributable to equity holders of the Company (RMB('000))	9,377	8,978
Divided by weighted average number of issued shares (thousand shares)	700,000	700,000
Basic and diluted earnings per share (RMB cents)	1.3	1.3

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 three reportable segments. All of their respective reported revenue and absolute amount of reported profit or loss exceed the 10% threshold prescribed by HKFRS 8: Operating Segment.

- the market consultancy services segment provides two kinds of services: standard research on specific sectors and tailor-made research;
- 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 data information management services segment and training services segment whose scale of operation do not meet quantitative thresholds of reportable segments. Provision for data information management services and training services segment have 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, financial 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.

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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)	Other Segments RMB('000)	Total RMB('000)
2015					
Revenue from external customers	61,709	12,424	42,663	6,400	123,196
Inter-segment income	3,387	–	794	116	4,297
Segment profit	22,592	7,356	23,318	2,951	56,217
Depreciation and amortisation	(822)	(164)	(575)	(82)	(1,643)
Taxation	(1,768)	(354)	(1,238)	(176)	(3,536)
Other material non-cash items:					
– Impairment loss	(4,686)	–	150	(3,241)	(7,777)
Addition of property, plant and equipment	–	–	720	–	720
Reportable segment assets	40,115	8,664	5,125	510	54,414
Reportable segment liabilities	7,741	1,287	851	343	10,222
	128,268	29,213	71,808	6,821	236,110
2014					
Revenue from external customers	76,947	12,394	37,217	4,727	131,285
Inter-segment income	1,379	–	–	1,585	2,964
Segment profit	33,129	6,666	23,149	2,097	65,041
Depreciation and amortisation	(147)	(962)	(456)	(65)	(1,630)
Taxation	(280)	(1,833)	(870)	(124)	(3,107)
Other material non-cash items:					
– Impairment loss	(2,643)	–	1,532	–	(1,111)
Addition of property, plant and equipment	–	–	60	–	60
Reportable segment assets	39,449	5,817	13,056	2,220	60,542
Reportable segment liabilities	6,361	1,028	1,813	562	9,764
	154,195	23,110	75,501	11,002	263,808

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)
2015				
Total per reportable segments	127,493	56,217	54,414	10,222
Elimination	(4,297)	(3,823)	–	–
Other revenue and net gains	–	785	–	–
Other operating expenses	–	(28,031)	–	–
Unallocated assets	–	–	140,808	–
Unallocated liabilities	–	–	–	24,766
Other material non-cash items:				
– Taxation	–	(3,536)	–	–
– Depreciation	–	(1,643)	–	–
– Impairment loss	–	(7,777)	–	–
Total per consolidated financial statements	123,196	12,192	195,222	34,988
2014				
Total per reportable segments	134,249	65,041	60,542	9,764
Elimination	(2,964)	(1,379)	–	–
Other revenue and net gains	–	515	–	–
Other operating expenses	–	(49,957)	–	–
Unallocated assets	–	–	118,333	–
Unallocated liabilities	–	–	–	21,069
Other material non-cash items:				
– Taxation	–	(844)	–	–
– Depreciation	–	(1,630)	–	–
– Impairment loss	–	(1,111)	–	–
Total per consolidated financial statements	131,285	10,640	178,875	30,833

Geographical segments

The non-current assets of the Group other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contract; and the 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 for the year.

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14. PROPERTY, PLANT AND EQUIPMENT

	Cost RMB('000)	Accumulated depreciation and accumulated impairment losses RMB('000)	Carrying amount RMB('000)
Leasehold land and buildings			
Balance at beginning of 2014	32,819	(12,146)	20,673
Depreciation	–	(1,041)	(1,041)
Balance at end of 2014 and beginning of 2015	32,819	(13,187)	19,632
Depreciation	–	(1,041)	(1,041)
Balance at end of 2015	32,819	(14,228)	18,591
Furniture, fixtures and equipment			
Balance at beginning of 2014	6,440	(5,170)	1,270
Additions	60	–	60
Depreciation	–	(414)	(414)
Balance at end of 2014 and beginning of 2015	6,500	(5,584)	916
Additions	720	–	720
Depreciation	–	(427)	(427)
Balance at end of 2015	7,220	(6,011)	1,209
Motor vehicles			
Balance at beginning of 2014	1,402	(814)	588
Depreciation	–	(175)	(175)
Balance at end of 2014 and beginning of 2015	1,402	(989)	413
Depreciation	–	(175)	(175)
Balance at end of 2015	1,402	(1,164)	238
Total			
Balance at beginning of 2014	40,661	(18,130)	22,531
Additions	60	–	60
Depreciation	–	(1,630)	(1,630)
Balance at end of 2014 and beginning of 2015	40,721	(19,760)	20,961
Additions	720	–	720
Depreciation	–	(1,643)	(1,643)
Balance at end of 2015	41,441	(21,403)	20,038

The carrying amount of property, plant and equipment held under finance lease at the reporting date amounted to RMB18,591,000 (2014: RMB19,632,000).

15. INTERESTS IN SUBSIDIARIES**List of subsidiaries**

Name	Place of incorporation and operations	Registered capital RMB ('000)	Proportion of ownership interest	Nature of business
Beijing CCID Industry and Information Engineering Design Center Co., Ltd.	Beijing, PRC	50,000	95%	Provision of data services and establishment of information database services
Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd. (Note 15.1)	Beijing, PRC	10,000	66.5%	Provision of information engineering supervision and training services
Beijing CCID Capital Consulting Co., Ltd.	Beijing, PRC	500	99%	Provision for investment consultancy services
Beijing CCID Strategy Management Consulting Co., Ltd.	Beijing, PRC	5,000	99%	Provision for management consultancy services
Beijing CCID County Strategy Consulting Co., Ltd. (Note 15.2)	Beijing, PRC	5,000	90.1%	Provision for economic consultancy services
Shenzhen CCID Strategy Consulting Co., Ltd.	Shenzhen, PRC	1,000	100%	Provision for management consultancy services

Notes:

- 15.1 CCID Supervision was known as Beijing CCID Industry and Information Engineering Supervision Co., Ltd. On 4 March 2015, its name was changed to Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd.
- 15.2 CCID Strategy was known as Beijing CCID City Strategy Consulting Co., Ltd. On 3 November 2015, its name was changed to Beijing CCID County Strategy Consulting Co., Ltd.
- 15.3 The Group has no subsidiary having material non-controlling interests.
- 15.4 The Group holds the voting right of all subsidiaries same as proportion of ownership interest.

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16. INTANGIBLE ASSETS

	2015 RMB('000)	2014 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.

16. INTANGIBLE ASSETS (Continued)

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

At the end of financial year, the Management estimated the recoverable amount of the intangible assets using Relief from Royalty Valuation Method with the following major assumptions.

	2015 RMB('000)	2014 RMB('000)
Relevant net cash flows	1,545	1,419
Long-term growth rate	2.81%	2.81%
Applicable tax rate	25%	25%
Discounting factor	13.45%	13.45%
Recoverable amount by Relief from Royalty Valuation Method	14,931	15,000

According to the estimation by the management, the recoverable amount of the information database at the end of reporting period is not less than its carrying amount, thus provision for impairment loss is not necessary.

At 31 December 2014, the recoverable amount of the intangible assets was evaluated by the external independent surveyor.

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17. FINANCIAL INSTRUMENTS

	2015 RMB('000)	2014 RMB('000)
Investments		
Designated financial assets at fair value through profit or loss at initial recognition, at fair value (note 17.1)	175	227
Available-for-sale investments, at cost (note 17.2 & 17.3)	8,657	8,657
Less: Impairment loss	(6,667)	(6,667)
	2,165	2,217
Long-term investment	1,990	1,990
	175	227
Current investment	175	227
Trade and other receivables		
<i>Loan and receivable</i>		
Trade receivable	18,327	16,731
Other receivable	6,742	4,966
	25,069	21,697
Trade and other payables		
<i>Financial liabilities at amortised cost</i>		
Trade payable	1,140	2,661
Other payable	10,738	7,279
	11,878	9,940
Total		
Financial assets at fair value through profit or loss at initial recognition	175	227
Available-for-sale financial assets	1,990	1,990
Loans and receivable	25,069	21,697
Less: Financial liabilities at amortised cost	(11,878)	(9,940)
	15,356	13,974

17. FINANCIAL INSTRUMENTS (Continued)

Notes:

- 17.1 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).
- 17.2 Unlisted shares refer to 19.9% (2014: 19.9%) equitable interests in Beijing CCID Exhibition Co., Ltd. held by CCID Supervision.
- 17.3 Available-for-sale financial assets neither have quoted prices in active market nor equity-link derivatives for references. The fair value of the available-for-sale financial assets is undisclosable in absence of reliable basis of measurement.
- 17.4 The average credit period of the loans and receivable and the available-for-sale financial assets measured at cost based on which the fair value is measured is 1 year (2014: same). In this situation, such loans and receivable and the available-for-sale financial assets are exempted from discounting.

18. ACCOUNTS RECEIVABLE

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

	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2015			
Within 60 days	154	4,507	4,661
61 days to 180 days	100	1,928	2,028
181 days to 365 days	–	2,718	2,718
Over 365 days	100	8,820	8,920
	354	17,973	18,327
2014			
Within 60 days	910	2,897	3,807
61 days to 180 days	20	3,566	3,586
181 days to 365 days	100	5,483	5,583
Over 365 days	–	3,755	3,755
	1,030	15,701	16,731

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 creditworthiness, extend the credit period upon clients' request. The ageing analysis is presented on the basis of the date of relevant invoice.

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18. ACCOUNTS RECEIVABLE (Continued)

Reconciliation of allowance account for credit losses:

	2015 RMB('000)	2014 RMB('000)
Balance at beginning of year	5,142	5,533
New and additions	804	34
Recovered	–	(425)
Other adjustments	–	–
Balance at end of year	5,946	5,142

19. ACCRUED ASSETS

	2015 RMB('000)	2014 RMB('000)
Total	50,093	51,832
Impairment losses	(14,005)	(8,020)
Current portion	36,088 35,988	43,812 34,315
Non-current portion	100	9,497

The Group recognises 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.

20. DUE FROM RELATED PARTIES

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

	2015 RMB('000)	2014 RMB('000)
Name of related parties		
CCID	1,528	548
MIICMD	657	657
CCID Statecraft Media Investment Co., Ltd	25	1,745
CCID New Culture Media Co., Ltd	239	239
CCID Information Physical System Testing Lab Co., Ltd	142	902
CCID Net Information Technology Co., Ltd.	310	194
CCID IT Company Limited	158	158
CCID Information Technology Testing Co., Ltd	34	34
	3,093	4,477

The above related parties are controlled by CCID. The amounts due from related parties are unsecured and interest-free.

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB('000)	2014 RMB('000)
Advances to employees	6,248	4,520
Prepayments	237	1,983
Rental and other deposits	135	135
Other receivable	494	446
	7,114	7,084

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

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22. CASH AND CASH EQUIVALENTS

	2015 RMB('000)	2014 RMB('000)
Cash at banks and on hand	93,916	69,902
Secured deposits	1,239	1,315
Balance per consolidated statement of financial position and consolidated statement of cash flows	95,155	71,217

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:

	Original currency		RMB equivalent	
	2015	2014	2015 RMB('000)	2014 RMB('000)
United States dollars	2	2	–	–
Hong Kong dollars	36,522	32,201	32	27

23. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable is as follows:

	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2015			
Over 365 days	882	258	1,140
	882	258	1,140
2014			
Within 60 days	320	1,167	1,487
181 days to 365 days	–	22	22
Over 365 days	884	268	1,152
	1,204	1,457	2,661

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23. ACCOUNTS PAYABLE (Continued)

Amount due to related parties are analysed as follow:

	2015 RMB('000)	2014 RMB('000)
Name of related parties		
CCID Translation Company Limited	–	320
Beijing CCID Guo Ruan Certification Company Limited	882	884
	882	1,204

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.

24. DEFERRED REVENUE

From 1 September 2012 onward, the revenue 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.

25. ACCRUALS AND OTHER PAYABLES

	2015 RMB('000)	2014 RMB('000)
Accrued salaries and welfares	3,147	3,702
Provision for social insurance fees and the public housing funds	1,313	1,851
Other tax payable	1,730	1,745
Received in advance	5,707	4,502
Other payable	7,460	4,188
	19,357	15,988

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26. DUE TO RELATED PARTIES

	2015 RMB('000)	2014 RMB('000)
Immediate holding company	2,128	2,091
Ultimate holding company	1,000	1,000
Related company	150	–
	3,278	3,091

Notes:

- 26.1 The amount due to the immediate holding company at 31 December 2015 included the amount payable for the acquisition of the ninth and tenth floors of CCID Plaza. The amount payable is interest-free and payable in accordance with the terms of the relevant property purchase agreement.
- 26.2 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:

	2015 RMB('000)	2014 RMB('000)
Deferred tax assets		
Financial assets	43	31
Impairment loss on accounts receivable	4,939	3,013
Accrued assets	(3,641)	(1,361)
Intangible assets	478	478
Others	(222)	11
	1,597	2,172
Deferred tax liabilities		
Accrued assets	349	887
Intangible assets	(45)	–
Others	(86)	–
	218	887

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27. DEFERRED TAXATION (Continued)

(b) Unrecognised deferred tax

Components of unrecognised deferred tax assets/(liabilities):

	2015 RMB('000)	2014 RMB('000)
Unused tax loss	1,634	2,072
Accrued assets	(576)	(80)
	1,058	1,992

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 by the end of the following years.

	2015 RMB('000)	2014 RMB('000)
2016	–	942
2017	690	690
2018	315	315
2019	125	215
2020	504	–
	1,634	2,072

28. SHARE CAPITAL

	No. of shares	Amount RMB('000)
Registered, issued and fully paid		
<i>Domestic shares of RMB0.1 each</i>		
Balance at beginning and end of 2014 and beginning of 2015	485,900,000	48,590
Transferred from legal person shares	5,100,000	510
Balance at end of 2015	491,000,000	49,100
<i>Legal person shares of RMB0.1 each</i>		
Balance at beginning and end of 2014 and beginning of 2015	5,100,000	510
Transferred to domestic shares	(5,100,000)	(510)
Balance at end of 2015	–	–
<i>H shares of RMB0.1 each</i>		
Balance at beginning and end of 2014 and 2015	209,000,000	20,900
Total	700,000,000	70,000

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28. SHARE CAPITAL (Continued)

On 10 July 2015, the total of 5,100,000 legal person shares were transferred to another major shareholder as under domestic shares.

Pursuant to article 14 of the Company's constitution, all of the holders of domestic shares, legal person shares and H shares are the ordinary shareholders of the Company; they bear the same rights and obligations. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meeting of the Company. All ordinary shares rank equally with regard to the Group's residual assets.

29. CHANGES IN THE GROUP'S OWNERSHIP INTEREST IN EXISTING SUBSIDIARIES

On 10 June 2014, the Company paid up the balance of unpaid registered capital of RMB4,000,000 in CCID City Strategy. After the payment, the Company directly holds 90.1% equity interests in CCID City Strategy.

From the Group's point of view, the paid up of registered capital was an equity transaction. The Group neither recognised gain or loss resulting from the changes in the ownership interest in CCID City Strategy nor re-measured the fair value of the subject net assets. The Group's share of the equity interests in CCID City Strategy had increased from 50.5% to 90.1% with a corresponding decrease of 39.6% shared by non-controlling interests. To reflect the financial impact on the capital injection to CCID City Strategy, the accumulated statutory reserve and retained profits of the non-controlling interest at beginning of 2014 that were attributable to the Group resulting from the changes in the ownership interest in CCID City Strategy amounted to RMB56,543 were transferred to equity holders of the Company in 2014.

30. SHARE OPTION SCHEME

The Company conditionally 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. At the end of reporting period, the share option scheme is not yet effective. Until 31 December 2015, no options were granted to the Group's employees.

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31. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

This statement of financial position is a separate financial statement. Its accounting policy in respect of the investments in subsidiaries is set out in note 3(t) to consolidated financial statements.

	2015 RMB('000)	2014 RMB('000)
Non-current assets		
Property, plant and equipment	19,139	20,573
Interests in subsidiaries	80,422	76,322
Deferred tax assets	98	1,796
	99,659	98,691
Current assets		
Accounts receivable	10,799	8,066
Accrued assets	30,342	26,878
Prepayment, deposits and other receivable	2,244	2,322
Cash and cash equivalents	26,771	25,235
Short term investments	175	227
	70,331	62,728
Current liabilities		
Accounts payable	8,873	9,000
Deferred revenue	3,562	2,265
Accruals and other payable	7,351	8,738
Due to related parties	2,804	2,920
Current tax liabilities	1,231	635
	23,821	23,558
Net current assets	46,510	39,170
NET ASSETS	146,169	137,861
EQUITY		
Share capital	70,000	70,000
Reserves	76,169	67,861
TOTAL EQUITY	146,169	137,861

Approved by the board of directors on 24 March 2016.

On behalf of the Directors

Luo Junrui
Director

An Guangyou
Director

Notes to Consolidated Financial Statements

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32. MOVEMENT IN RESERVES OF THE COMPANY

	2015 RMB('000)	2014 RMB('000)
Capital reserve		
Balance at beginning and end of year	18,100	18,100
Statutory reserve		
Balance at beginning of year	10,760	10,308
Transferred from retained profits	335	452
Balance at end of year	11,095	10,760
Discretionary reserve		
Balance at beginning and end of year	59	59
Retained profits		
Balance at beginning of year	38,942	28,094
Profit for the year	8,308	11,300
Transferred to statutory reserve	(335)	(452)
Balance at end of year	46,915	38,942
Total	76,169	67,861

Notes:

32.1 The capital reserve account can only be used to increase share capital.

32.2 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 to 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 of statutory reserve fund shall not less than 25% of the share capital/registered capital after capitalization.

32. MOVEMENT IN RESERVES OF THE COMPANY (Continued)

Notes: (Continued)

- 32.3 The Company, CCID Capital and CCID Supervision (2014: The Company, CCID Design, CCID City Strategy and CCID Supervision) have transferred 10% of profit after tax to the statutory reserve fund. No discretionary reserve funds were appropriated for 2015 (2014: Nil).
- 32.4 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.
- 32.5 The Company's reserve available for distribution pursuant to Sections 291, 297, 298 and 299 of Hong Kong Companies Ordinance is as follow:

	2015 RMB('000)	2014 RMB('000)
Retained profits	46,915	38,942

33. COMMITMENTS

The future minimum lease payments under non-cancellable operating lease in aggregate are analysed as follows:

	2015 RMB('000)	2014 RMB('000)
Acted as lessee		
Within one year	3	181

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.

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34. RELATED PARTY DISCLOSURES

- (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 connected transactions with related parties during the year:

	2015 RMB('000)	2014 RMB('000)
Gross revenue earned before sales surtaxes		
Provision for consulting services to:		
CCID	4,777	2,982
MIICMD	–	1,949
CCID Statercraft Media Investments Co. Ltd	25	–
CCID Net Information Technology Co., Ltd.	22	531
CCID IT Company Limited	–	34
CCID Information Physical System Testing Lab. Co Ltd	176	1,900
	5,000	7,396
Provision for data management and supervision services		
CCID	–	184
CCID Net Information Technology Co., Ltd.	71	–
	71	184
Promotion expenses (including advertising services and website and hyperlink services)		
Rental, building management fee, internet fee and utilities fare charged by MIICMD	2,355	2,216
Advertisement expenses charged by CCID Statecraft Media Investment Co., Ltd	800	504
Translation expense charged by CCID Translation Co Ltd	43	370
	3,198	3,090
Others		
Consultancy fee to CCID	667	500
Service fee to CCID Statecraft Media Investments Co. Ltd	1,050	–
Service fee to CCID IT Company Limited	120	–
Service fee to CCID Net Information Technology Co. Ltd	257	–
Repayment by CCID (Holding) Limited (Note 34.3)	–	2,000
Advertising fee prepaid to CCID Statecraft Media Investment Co., Ltd	–	800
Consultancy fee prepaid to CCID Statecraft Media Investment Co., Ltd	–	1,050
	2,094	4,350

34. RELATED PARTY DISCLOSURES (Continued)**(a)** (Continued)

Notes:

- 34.1 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.
- 34.2 The Company and the related companies are within the CCID Group and are under common control of the same ultimate holding company.
- 34.3 The advance was made by CCID Supervision in 2013. It was interest-free, unsecured and had a fixed repayment term. The related company had fully repaid the advance to CCID Supervision in 2014. This connected transaction fell within the de minimis transactions and were fully exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 20.74 of the GEM Listing Rules.
- 34.4 Except for the connected transaction mentioned in note 34.3, all of the related party transactions as disclosed in this note constitute "connected transactions" or "continuing connected transactions" as defined in Chapter 20 of the GEM Listing Rules which are transactions with CCID under the respective framework agreements announced by the Company on 28 March 2013 and have complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

(b) Key management personnel remuneration

	2015 RMB('000)	2014 RMB('000)
Salaries, wages and other benefits	5,987	7,308
Retirement benefit scheme contributions	1,472	1,559
	7,459	8,867

The remuneration has been included in staff costs (see note 7(b)).

- (c)** The ultimate controlling party of the Group is the PRC Government. The Group's major source of revenue are sourced from the PRC Government and entities controlled by them (2014: same).

35. EVENTS AFTER REPORTING PERIOD

On 2 February 2016, the Group subscribed a non-principal guaranteed with floating income wealth management product with total consideration of RMB10,000,000. The acquisition was financed by the cash held by the Group. The term of the wealth management product ranges from 120 to 269 days. The Group may apply for wholly or partly redemption within the designated time in any product working days during the effective period of the product.

Details of dividend purposed before the consolidated financial statements were authorised for issue but not recognised as a distribution to the shareholders during the year are set out in note 11 to consolidated financial statements. The proposed dividend to the domestic shareholders do not have income tax effect (2014: nil). The proposed dividend to the H Shareholders have income tax effect.

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36. FINANCIAL RISK MANAGEMENT

Exposure to financial risks on the financial instruments of the Group comprises 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 and/or bankers.

Credit risk

The Group's major source of credit risk comes from its accounts receivable. The accounts receivable have normal credit periods ranged from 60 to 365 days. The repayment terms of other receivable are not defined. The ageing analysis of the trade receivable is presented in note 18 to consolidated financial statements.

Objective, policy and processes

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all parties requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. At the reporting date, there were no material credit risks. The maximum exposure to credit risk represents the carrying amount of each financial asset on that date. The Group does not change the exposure and policy from the previous period.

Concentration of credit risk

The Directors determine concentration of credit risk based on the size of project, credit limit and credit terms. For large scale project, the Group usually requires customer to pay deposits before commencement of work. Progress billings will be served to customer based on the progress of the projects. In the opinion of the Directors, the concentration of credit risk is moderate. No single customers or a group of customers contribute more than 10% (2014: same) of the revenue. Nevertheless, the Directors still review the aged receivable on regular basis in order to avoid apparent concentration of credit risk.

Ageing analysis of pasted due but not yet impaired financial assets

	2015 RMB('000)	2014 RMB('000)
Pass due for more than one year	8,820	1,772

36. FINANCIAL RISK MANAGEMENT (Continued)**Liquidity risk**

The Group's major sources of liquidity risk come from its accounts payable. The ageing analysis of the accounts payable is presented in note 23 to consolidated financial statements. The maximum liabilities of the accounts payable are similar to the recognised amounts. The Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirement.

Objective, policy and processes

In view of insignificant exposure to liquidity risk, the Group does not have specific objective, policy and processes for the liquidity risk but secure settlement of trade debts by the due dates.

Concentration of liquidity risk

In the opinion of the Directors, the Group's concentration of liquidity risk is relatively low because the Group would not heavily rely on individual supplier or sub-contractor to provide goods and/or services.

Maturity analysis

At the end of reporting period, the remaining contractual maturities of the Group'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 can be required to pay are as follow:

	2015 RMB('000)	2014 RMB('000)
Trade and other payables		
Payable on demand or within three months	14,790	14,194

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36. FINANCIAL RISK MANAGEMENT (Continued)

Market risk

The Group's major sources of market risk come from currency risk and price risk. The Group's exposures to each of these risks and its objectives, policies and processes for managing the risks and methods used to measure the risks are set out below.

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 regard 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.

At the end of reporting period, had RMB been strengthened or weakened by 1% against the foreign currencies with all other variables held constant, the profit before tax for the year would increase or decrease by not more than RMB1 thousand (2014: not more than RMB1 thousand).

Price risk

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

At the end of reporting period, had the fair value of the investment portfolio been 1% higher or lower with all other variables held constant, the profit for the year before tax would increase or decrease by RMB2 thousand (2014: RMB2 thousand).

37. MANAGING CAPITAL

	2015 RMB('000)	2014 RMB('000)
Managing capital comprises:		
Issued and paid up share capital	70,000	70,000
Retained profits	58,001	50,628
Other reserves	10,554	8,550
	138,555	129,178

The Group is not subject to any externally imposed capital requirements. Accordingly, the Group's objectives when managing capital are to safeguard the Group'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.

The Group manages the capital by using the net debt-to-adjusted capital ratio as it was used to be. For this purpose, the Group defines 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 all of the members in CCID Group. Adjusted capital comprises all components of equity less proposed final dividend.

In 2015, the Group's strategies were to maintain the revised net debt-to-adjusted capital ratio at a level below 50% (2014: Same).

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

	2015 RMB('000)	2014 RMB('000)
Total liabilities	34,988	30,833
Less: Balance due to ultimate holding company	(1,000)	(1,000)
Less: Balance due to immediate holding company	(2,128)	(2,091)
	31,860	27,742
Total shareholders' equity	160,234	148,042
Net debt-to-adjusted capital ratio	20%	19%

- 38.** The consolidated as well as company-level statement of financial position were approved and the consolidated financial statements were authorized for issue by the Directors on 24 March 2016.

Five-Year Financial Summary

The summary of the results of the Group for the last five financial years extracted from the published annual consolidated financial statements are as follow.

	Year ended 31 December				
	2011 RMB('000)	2012 RMB('000)	2013 RMB('000)	2014 RMB('000)	2015 RMB('000)
Turnover	127,118	145,666	145,788	131,285	123,196
Cost of sales	(67,955)	(82,041)	(74,153)	(63,312)	(63,160)
Gross profits	59,163	63,625	71,635	67,973	60,036
Profit before taxation	22,575	13,865	14,204	13,747	15,728
Taxation	(6,004)	(3,507)	(844)	(3,107)	(3,536)
Profit for the year	16,571	10,358	13,360	10,640	12,192
Attributable to:					
Equity holders of the Company	14,686	8,338	10,086	8,978	9,377
Non-controlling interests	1,885	2,020	3,274	1,662	2,815
	16,571	10,358	13,360	10,640	12,192

The summary of the assets and liabilities of the Group at the reporting date of last five financial years extracted from its published annual consolidated financial statements are as follow.

	As at 31 December				
	2011 RMB('000)	2012 RMB('000)	2013 RMB('000)	2014 RMB('000)	2015 RMB('000)
Total assets	152,827	144,843	171,202	178,875	195,222
Total liabilities	(39,685)	(20,848)	(33,847)	(30,833)	(34,988)
	113,142	123,995	137,355	148,042	160,234