

CCID Consulting

CCID Consulting Company Limited

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

Interim Report 2016

思維
創造世界

Gold	\$647
Platinum	\$381
Silver	\$772
Copper	\$616
Steel	\$445
Beryllium	\$74
Manganese	\$5
Aluminum	\$5
Chrome	\$5
Nickel	\$42
Bauxite	\$73
Cotton	\$16
Flax	\$617
Textiles	\$43
Wool	\$26
Fur	\$116
Sateen	\$20
Silk	\$17
Oil	\$609
Gas	\$516
Electric power	\$572



- 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

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

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

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

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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.



HIGHLIGHTS

- For the six months ended 30 June 2016, the unaudited turnover of the Group was approximately RMB57,925,000, representing an increase of approximately 8% over the corresponding period of last year;
- For the six months ended 30 June 2016, the gross profit of the Group was approximately RMB20,725,000, with the gross profit margin of approximately 36%, representing a decrease of approximately 11% over the corresponding period of last year;
- For the six months ended 30 June 2016, the profit of the Group was approximately RMB5,012,000, in which the Group's profits attributable to equity holders of the Company was approximately RMB4,888,000, representing an increase of approximately 12% over the corresponding period of last year;
- For the six months ended 30 June 2016, the basic earnings per share of the Group was approximately RMB0.70 cents;
- The board of Directors does not recommend payment of any interim dividend for the six months ended 30 June 2016.

INTERIM RESULTS

The board of Directors (the “Board”) of CCID Consulting Company Limited* (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months and the three months both ended 30 June 2016, together with the unaudited comparative figures for the corresponding period of 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Turnover	2&3	35,394	31,154	57,925	53,685
Cost of sales		(25,227)	(18,373)	(37,200)	(30,346)
Gross profit		10,167	12,781	20,725	23,339
Other revenue		(217)	129	(153)	193
Selling and distribution expenses		(2,778)	(3,283)	(5,797)	(6,302)
Administrative expenses		(2,371)	(6,320)	(9,327)	(13,276)
Profits before tax	4	4,801	3,307	5,448	3,954
Taxation	5	(362)	(242)	(436)	(316)
Profit/(Loss) for the period		4,439	3,065	5,012	3,638
Attributable to:					
Equity holders of the Company		3,811	3,285	4,888	4,362
Non-controlling interest		628	(220)	124	(724)
		4,439	3,065	5,012	3,638
Earnings per share					
— Basic (RMB cents)	6	0.54	0.47	0.70	0.62
Dividends	7	—	—	—	—

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 June 2016 <i>RMB'000</i>	Audited 31 December 2015 <i>RMB'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets	8	19,105	20,038
Intangible assets	8	14,681	14,681
Accrued assets	9	100	100
Long term investments		1,990	1,990
Deferred tax assets		1,462	1,597
		37,338	38,406
CURRENT ASSETS			
Accounts receivables and accrued assets	9	63,204	54,315
Prepayments, deposits and other receivables		8,105	7,114
Cash and bank balances		73,613	95,155
Short-term investments		10,159	175
Current tax assets		57	57
		155,138	156,816
CURRENT LIABILITIES			
Accounts payables	10	1,625	1,140
Deferred income		–	7,088
Dividend payables	7	10,640	–
Accruals and other payables		11,977	19,357
Due to the related parties	11	3,278	3,278
Current tax liabilities		(507)	3,907
		27,013	34,770

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
<i>Notes</i>		
NET CURRENT ASSETS	128,125	122,046
Total assets less current liabilities	165,463	160,452
Non-current liabilities		
Deferred tax liabilities	218	218
NET ASSETS	165,245	160,234
EQUITY		
Share capital	70,000	70,000
Reserves	73,443	68,555
Total equity attributable to equity holders of the Company	143,442	138,555
Non-controlling interests	21,803	21,679
TOTAL EQUITY	165,245	160,234

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Issued share capital <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2015	70,000	8,550	18,864	50,628	148,042
Change for the period	–	–	(724)	4,362	3,638
As at 30 June 2015	70,000	8,550	18,140	54,990	151,680
As at 1 January 2016	70,000	10,554	21,679	58,001	160,234
Change for the period	–	–	124	4,888	5,012
As at 30 June 2016	70,000	10,554	21,803	62,889	165,246

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	For the six months ended 30 June 2016 RMB'000	For the six months ended 30 June 2015 RMB'000
Net cash (outflow)/inflow arising from operating activities	(21,511)	(29,048)
Net cash (outflow)/inflow arising from investing activities	(31)	5
Net cash (outflow)/inflow arising from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(21,542)	(29,043)
Cash and cash equivalents at beginning of the period	95,155	71,217
Cash and cash equivalents at end of the period	73,613	42,174
Cash at bank and in hand	73,613	42,174



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The Company was incorporated in the People's Republic of China (the "PRC") as a joint stock limited company. The H shares of the Company were listed on the GEM since 12 December 2002. The registered address of the Company in the PRC is Room 311, No. 2 Building, No. 28 Zhen Xing Road, Chang Ping District, Beijing, PRC. Its head office and principal place of business is located at 9th and 10th Floor of CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing, PRC. Its principal place of business in Hong Kong is at Level 18, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The Group's unaudited results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and its interpretations, Hong Kong Generally Accepted Accounting Principles issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable disclosure provisions of the GEM Listing Rules.

The principal accounting policies used for preparation of the accounts are consistent with those used by the Group in the annual financial statements for the year ended 31 December 2015.

Impact of newly issued accounting standards

HKICPA has issued certain new and revised HKFRSs, HKASs, HK (IFRIC) — Ints and their amendments (the "New Standards And Amendments").

The Group has not early adopted the New Standards and Amendments in these financial statements. The Group is intended to 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 any significant impact on its consolidated financial statements upon initial application.

2. TURNOVER

The Group is a provider of modern consultancy. The Group principally engages in the provision of management and strategy consultancy, market consultancy, data information management, design consulting and information engineering supervision services.

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

3. SEGMENT INFORMATION

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

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

For the six months ended 30 June 2016 (unaudited):

	Management and Strategy Consultancy Services RMB'000	Market Consultancy Services RMB'000	Information Engineering Supervision Services RMB'000	Total RMB'000
TURNOVER	33,514	6,084	18,327	57,925
Segment expenses	(21,523)	(3,907)	(11,770)	(37,200)
SEGMENT RESULTS	11,991	2,177	6,557	20,725
Utilities expenses				(15,124)
Other revenue				(153)
Profits before tax				5,448
Taxation				(436)
Profit/(loss) for the period				5,012
Non-controlling interests				(124)
Attributable to equity holders of the Company				4,888

For the six months ended 30 June 2015 (unaudited):

	Management and Strategy Consultancy Services <i>RMB'000</i>	Market Consultancy Services <i>RMB'000</i>	Information Engineering Supervision Services <i>RMB'000</i>	Total <i>RMB'000</i>
TURNOVER	29,169	6,999	17,517	53,685
Segment expenses	(16,387)	(3,945)	(10,014)	(30,346)
SEGMENT RESULTS	12,782	3,054	7,503	23,339
Utilities expenses				(19,578)
Other revenue				193
Profits before tax				3,954
Taxation				(316)
Profit/(loss) for the period				3,638
Non-controlling interests				724
Attributable to equity holders of the Company				4,362

4. PROFITS BEFORE TAX

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

	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Staff costs (excluding directors' remuneration)	11,125	12,375	20,893	22,390
Depreciation of fixed assets	316	485	964	723
Other revenue/(expenses)	(217)	129	(153)	193

5. TAXATION

	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
PRC enterprise income tax	362	242	436	316

No provision for Hong Kong profits tax has been made as the Group had no profits assessable arising in Hong Kong during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil). Taxes on profits assessable elsewhere have been calculated at the effective and applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on the existing legislation, interpretations and practices in respect thereof during the period.

Pursuant to the Income Tax Law of the PRC, the members of the Group (except Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd. (formerly known as Beijing CCID Industry and Information Engineering Supervision Co., Ltd.) ("CCID Supervision")) are subject to a corporate income tax at a rate of 25% (corresponding period of 2015: 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 the PRC, the Company is subject to a corporate income tax at a rate of 15% (corresponding period of 2015: 15%).

There was no material unprovided deferred tax for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

6. EARNINGS PER SHARE

Earnings per share have been calculated based on the profits attributable to equity holders of the Company of approximately RMB4,888,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately RMB4,362,000) and the weighted average of 700,000,000 shares in issue during the period (six months ended 30 June 2015: 700,000,000 shares).

Diluted earnings per share for the six months ended 30 June 2016 have not been calculated as no diluting events existed during the period (six months ended 30 June 2015: Nil).

7. DIVIDENDS

The distribution of a final dividend of RMB1.52 cents (tax inclusive) per share, which, in aggregate, amounted to approximately RMB10,640,000 (tax inclusive), for the year ended 31 December 2015 was considered and approved at the annual general meeting of the Company held on 7 June 2016.

The Board does not recommend payment of any dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

8. CAPITAL EXPENDITURE

	Unaudited	
	Fixed	Intangible
	Assets	Assets
	<i>RMB'000</i>	<i>RMB'000</i>
Net book value as at 1 January 2016	20,038	14,681
Additions	31	–
Depreciation/amortization expenses	(964)	–
Net book value as at 30 June 2016	19,105	14,681

9. ACCOUNTS RECEIVABLES AND ACCRUED ASSETS

The ageing analysis of accounts receivable and accrued assets is as follows:

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Within 60 days	30,634	24,661
Within 61 days–180 days	24,459	17,028
Within 181 days–365 days	4,802	3,706
Over 365 days	3,409	9,020
	63,304	54,415
Current accounts receivables and accrued assets	63,204	54,315
Non-current accounts receivables and accrued assets	100	100

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

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

(b) Due from related parties

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
China Centre of Information Industry Development ("CCID") (i)	823	1,528
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (i)	–	657
CCID Statecraft Media Investment Co., Ltd. (i)	5	25
CCID New Culture Media Co., Ltd. (i)	239	239
CCID Information Physical System Testing Lab Co., Ltd. (i)	–	142
CCID Net Information Technology Co., Ltd. (i)	327	310
CCID IT Company Limited (i)	–	158
CCID Information Technology Testing Co., Ltd.	–	34
	1,394	3,093

Note:

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

10. ACCOUNTS PAYABLES

An ageing analysis of the accounts payables is as follows:

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Within 60 days	129	–
Within 61 days–180 days	356	–
Within 181 days–365 days	–	–
Over 365 days	1,140	1,140
Accounts payables	1,625	1,140

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

11. DUE TO THE RELATED PARTIES

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Immediate holding company	2,128	2,128
Ultimate holding company	1,000	1,000
Other related companies	150	150
	3,278	3,278

Notes:

- (i) The amount due to the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development ("Research Center"), the immediate holding company, as at 30 June 2016 included the acquisition costs payable to the Research Center, the immediate holding company of the Company, for the acquisition of the 9th and 10th floors of CCID Plaza (please refer to Notes 14 and 26 to the 2015 Annual Report for details). The amount payable is interest-free and repayable in accordance with the terms of the relevant property purchase agreement.
- (ii) Other amounts due to related companies are unsecured, interest-free and with no fixed term of repayment.

12. MATERIAL RELATED PARTIES TRANSACTIONS

The following companies are members of China Centre of Information Industry Development ("CCID"), the ultimate controlling shareholder of the Company, which include its subsidiaries, connected parties, controlling entities and agents (the "CCID Group"). In addition to the transactions detailed elsewhere in this Report, the Group had the following material transactions with related parties during the period:

	Unaudited	
	For the six months ended 30 June	
	2016	2015
	RMB'000	<i>RMB'000</i>
Provision of consulting services to (gross revenue earned before sales surtaxes)		
China Centre of Information Industry Development	1,115	480
Guangdong CCID Industry and Information Research Centre Co., Ltd. (廣東賽迪工業和信息化研究院有限公司)	80	-
CCID Net Information Technology Co., Ltd.	93	7
	1,288	487



	Unaudited	
	For the six months	
	ended 30 June	
	2016	2015
	RMB'000	<i>RMB'000</i>
Related expense		
Promotional expenses charged by CCID Net Information Technology Co., Ltd.	–	257
Translation expenses charged by CCID Translation Co., Ltd.	–	19
Consultancy expenses charged by CCID IT Company Limited.	–	120
Consultancy expenses charged by China Centre of Information Industry Development	462	–
Property management expenses and IT network expenses charged by Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development	747	409
	1,209	805
	Unaudited	
	For the six months	
	ended 30 June	
	2016	2015
	RMB'000	<i>RMB'000</i>
Others:		
Working capital of CCID (i)	1,000	1,000

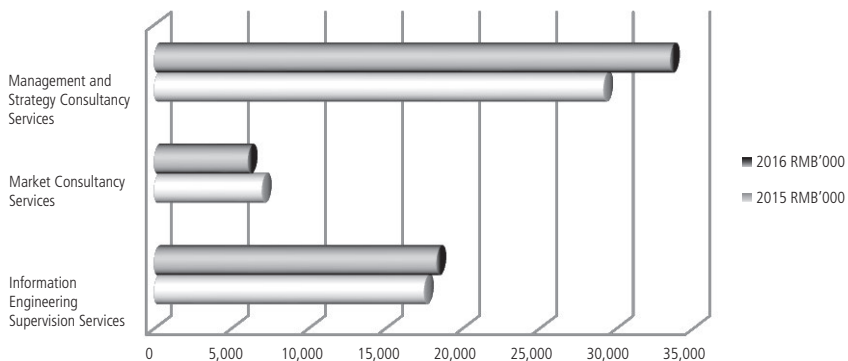
Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the six months ended 30 June 2016, the turnover by operations of the Group can be analyzed as follows:



	For the six months ended 30 June 2016		For the six months ended 30 June 2015	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Information Engineering Supervision Services	18,327	32%	17,517	33%
Market Consultancy Services	6,084	11%	6,999	13%
Management and Strategy Consultancy Services	33,514	57%	29,169	54%
Total	57,925	100%	53,685	100%



Business Review

For the six months ended 30 June 2016, the turnover and gross profit of the Group amounted to approximately RMB57,925,000 and RMB20,725,000 respectively (approximately RMB53,685,000 and RMB23,339,000 respectively during the corresponding period of 2015). The turnover increased by approximately 8% and the gross profit decreased by approximately 11% as compared to the corresponding period of last year, which was mainly due to the fierce industry competition and a slow down in the growth of the Company's business after building up a solid foundation.

In terms of management and strategy consultancy services, the Group has committed to keep abreast of the development trend which focuses on national policies and IT technology, and persistently promoting businesses development related to IT consultancy, investment and merger and acquisition consultancy, corporate management and urban planning by encompassing the strategically emerging industry, while at the same time, continuously expanding customer resources, so as to enable the Group to acquire more sales channels and technical support in the course of developing management and strategy consultancy services. The Group recorded revenue of approximately RMB33,514,000 for the six months ended 30 June 2016 (approximately RMB29,169,000 during the corresponding period of 2015) from the management and strategy consultancy services amounting to approximately 57% of the Group's turnover and representing an increase of approximately 15% as compared to the corresponding period of last year. The increase was mainly caused by the Group's continuing efforts to promote business reform and propel industry chain construction for design and supervision businesses.

In terms of market consultancy services, the Group mainly provides data information, market research and industry research services to enterprises and assist government authorities to develop the market data operation and supervision services for the electronic information product related industries. For the six months ended 30 June 2016, the Group had realized revenue of approximately RMB6,084,000 (approximately RMB6,999,000 during the corresponding period of 2015), amounting to approximately 11% of the Group's turnover and representing a decrease of approximately 13% as compared to the corresponding period of last year. The decrease was mainly attributable to the intense industrial competition.

In terms of information engineering supervision services, the Group mainly provides supervision services in respect of various projects ranging from software, networking, communication to information security to the government and enterprises. For the six months ended 30 June 2016, the turnover of the information engineering supervision services was approximately RMB18,327,000 (approximately RMB17,517,000 during



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25214
3543.68
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3543.68

the corresponding period of 2015), amounting to approximately 32% of the Group's turnover and representing an increase of approximately 5% as compared to the corresponding period of last year. The increase was mainly due to the continuing business reform and relatively stable business development during the period.

Market Promotions and Publicity

As of 30 June 2016, the Group hosted a series of market campaigns in Beijing, such as "2016 China IT Market Annual Conference", "2016 China Semiconductor Market Annual Conference".

FUTURE DEVELOPMENTS

Strengthening Basic Research Capability

We will improve our data research capability so as to establish a basic research system which is mainly based on industrial big data. Besides, we will improve the depth and level of specified reports and prospective studies, perfect the research tools and methodology system of soft science, 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.

Further Nurturing a Team of Talents

We will develop a motivation mechanism to associate responsibilities with powers and rights and an emolument distribution mechanism to motivate and retain talents with the aims of focusing on nurturing core business personnel and business leaders, training up top talents with innovative spirits for new areas and developing a team of high-quality professionals.



Stepped-up Efforts in Delicacy Management

Delicacy management is a matter of system building, which 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 enhancement, building-up of learning oriented organizational culture and 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 meeting progressive goals in an orderly manner.

Liquidity and Financial Resources

As of 30 June 2016, cash and bank balance of the Group was approximately RMB73,613,000 (as of 31 December 2015: RMB95,155,000). The Company's primary source of funds was cash generated from operation activities. Management believes that the Company had adequate operating funds for its present needs.

Significant Investment

The Group had no significant investment as of 30 June 2016.

Material Acquisitions and Disposals

The Group had no material acquisitions and disposals as of 30 June 2016.

Human Resources

As at 30 June 2016, the Group had 264 employees.

The Group adopts a healthy and flexible policy. Whenever there is a shortage of staff in a department in the course of business expansion, redesignation of staff from other departments will be arranged before recruiting new staff in order to increase efficiency and lower costs. Remuneration are determined based on the prevailing market condition, performance of the employee, his or her qualifications and experience.

Capital Structure

The capital structure of the Group as at 30 June 2016 is summarized below:

	<i>RMB'000</i>	<i>Percentage</i>
Attributable to:		
Total shareholders' equity attributable to equity holders of the Company	143,442	87%
Non-controlling interests	21,803	13%
Total	165,245	100%

Contingent Liabilities

As at 30 June 2016, the Group had no contingent liabilities (as at 31 December 2015: Nil).

Pledge of Assets

As at 30 June 2016, the Group had no pledged assets (as at 31 December 2015: Nil).

Gearing Ratio


As at 30 June 2016, the Group's gearing ratio was approximately 16% (as at 31 December 2015: approximately 20%), which was calculated by dividing total liability (less amount due to the ultimate and immediate holding companies) as of 30 June 2016 by total equity.

Exchange Risk

The Group has maintained a conservative policy towards the foreign exchange risk and interest management with most of its deposits denominated in RMB. The deposits in Hong Kong dollar are exposed to foreign exchange risk in RMB conversion. In consideration of the exchange rate between RMB and Hong Kong Dollar, the Group is of the opinion that the relevant foreign exchange risk is normal and will convert the deposits in foreign currency to RMB in a timely manner.

Interim Dividend

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).



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

As at 30 June 2016, none of the Directors, supervisors of the Company (“Supervisor(s)”) and chief executives or their close associates have any interest or short position in the shares and underlying shares of the Company or any of 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 be notified to 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 notified to the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors and Supervisors mentioned to in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

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

SHARE OPTION SCHEME

The Company conditionally adopted a Share Option Scheme on 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 IPO 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 30 June 2016.

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

As at 30 June 2016, the following persons (other than the Directors, Supervisors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

Name	Capacity	Nature of interests	Number and class of shares	Approximate percentage in the same class of securities	Approximate percentage of issued share capital
China Centre of Information Industry Development ("CCID") (note 1)	Interest of controlled corporation	Long position	491,000,000 domestic shares	100%	70.14%
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development ("Research Center") (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 Center (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly-owned by CCID) have effective interests in the Company, comprising the 392,610,000 domestic shares held directly by Research Center and the 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% equity interest in SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Lam William Ka Chung directly and indirectly owns approximately 40% equity interests in Kingsway International Holdings Limited. Lam William Ka Chung is deemed to be interested in 14,600,000 H shares of the Company.
4. JF Asset Management Limited directly holds 10,700,000 H shares of the Company. JF International Management Inc. directly holds 4,300,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. holds 99.99% and 100% equity interests in JF Asset Management Limited and JF International Management Inc. respectively. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

Save as disclosed above and other than the shareholders set out in the section of “Directors’, Supervisors’ and Chief Executives’ Interests and Short Positions in Shares and Underlying Shares”, as at 30 June 2016, no other person had any interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2016.

COMPETING INTEREST

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

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the "Required Standard of Dealings" as required by Rules 5.48 to 5.67 of the GEM Listing Rules as the standard of conducts for securities transactions by the Directors and Supervisors, and regulates the securities transactions by the Directors and Supervisors pursuant to the requirements thereof. All Directors and Supervisors have confirmed their compliance with the "Required Standard of Dealings" throughout the six months ended 30 June 2016 upon specific enquiries by the Company.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in compliance with Rule 5.28 of the GEM Listing Rules, for the purposes of providing review and supervision over the Group's financial reporting process and internal control systems. The Audit Committee comprises three members, Ms. Li Xuemei, Mr. Guo Xinping and Mr. Han Fuling. All of them are independent non-executive directors. Ms. Li Xuemei is the Chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated results for the six months ended 30 June 2016 and considered that the preparation of those results are complied with appropriate accounting standards and relevant regulations and laws.

CORPORATE GOVERNANCE

The Company has been in compliance with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2016.



FUTURE PLANS FOR MATERIAL ACQUISITION AND DISPOSALS

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has conduct regular review on the risk management and internal monitoring systems of the Group to ensure that the systems are effective and appropriate. The Board holds meetings regularly to discuss matters concerning finance, operation and risk management and monitoring.

SUFFICIENCY OF PUBLIC FLOAT

Up to the latest practicable date prior to the publication of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the requirement of sufficiency of public float as prescribed by the GEM Listing Rules.

ACKNOWLEDGEMENT

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

By Order of the Board
CCID CONSULTING COMPANY LIMITED*
Mr. Luo Junrui
Chairman

Beijing, The People's Republic of China
4 August 2016

As at the date of this report, the Board comprises one executive Director namely Mr. Luo Junrui; one non-executive Director namely Mr. An Guangyou; and three independent non-executive Directors namely Mr. Guo Xinping, Mr. Han Fuling and Ms. Li Xuemei.

* *For identification purposes only*