

CCID Consulting

CCID Consulting Company Limited

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

Stock Code: 8235

思維創造世界

• 政府決策第一智庫

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• 企業戰略第一顧問

2017
INTERIM REPORT



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 (“we” or “our” or “us” or 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 2017, the unaudited turnover of the Group amounted to approximately RMB66,411,000, representing an increase of approximately 15% over the corresponding period of last year;
- For the six months ended 30 June 2017, the gross profit of the Group was approximately RMB25,574,000. The gross profit margin was approximately 39%. The gross profit increased by approximately 23% over the corresponding period of last year;
- For the six months ended 30 June 2017, the profit of the Group was approximately RMB8,631,000, of which profits attributable to equity holders of the Company was approximately RMB5,290,000, representing an increase of approximately 8% over the corresponding period of last year;
- For the six months ended 30 June 2017, the basic earnings per share of the Group was approximately RMB0.76 cents;
- The board of Directors does not recommend payment of any dividend for the six months ended 30 June 2017.



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 2017, together with the unaudited comparative figures for the corresponding period of 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Turnover	2&3	39,521	35,394	66,411	57,925
Cost of sales		(22,591)	(25,227)	(40,837)	(37,200)
Gross profit		16,930	10,167	25,574	20,725
Other revenue		(231)	(217)	124	(153)
Selling and distribution expenses		(2,817)	(2,778)	(6,433)	(5,797)
Administrative expenses		(4,498)	(2,371)	(9,111)	(9,327)
Profits before tax	4	9,384	4,801	10,154	5,448
Taxation	5	(1,438)	(362)	(1,523)	(436)
Profit/(Loss) for the period		7,946	4,439	8,631	5,012
Attributable to:					
Equity holders of the Company		4,185	3,811	5,290	4,888
Non-controlling interests		3,761	628	3,341	124
		7,946	4,439	8,631	5,012
Earnings per share					
— Basic (RMB cents)	6	0.60	0.54	0.76	0.70
Dividends	7	—	—	—	—

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
NON-CURRENT ASSETS			
Fixed assets	8	18,215	18,565
Intangible assets	8	14,681	14,681
Long term investments		1,990	1,990
Deferred tax assets		4,350	4,334
		39,236	39,570
CURRENT ASSETS			
Accounts receivables and accrued assets	9	61,232	42,212
Prepayments, deposits and other receivables		6,947	6,745
Cash and bank balances		85,779	101,530
Short-term investments		20,167	20,167
Current tax assets		214	214
		174,339	170,868
CURRENT LIABILITIES			
Accounts payables	10	1,250	1,325
Deferred income		0	6,394
Accruals and other payables		42,045	34,282
Due to the related parties	11	2,309	2,309
Current tax liabilities		(2,365)	4,423
		43,239	48,733



<i>Notes</i>	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
NET CURRENT ASSETS	131,100	122,135
Total assets less current liabilities	170,336	161,705
NET ASSETS	170,336	161,705
EQUITY		
Share capital	70,000	70,000
Reserves	75,316	70,026
Total equity attributable to equity holders of the Company	145,316	140,026
Non-controlling interests	25,020	21,679
TOTAL EQUITY	170,336	161,705

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 2016	70,000	10,554	21,679	58,001	160,234
Changes for the period	—	—	124	4,888	5,012
As at 30 June 2016	70,000	10,554	21,803	62,889	165,246
As at 1 January 2017	70,000	11,954	21,679	58,072	161,705
Changes for the period	—	—	3,341	5,290	8,631
As at 30 June 2017	70,000	11,954	25,020	63,362	170,336



CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	For the six months ended 30 June 2017 RMB'000	For the six months ended 30 June 2016 RMB'000
Net cash (outflow)/inflow arising from operating activities	(729)	(21,511)
Net cash (outflow)/inflow arising from investing activities	(15,022)	(31)
Net (decrease)/increase in cash and cash equivalents	(15,751)	(21,542)
Cash and cash equivalents at the beginning of the period	101,530	95,155
Cash and cash equivalents at the end of the period	85,779	73,613
Cash at bank and in hand	85,779	73,613



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 2016.

Impact of newly issued accounting standards

HKICPA has issued certain new and revised HKFRS, HKAS, HK – (IFRIC) – interpretation 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, management and control and operation of the group, merger and reorganization, municipal investment and finance, private finance, investment decision, informations design system 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 2017 (unaudited):

	Management and Strategy Consultancy Services RMB'000	Market Consultancy Services RMB'000	Information Engineering Supervision Services RMB'000	Total RMB'000
TURNOVER	32,851	9,341	24,219	66,411
Segment expenses	(20,201)	(5,744)	(14,892)	(40,837)
SEGMENT RESULTS	12,650	3,597	9,327	25,574
Utilities expenses				(15,544)
Other revenue				124
Profits before tax				10,154
Taxation				(1,523)
Profit/(loss) for the period				8,631
Non-controlling interests				3,341
Attributable to equity holders of the Company				5,290



For the six months ended 30 June 2016 (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	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

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	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Staff costs (excluding directors' remuneration)	12,173	11,125	29,278	20,893
Depreciation of fixed assets	406	316	683	964
Other revenue/(expenses)	(231)	(217)	124	(153)

5. TAXATION

	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
PRC enterprise income tax	1,438	362	1,523	436

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 2017 (six months ended 30 June 2016: 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 the Company and Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd. ("CCID Supervision")) are subject to a corporate income tax at a rate of 25% (during the corresponding period of 2016: 25%).

The Company and CCID Supervision are high and new technology enterprises registered in the Beijing New Technology Enterprise Development Zone. Pursuant to the Income Tax Law of the PRC, they are subject to a corporate income tax at a rate of 15% (during the corresponding period of 2016: CCID Supervision: 15%).

There was no material unprovided deferred tax for the six months ended 30 June 2017 (during the corresponding period of 2016: Nil).



6. EARNINGS PER SHARE

Earnings per share have been calculated based on the profits attributable to equity holders of the Company of approximately RMB5,290,000 for the six months ended 30 June 2017 (during the corresponding period of 2016: approximately RMB4,888,000) and the weighted average of 700,000,000 shares in issue during the period (during the corresponding period of 2016: 700,000,000 shares).

Diluted earnings per share for the six months ended 30 June 2017 have not been calculated as no diluting events existed during the period (during the corresponding period of 2016: Nil).

7. DIVIDENDS

The Board does not recommend payment of any dividend for the six months ended 30 June 2017 (during the corresponding period of 2016: Nil).

8. CAPITAL EXPENDITURE

	Unaudited	
	Fixed Assets	Intangible Assets
	<i>RMB'000</i>	<i>RMB'000</i>
Net book value as at 1 January 2017	18,565	14,681
Additions	333	—
Depreciation/amortization expenses	(683)	—
Net book value as at 30 June 2017	18,215	14,681

9. ACCOUNTS RECEIVABLES AND ACCRUED ASSETS

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

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 <i>RMB'000</i>
Within 60 days	37,436	32,306
Within 61 days–180 days	13,890	3,288
Within 181 days–365 days	3,288	1,074
Over 365 days	6,618	5,544
	61,232	42,212
Current accounts receivables and accrued assets	61,232	42,212

- (a) The general credit terms of the Group range from 60 days 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. The ageing analysis is presented on the basis of the date of relevant invoice.

Accounts and other receivables are initially recognised at fair value (including transaction costs) and thereafter stated at amortised cost calculated by adopting effective interest rate 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.

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 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.



(b) Due from related parties:

		Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
China Centre of Information Industry Development ("CCID")	(i)	788	364
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development	(i)	—	117
CCID Net Information Technology Co., Ltd.	(i)	24	106
CCID Academy for Industry and Information Technology Limited	(i)	120	—
CCID (Holding) Limited	(i)	50	—
CCID IT Company Limited	(i)	451	—
		1,433	587

Note:

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

10. ACCOUNTS PAYABLES

An ageing analysis of the accounts payables is as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Over 365 days	1,250	1,325
Current accounts payables	1,250	1,325

Accounts and other payables are initially recognised at fair value (including transaction costs) and subsequently stated at amortised cost calculated by adopting effective interest rate unless the effect of discounting would be immaterial, in which case they are stated at cost.

11. DUE TO THE RELATED PARTIES

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Immediate holding company	2,137	2,137
Ultimate holding company	—	—
Related companies	172	172
	2,309	2,309



Notes:

- (i) The amount due to the immediate holding company as at 31 December 2016 included the remaining acquisition costs payable for the acquisition of the 9th and 10th floors of Beijing CCID Plaza. Such 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	
	2017	2016
	RMB'000	<i>RMB'000</i>
Provision of consulting, data and supervision services to (gross revenue earned before sales surtaxes)		
China Centre of Information Industry Development	247	1,115
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.	117	93
	364	1,288

Unaudited
For the six months ended
30 June

	2017 RMB'000	2016 <i>RMB'000</i>
Related expense		
Rental, property management expenses, IT network expenses and utilities expenses charged by Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development	307	747
Property management expenses charged by CCID Property Management Co., Ltd.	435	—
Translation expense charged by CCID Translation Co., Ltd.	15	—
Consultation service fee charged by China Centre of Information Industry Development	—	462
Consultation service fee to CCID Net Information Technology Co., Ltd.	16	—
Consultation service fee to CCID IT Company Limited	120	—
	893	1,209

Notes:

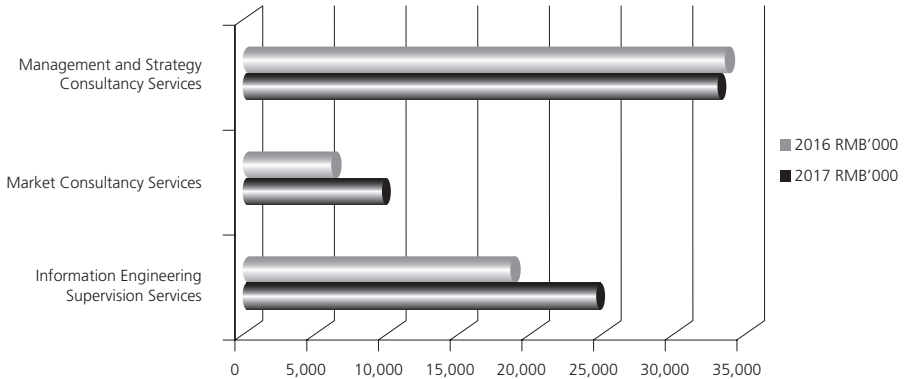
- (i) The Directors are of their opinion that the above transactions with related parties were conducted in the usual course of business and charged at cost incurred plus a reasonable profit margin.
- (ii) The Group and the above companies are within the CCID Group and are under common control of the same ultimate holding company.
- (iii) 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 26 October 2015 and have complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.



MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the six months ended 30 June 2017, the turnover by operations of the Group can be analyzed as follows:



	For the six months ended 30 June 2017		For the six months ended 30 June 2016	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Information Engineering Supervision Services	24,219	36%	18,327	32%
Market Consultancy Services	9,341	14%	6,084	11%
Management and Strategy Consultancy Services	32,851	50%	33,514	57%
Total	66,411	100%	57,925	100%

Business Review

For the six months ended 30 June 2017, the turnover and gross profit of the Group amounted to approximately RMB66,411,000 and RMB25,574,000 respectively (approximately RMB57,925,000 and RMB20,725,000 respectively during the corresponding period of 2016). The turnover increased by approximately 15% and the gross profit increased by approximately 23% as compared to the corresponding period of last year. For the six months ended 30 June 2017, the Group focused on expediting the transformation and



upgrade of its business models with respect to industry-park collaboration, corporate strategies, investments and financing, information applications, etc., as well as constantly driving the improvement in its competitive strengths, and thus the turnover increased by approximately 15% as compared to the corresponding period of last year. Meanwhile, the Group's costs and expenses increased by approximately 7% as compared to the corresponding period of last year, which appears to be in a healthy trajectory as compared to the increase in the Group's turnover. The increase in costs attributable to the business operations was the major contributor to the changes. The Group continued to enhance its internal control and management to control the growth in costs and expenses within a reasonable range, and thus the increase rate of costs and expenses was far lower than the growth rate of turnover.

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 RMB32,851,000 for the six months ended 30 June 2017 (approximately RMB33,514,000 during the corresponding period of 2016) from the management and strategy consultancy services amounting to approximately 50% of the Group's turnover and representing a decrease of approximately 2% as compared to the corresponding period of last year. The decrease 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 2017, the Group had realized revenue of approximately RMB9,341,000 (approximately RMB6,084,000 during the corresponding period of 2016), amounting to approximately 14% of the Group's turnover and representing an increase of approximately 54% as compared to the corresponding period of last year. The increase was primarily attributable to the Group proactively forged ahead with the transformation from single planning to campaign organization, investment attraction, application and registration, and custodianship for its market consultancy services. By amassing the cluster effects of industrial development, we launched the service model of "CCID Accelerator". Meanwhile, through establishing the investment and financing information database and the repository of listing companies, the Group continued exploring new businesses.



In terms of information engineering supervision services, the Group mainly provides supervision services in respect of various projects ranging from software, network, communication to information security to the government and enterprises. For the six months ended 30 June 2017, the turnover of the information engineering supervision services was approximately RMB24,219,000 (approximately RMB18,327,000 during the corresponding period of 2016), amounting to approximately 36% of the Group's turnover and representing an increase of approximately 32% as compared to the corresponding period of last year. As the Group actively pressed ahead with the extension from planning to investments, construction, and operations for its information business services, the percentage of the information engineering supervision services basically remained stable.

Market Promotions and Publicity

For the six months ended 30 June 2017, the Group hosted a series of market campaigns in Beijing, Nanjing, Xi'an, Changzhou and Guiyang, such as "2017 China IT Market Annual Conference", "2017 China Semiconductor Market Annual Conference", "2017 China Xixian Smart Manufacturing Summit", "2017 China Smart Manufacturing Meeting" and "2017 Forum for Artificial Intelligence".

FUTURE DEVELOPMENTS

Explore "consulting +", and accelerate transformation from the "offline" to "online" service model

During the era of Internet 2.0, the trend of the offline-to-online business integration becomes increasingly evident. As a result, the Group will build a business innovation platform based on the big industrial data by integrating our diversified "service", massive "data" with powerful "platform" relying on "Chanyetong APP Platform" ("Chanyeton") as well as centering on the development of Chanyeton. Moreover, the Group will speed up transformation from annual report to membership service.

Explore the "consulting +" to expedite transformation from the "project-driven" to "service-driven" business model

Firstly, we will expand our industry businesses from planning to campaign organization, investment attraction, application and registration, and custodianship. By amassing elements required for our industrial development, we will complete transforming from the "planning consulting" to "integrated services". Secondly, our corporate strategy business will evolve from research to competition, strategy, listing, and mergers and acquisitions. The introduction of corporate innovation resources will enable us to complete transforming from "management and consulting" to "strategic services". Thirdly, our investment and financing business will expand its scope from due diligence to fund-raising, investment



decision-making, fund management, and index, thus completing transformation from “project achievement system” to “revenue generation system”. Lastly, our information business will expand its scope from planning to PPP, investment, construction, and operation. Under the planning and operation of the intelligent city strategy, we will complete transforming the pattern of industry chain from single-sided planning to “comprehensive planning+ implementation of partnership” for our projects.

Explore “Consulting +” to expedite transformation from “data-based” to “index-based” product creation

We will focus on hot spots in the industry. In addition, we will reconstruct data-based product systems, which will be oriented by index, thereby upgrading from CCID Top 100, CCID Trends, CCID Cases, CCID White Paper, CCID Data and other data products to such index products as industry investment value and regional development potential. By so doing, we will shift from data products to index products.

Explore “Consulting +” to expedite transformation from “closed” to “open” capacity development

To build an open value network with the Company as a platform, we will consolidate knowledge, policies, channels, capital, markets and other resources. Leveraging our corporate platform for a positive cycle of appreciating resources, we will ultimately achieve a variety of targets, including revenue from projects, services, investments, and real estate.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, cash and bank balance of the Group was approximately RMB85,779,000 (as at 31 December 2016: RMB101,530,000). The Group’s primary source of funds was cash generated from operation activities. Management believes that the Group had adequate operating funds for its present needs.

SIGNIFICANT INVESTMENT

The Group had no significant investment as of 30 June 2017.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals as of 30 June 2017.



EMPLOYEES

As at 30 June 2017, the Group had 255 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 and performance of the employee, his or her qualifications and experience.

CAPITAL STRUCTURE

The capital structure of the Group as at 30 June 2017 is summarized below:

	<i>RMB'000</i>	<i>Percentage</i>
Total shareholders' equity attributable to equity holders of the Company	145,316	85%
Non-controlling interests	25,020	15%
Total	170,336	100%

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no contingent liabilities (as at 31 December 2016: Nil).

PLEDGE OF ASSETS

As at 30 June 2017, the Group had no pledged assets (as at 31 December 2016: Nil).

GEARING RATIO

As at 30 June 2017, the Group's gearing ratio was approximately 24% (as at 31 December 2016: approximately 29%), which was calculated by dividing total liability (less amount due to the ultimate and immediate holding companies) as of 30 June 2017 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 U.S. dollar and Hong Kong dollar are exposed to foreign exchange risk in RMB conversion. In consideration of the exchange rate between RMB, U.S. dollar 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 dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

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

As at 30 June 2017, 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 prospectus as published by the Company 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 2017.



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

As at 30 June 2017, 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 shares	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%

Name	Capacity	Nature of interests	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
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, as at 30 June 2017, 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 2017.

COMPETING INTEREST

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

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company 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. The Company confirmed, during the six months ended 30 June 2017, all Directors and Supervisors have complied with the "Required Standard of Dealings" upon specific enquiries with all the Directors and Supervisors. The Company was not aware of any non-compliance during the period.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in accordance with Rule 5.28 of the GEM Listing Rules, for the purposes of reviewing and supervising the Group's financial reporting process, risk management and internal control systems. The Audit Committee is comprised of three independent non-executive Directors of the Company, namely, Ms. Li Xuemei, Mr. Guo Xinping and Mr. Han Fuling. Ms. Li Xuemei is the chairlady of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated results for the six months ended 30 June 2017 and considered that the preparation of those results are in compliance with the appropriate accounting standards and relevant regulations and laws.



CORPORATE GOVERNANCE

The Company has been in compliance with the provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2017.

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 of the risk management and internal control 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

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 latest practicable date prior to the issue of this report.

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
CCIC CONSULTING COMPANY LIMITED*
Mr. Luo Junrui
Chairman

Beijing, The People's Republic of China

3 August 2017

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