

# **CCIDConsulting**

## **CCID Consulting Company Limited**

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

Stock Code: 8235

**INTERIM REPORT 2019**



• 城市經濟第一智庫    • 企業戰略第一顧問    • 資本運作第一專家

# **思維創造世界**

## **CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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 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](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of posting and on the “Investor Relations” page of the Company’s website at [www.ccidconsulting.com](http://www.ccidconsulting.com).*



## HIGHLIGHTS

- For the six months ended 30 June 2019, the unaudited turnover of the Group amounted to approximately RMB88,025,000, representing an increase of approximately 43% over the corresponding period of last year;
- For the six months ended 30 June 2019, the gross profit of the Group was approximately RMB36,929,000. The gross profit margin was approximately 42%. The gross profit increased by approximately 86% over the corresponding period of last year;
- For the six months ended 30 June 2019, the profit of the Group was approximately RMB13,656,000, of which profit attributable to equity holders of the Company was approximately RMB7,247,000, representing an increase of approximately 200% over the corresponding period of last year;
- For the six months ended 30 June 2019, the basic earnings per share of the Group was approximately RMB1.04 cents;
- The board of Directors does not recommend payment of any dividend for the six months ended 30 June 2019.

## 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 2019, together with the unaudited comparative figures for the corresponding periods of 2018 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Turnover	2&3	<b>57,364</b>	37,394	<b>88,025</b>	61,409
Cost of sales		<b>(24,689)</b>	(23,069)	<b>(51,096)</b>	(41,561)
Gross profit		<b>32,675</b>	14,325	<b>36,929</b>	19,848
Other revenue		<b>(158)</b>	31	<b>74</b>	158
Selling and distribution expenses		<b>(2,931)</b>	(3,199)	<b>(6,641)</b>	(6,841)
Administrative expenses and others		<b>(12,716)</b>	(5,457)	<b>(15,037)</b>	(9,806)
Profit before tax	4	<b>16,870</b>	5,700	<b>15,325</b>	3,359
Taxation	5	<b>(1,669)</b>	(1,258)	<b>(1,669)</b>	(1,258)
Profit/(Loss) for the period		<b>15,201</b>	4,442	<b>13,656</b>	2,101
Attributable to:					
Equity holders of the Company		<b>7,902</b>	3,317	<b>7,247</b>	2,415
Non-controlling interests of the Group		<b>7,299</b>	1,125	<b>6,409</b>	(314)
		<b>15,201</b>	4,442	<b>13,656</b>	2,101
Earnings per share — Basic (RMB cents)	6	<b>1.13</b>	0.47	<b>1.04</b>	0.35
Dividends	7	—	—	—	—

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	<b>16,743</b>	17,420
Intangible assets	8	<b>14,660</b>	14,681
Long-term investments	9	<b>4,749</b>	4,749
Deferred tax assets		<b>3,932</b>	4,456
		<b>40,084</b>	41,306
<b>CURRENT ASSETS</b>			
Accounts receivables	10	<b>35,731</b>	18,300
Prepayments, deposits and other receivables		<b>12,720</b>	11,375
Cash and bank balance		<b>99,373</b>	160,693
Short-term investments		<b>59,147</b>	30,188
Current tax assets		<b>214</b>	214
		<b>207,185</b>	220,770
<b>CURRENT LIABILITIES</b>			
Accounts payable	12	<b>5,742</b>	2,264
Dividends payable		<b>3,520</b>	—
Contract liabilities	11	<b>41,578</b>	50,830
Accruals and other payables		<b>7,172</b>	28,280
Due to the related parties	13	<b>4,954</b>	5,251
Current tax liabilities		<b>2,889</b>	2,889
		<b>65,855</b>	89,514

<i>Notes</i>	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
<b>NET CURRENT ASSETS</b>	<b>141,330</b>	131,256
<b>Total assets less current liabilities</b>	<b>181,414</b>	172,562
<b>Net assets</b>	<b>181,414</b>	172,562
<b>EQUITY</b>		
Share capital	<b>70,000</b>	70,000
Reserves	<b>80,203</b>	77,760
<b>Total equity attributable to equity holders of the Company</b>	<b>150,203</b>	147,760
Non-controlling interests of the Group	<b>31,211</b>	24,802
<b>TOTAL EQUITY</b>	<b>181,414</b>	172,562

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)**

	Issued share capital <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Retained profit <i>RMB'000</i>	Accumulated Other Comprehensive Income <i>RMB'000</i>	Non- controlling interests of the Group <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2018 (Restated)	70,000	13,545	43,570	—	22,444	149,559
Changes for the period	—	—	2,415	—	(314)	2,101
As at 30 June 2018 (Restated)	70,000	13,545	45,985	—	22,130	151,660
As at 1 January 2019	<b>70,000</b>	<b>16,455</b>	<b>59,470</b>	<b>1,835</b>	<b>24,802</b>	<b>172,562</b>
Changes for the period	—	—	6,443	—	6,409	12,852
As at 30 June 2019	<b>70,000</b>	<b>16,455</b>	<b>65,913</b>	<b>1,835</b>	<b>31,211</b>	<b>185,414</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	<b>For the six months ended 30 June 2019 RMB'000</b>	For the six months ended 30 June 2018 RMB'000
Net cash (outflow)/inflow arising from operating activities	<b>(30,800)</b>	11,141
Net cash (outflow)/inflow arising from investing activities	<b>(29,000)</b>	37
Net cash (outflow)/inflow arising from financial activities	<b>(1,520)</b>	—
Net (decrease)/increase in cash and cash equivalents	<b>(61,320)</b>	11,178
Cash and cash equivalents at the beginning of the period	<b>160,693</b>	86,148
Cash and cash equivalents at the end of the period	<b>99,373</b>	97,326
Cash at bank and in hand	<b>99,373</b>	97,326



## 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 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, the PRC. Its head office and principal place of business are located at the 9th and 10th Floors of CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing, the PRC. Its principal place of business in Hong Kong is at 40th Floor, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong.

The Group's unaudited results have been prepared in accordance with all of the requirements of all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and its interpretation effective at the beginning of the reporting period, all the applicable disclosure requirements of the Hong Kong Companies Ordinance and all the applicable disclosure provisions of the GEM Listing Rules. The measurement base used in preparation of these unaudited consolidated financial statements is the historical cost convention with the exception of financial assets measured at fair value.

The principal accounting policies used for preparing these unaudited consolidated financial statements for the six months ended 30 June 2019 are consistent with those used by the Group in the annual consolidated financial statements for the year ended 31 December 2018.

#### **Impact of newly issued accounting standards**

The Hong Kong Institute of Certified Public Accountants has issued certain new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (the "New Standards and Amendments").

The Group has not early adopted the New Standards and Amendments in these unaudited 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 is currently assessing the impact of the New Standards and Amendments and is not yet in a position to state whether they would have a significant impact on the consolidated financial statements in the period of 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 contract revenue with respect to 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, information design system consultancy, IT management system consultancy, and 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, and 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 other IT inspection projects.

For the six months ended 30 June 2019 (unaudited):

	<b>Management and strategy consultancy services RMB'000</b>	<b>Market consultancy services RMB'000</b>	<b>Information engineering supervision services RMB'000</b>	<b>Total RMB'000</b>
<b>Turnover</b>	<b>52,845</b>	<b>6,951</b>	<b>28,229</b>	<b>88,025</b>
Segment expenses	<b>(27,621)</b>	<b>(4,202)</b>	<b>(19,273)</b>	<b>(51,096)</b>
<b>Segment results</b>	<b>25,224</b>	<b>2,749</b>	<b>8,956</b>	<b>36,929</b>
Utilities expenses				<b>(21,678)</b>
Other revenue				<b>74</b>
Profits before tax				<b>15,325</b>
Taxation				<b>(1,669)</b>
Profit/(loss) for the period				<b>13,656</b>
Non-controlling interests of the Group				<b>6,409</b>
Attributable to equity holders of the Company				<b>7,247</b>

For the six months ended 30 June 2018 (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>
<b>Turnover</b>	34,864	5,209	21,336	61,409
Segment expenses	(23,027)	(2,559)	(15,975)	(41,561)
<b>Segment results</b>	11,837	2,650	5,361	19,848
Utilities expenses				(16,647)
Other revenue				158
Profits before tax				3,359
Taxation				(1,258)
Profit/(loss) for the period				2,101
Non-controlling interests of the Group				(314)
Attributable to equity holders of the Company				2,415

#### 4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting) the following:

	Unaudited For three months ended 30 June		Unaudited For the six months ended 30 June	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Staff costs (excluding directors' remuneration)	10,926	12,102	27,344	29,120
Depreciation of fixed assets	386	394	775	750
Other revenue	(158)	31	74	158

#### 5. TAXATION

	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
PRC enterprise income tax	1,669	1,258	1,669	1,258

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 2019 (for the six months ended 30 June 2018: 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 2018: 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 2018: CCID Supervision: 15%).

There was no material unprovided deferred tax for the six months ended 30 June 2019 (during the corresponding period of 2018: Nil).

## 6. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share have been calculated based on the profits attributable to equity holders of the Company of approximately RMB7,247,000 for the six months ended 30 June 2019 (during the corresponding period of 2018: approximately RMB2,415,000) and the weighted average of 700,000,000 shares in issue during the current period (during the corresponding period of 2018: 700,000,000 shares).

Diluted earnings per share for the six months ended 30 June 2019 have not been calculated as no diluting events existed during the current period (during the corresponding period of 2018: Nil).

## 7. DIVIDENDS

The Board does not recommend payment of any dividend for the six months ended 30 June 2019 (during the corresponding period of 2018: Nil).

## 8. CAPITAL EXPENDITURE

	<b>Unaudited</b>	
	<b>30 June 2019</b>	
	<b>Fixed</b>	<b>Intangible</b>
	<b>Assets</b>	<b>Assets</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net book value as at 1 January 2019	17,420	14,681
Additions	98	—
Depreciation/amortization expenses	(775)	(21)
Net book value as at 30 June 2019	16,743	14,660

## 9. LONG-TERM INVESTMENT

	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
Long-term investment	<b>4,749</b>	4,749

This long-term investment refers to the 19.90% equity interest (2018: 19.90%) held by CCID Supervision in Beijing CCID Exhibition Co., Ltd., which was determined by the independent valuer using the non-public input data with reference to the fair value as at 31 December 2018. The Board, upon assessment, was of opinion that there has been no material change to the fair value during the current period.

## 10. ACCOUNTS RECEIVABLES

The ageing analysis of accounts receivable is as follows:

	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
Within 60 days	<b>21,706</b>	9,873
Within 61 days–180 days	<b>7,976</b>	2,378
Within 181 days–365 days	<b>2,065</b>	2,065
Over 365 days	<b>3,984</b>	3,984
Accounts receivables	<b>35,731</b>	18,300

The general credit terms of the Group range from 60 days to 365 days. The Group may extend the credit period upon request by the customers on an individual basis and after conducting business relationship and credit assessment. The ageing analysis is based on the relevant invoice date.

- (a) Due from related parties:

The analysis of related party payments included in accounts receivables and other receivables is as follows:

	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
China Centre of Information Industry Development	<b>693</b>	1,262
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development	<b>400</b>	50
	<b>1,093</b>	1,312

The above related parties are controlled by China Centre of Information Industry Development. The amounts due from related parties are unsecured and have no fixed terms of repayment.

## 11. CONTRACT LIABILITIES

	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000 (Restated)
Contract liabilities	<b>41,578</b>	50,830

Since 1 September 2012, the Group's revenue measured by the Chinese Accounting Standards for Business Enterprises is measured by the par value of the value added tax invoice as required by the State Tax Law. In accordance with the requirements of Hong Kong Financial Reporting Standards, revenue from the provision of services is measured by the extent to which the performance of the contract is fulfilled and the value added tax invoice are issued but the unrecognized revenue is transferred to the deferred income in the contract liabilities to adjust the difference between the two sets of General Accepted Accounting Principles.

Since the amortization period for the incremental cost of obtaining a contract is generally not more than one year, the Group is feasible to adopt the practical expedient of paragraph 94 in the HKFRS 15. The incremental cost of the contract in the area of occurrence is recognized cost as an expense.



## 12. ACCOUNTS PAYABLE

	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
Within 60 days	<b>4,806</b>	1,328
Over 365 days	<b>936</b>	936
Current accounts payable	<b>5,742</b>	2,264

## 13. DUE TO THE RELATED PARTIES

	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
Direct controlling company	<b>3,898</b>	5,121
Associate	<b>1,056</b>	130
	<b>4,954</b>	5,251

The Group and the above related parties belong to the CCID Group and are controlled by the same ultimate holding company. Amounts due to related parties are unsecured, interest-free and have no fixed term of repayment.

#### 14. RELATED PARTIES DISCLOSURES

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 and balances detailed elsewhere in this Report, the Group had the following material related parties transactions with the following companies during the current period:

	<b>Unaudited</b> <b>For the six months ended</b> <b>30 June</b>	
	<b>2019</b> <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Gross revenue earned before sales surtaxes</b>		
Provision of consulting, design and supervision services to the following companies:		
China Centre of Information Industry Development	<b>1,102</b>	225
Guangdong CCID Industry and Information Research Centre Co., Ltd.	<b>309</b>	—
CCID Industrial and Information Industry Development (Tianjin) Co., Ltd.* (賽迪工業和信息化產業發展(天津)有限公司)	<b>100</b>	—
CCID (Holding) Limited (formerly known as CCID Industry and Information Research Centre Co., Ltd.)	—	180
	<b>1,511</b>	405
<b>Related expense</b>		
Service fee paid to China Centre of Information Industry Development`	<b>1,027</b>	—
Platform development fee paid to Beijing CCID Info Tech Inc.	<b>300</b>	—
Testing fees paid to CCID Testing and Certification Centre Co., Ltd	<b>123</b>	82
Property management expenses charged by CCID Property Management Co., Ltd.	<b>542</b>	202
Rental, property management, water and electricity fees, internet fees, and utilities expenses paid to Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development	<b>294</b>	475
Advertising fees paid to CCID Network Information Technology Co., Ltd.	—	100
	<b>2,286</b>	859



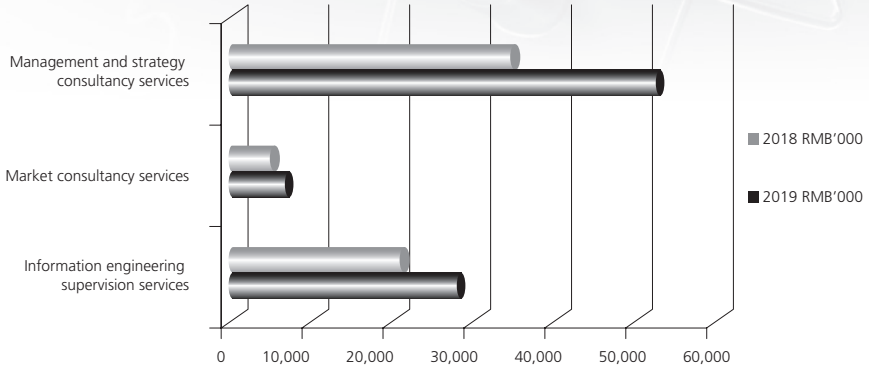
*Notes:*

- (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 parties transactions as disclosed in this note to the unaudited consolidated financial statements 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 19 December 2018 and have complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

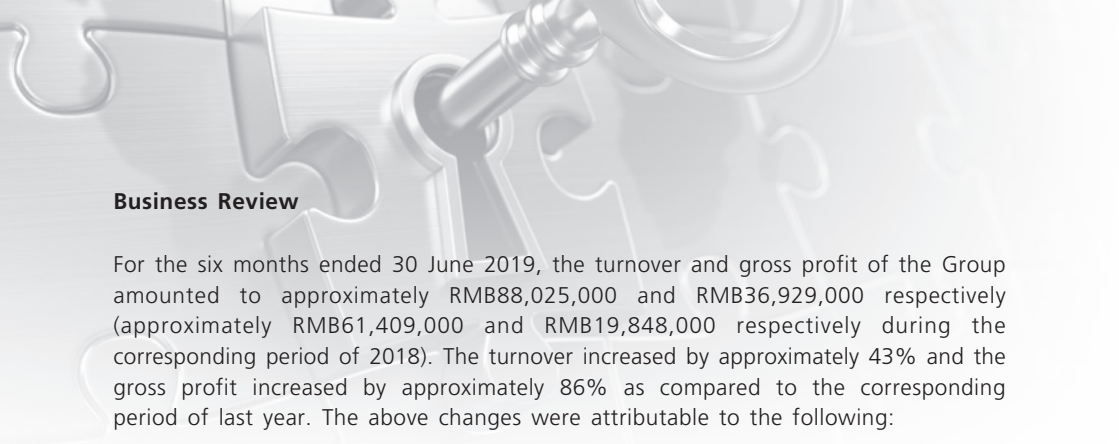
## MANAGEMENT DISCUSSION AND ANALYSIS

### Turnover Analysis

For the six months ended 30 June 2019, the turnover by operations of the Group can be analyzed as follows:



	Unaudited For the six months ended 30 June 2019		Unaudited For the six months ended 30 June 2018	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Management and strategy consultancy services	<b>52,845</b>	<b>60%</b>	34,864	57%
Market consultancy services	<b>6,951</b>	<b>8%</b>	5,209	8%
Information engineering supervision services	<b>28,229</b>	<b>32%</b>	21,336	35%
<b>Total</b>	<b>88,025</b>	<b>100%</b>	61,409	100%

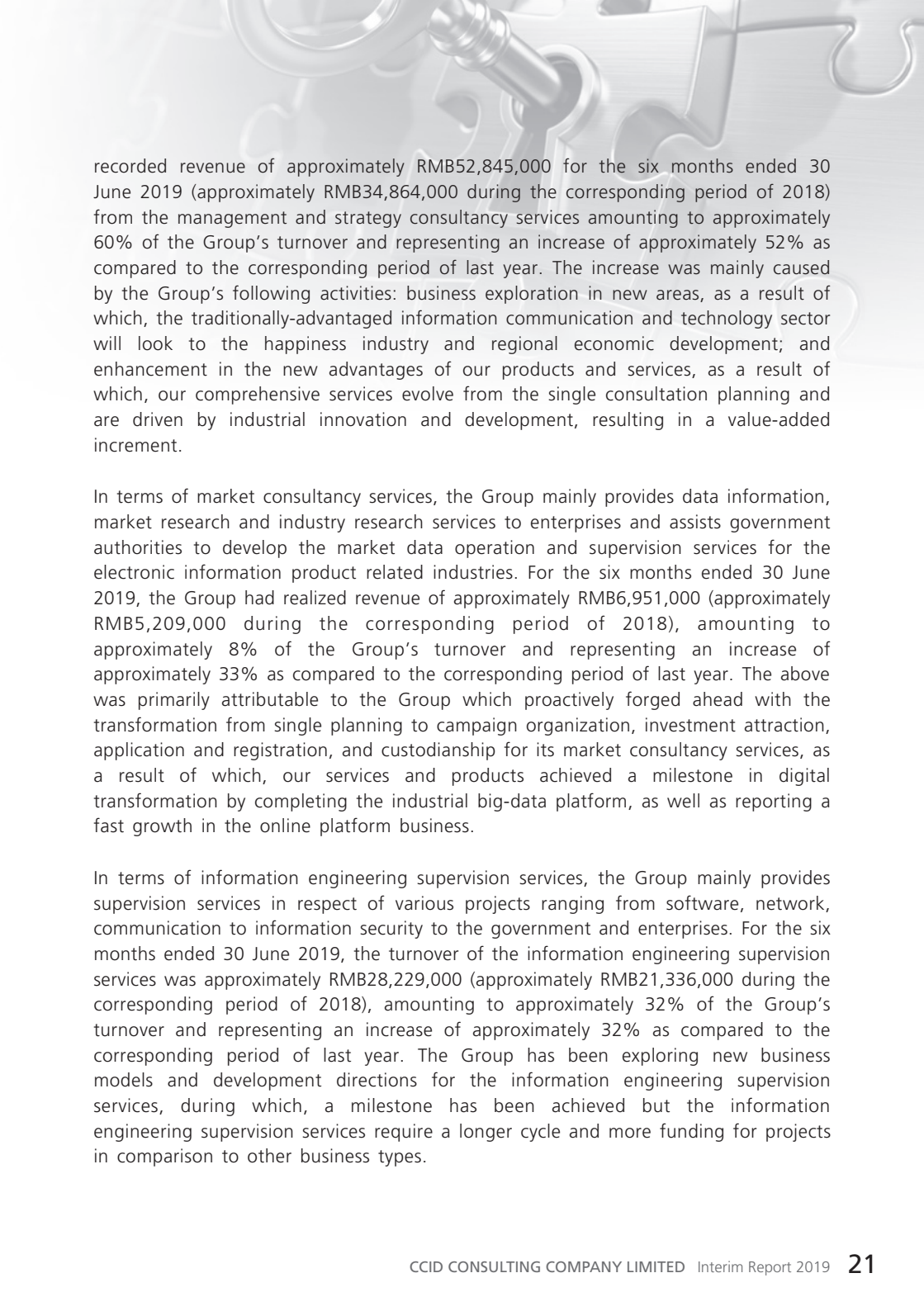


## Business Review

For the six months ended 30 June 2019, the turnover and gross profit of the Group amounted to approximately RMB88,025,000 and RMB36,929,000 respectively (approximately RMB61,409,000 and RMB19,848,000 respectively during the corresponding period of 2018). The turnover increased by approximately 43% and the gross profit increased by approximately 86% as compared to the corresponding period of last year. The above changes were attributable to the following:

- (1) business exploration in new areas, as a result of which, the traditionally-advantaged information communication and technology sector will look to the happiness industry and regional economic development;
- (2) new advancement in the digital transformation, as a result of which, our services and products achieved a milestone in digital transformation by completing the industrial big-data platform, as well as reporting a fast growth in the online platform business. During the current period, the contractual amount exceeded RMB6,000,000;
- (3) enhancement in the new advantages of our products and services, as a result of which, our products and services witness a significant boost in their competitiveness. Our comprehensive services evolve from the single consultation planning and are driven by industrial innovation and development, resulting in a value-added increment. During the current period, the contracted projects that exceed RMB1 million accounted for approximately 53% of the total contracted projects; and
- (4) improvement in the brand and new image of our consultancy services, as a result of which, the brand and image have significantly improved, achieving positive reputation in the market. Our products and services have also achieved a 98% satisfaction rate in the market.

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 RMB52,845,000 for the six months ended 30 June 2019 (approximately RMB34,864,000 during the corresponding period of 2018) from the management and strategy consultancy services amounting to approximately 60% of the Group's turnover and representing an increase of approximately 52% as compared to the corresponding period of last year. The increase was mainly caused by the Group's following activities: business exploration in new areas, as a result of which, the traditionally-advantaged information communication and technology sector will look to the happiness industry and regional economic development; and enhancement in the new advantages of our products and services, as a result of which, our comprehensive services evolve from the single consultation planning and are driven by industrial innovation and development, resulting in a value-added increment.

In terms of market consultancy services, the Group mainly provides data information, market research and industry research services to enterprises and assists 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 2019, the Group had realized revenue of approximately RMB6,951,000 (approximately RMB5,209,000 during the corresponding period of 2018), amounting to approximately 8% of the Group's turnover and representing an increase of approximately 33% as compared to the corresponding period of last year. The above was primarily attributable to the Group which proactively forged ahead with the transformation from single planning to campaign organization, investment attraction, application and registration, and custodianship for its market consultancy services, as a result of which, our services and products achieved a milestone in digital transformation by completing the industrial big-data platform, as well as reporting a fast growth in the online platform business.

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 2019, the turnover of the information engineering supervision services was approximately RMB28,229,000 (approximately RMB21,336,000 during the corresponding period of 2018), amounting to approximately 32% of the Group's turnover and representing an increase of approximately 32% as compared to the corresponding period of last year. The Group has been exploring new business models and development directions for the information engineering supervision services, during which, a milestone has been achieved but the information engineering supervision services require a longer cycle and more funding for projects in comparison to other business types.

## **Market Promotions and Publicity**

For the six months ended 30 June 2019, the Group organized various marketing events in Nanjing and Beijing, including “Innovative Collaboration, World with Same ‘Chips’ — 2019 World Semiconductor Conference”, “Digital Transformation, Creating the Future — 2019 China IT Market Annual Conference” and “China EV100 Forum 2019 — Automotive Revolution and Transportation, Energy, and Urban Collaborative Development”.

## **Business outlook**

In 2019, with the aim to enhance its competitive strength, the Group will continue to implement the “consulting +”, focusing on the cultivation of new capabilities, such as digital, brand, innovation, talents, etc., expediting digital transformation, promoting the service model, propelling platform development, and accelerating the comprehensive service of industrial innovation.

### ***Expedite digital transformation***

The early arrival of the digital wave will lead to changes in social development, reproduction of production relations, economic restructuring and changes in lifestyle. The Group will accelerate the digital transformation. On the one hand, we will create a digital management platform to build its own competitiveness. On the other hand, we will build a digital business platform to better meet customers’ needs. The digital management platform will focus on building a full-cycle, full-caliber accounting, visual management system for project, contract, finance, customer service and performance to further standardize service processes and standards and improve work efficiency and service quality; and the digital business platform will focus on building our own product systems such as “CCID brain for industries” and “MTX”.

### ***Promote the service model***

Firstly, we will promote the transformation of the industrial planning business from planning to activities, investments, reporting and hosting and complete the transformation from the “planning consulting” to “integrated services” by amassing elements required for our industrial development. Secondly, we will promote the evolution of the corporate strategy business from industry research to competition, strategy, listing, and mergers and acquisitions and complete the transformation from “management and consulting” to “strategic services” through the introduction of corporate innovation resources. Finally, we will promote the expansion of the investment and financing business from due diligence to fund-raising, investment decision-making, fund management, and index extension and complete the transformation from “project achievement system” to “revenue generation system”.



### ***Propel platform development***

To adapt to the transformation trend of enterprises in the digital economy era, by further innovating the management and assessment system, we will integrate resource for the open platform construction and promote the development of business platform to launch modular products such as investment project evaluation, industrial monitoring information push, data online service, and industry index evaluation and build the “MTX” knowledge sharing value platform, industry chain precision investment decision-making platform and enterprise cloud evaluation platform, with focus on the promotion of “Chips of Nanjing (芯上南京)”, “brain for CCID county industry”, “CCID automobile evaluation” and other platform products and service.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2019, cash and bank balance of the Group were approximately RMB99,373,000 (as at 31 December 2018: RMB160,693,000). 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 2019.

### **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group had no material acquisitions and disposals as of 30 June 2019.

### **EMPLOYEES**

As at 30 June 2019, the Group had 334 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 2019 is summarized below:

	<i>RMB'000</i>	<i>Percentage</i>
Total shareholders' equity attributable to equity holders of the Company	150,203	83%
Non-controlling interests	31,211	17%
<b>Total</b>	<b>181,414</b>	<b>100%</b>

## CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no contingent liabilities (as at 31 December 2018: Nil).

## PLEDGE OF ASSETS

As at 30 June 2019, the Group had no pledged assets (as at 31 December 2018: Nil).

## GEARING RATIO

As at 30 June 2019, the Group's gearing ratio was approximately 34% (as at 31 December 2018: approximately 53%), which was calculated by dividing total liability (less amount due to the ultimate and immediate holding companies) as of 30 June 2019 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 2019 (for the six months ended 30 June 2018: Nil).

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

As at 30 June 2019, 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 six months ended 30 June 2019 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.

## **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 2019.

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

As at 30 June 2019, 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 the issued share capital
China Centre of Information Industry Development ("CCID") <i>(note 1)</i>	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") <i>(note 1)</i>	Beneficial owner	Long position	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd. ("CCID Riyue") <i>(note 1)</i>	Beneficial owner	Long position	98,390,000 domestic shares	20.04%	14.06%
Legend Holdings Limited <i>(note 2)</i>	Interest of controlled corporation	Long position	20,000,000 H Shares	9.57%	2.86%
Lenovo Group Limited <i>(note 2)</i>	Interest of controlled corporation	Long position	20,000,000 H Shares	9.57%	2.86%

Name	Capacity	Nature of interests	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of the issued share capital
Legend Holdings (BVI) Limited ( <i>note 2</i> )	Interest of controlled corporation	Long position	20,000,000 H Shares	9.57%	2.86%
Legend Express Agency & Services Limited ( <i>note 2</i> )	Interest of controlled corporation	Long position	20,000,000 H Shares	9.57%	2.86%
Grade Win International Limited ( <i>note 2</i> )	Beneficial owner	Long position	20,000,000 H Shares	9.57%	2.86%
Lam William Ka Chung ( <i>note 3</i> )	Interest of controlled corporation	Long position	14,600,000 H Shares	6.99%	2.09%
J.P. Morgan Fleming Asset Management Holdings Inc. ( <i>note 4</i> )	Investment manager	Long position	15,000,000 H Shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc. ( <i>note 4</i> )	Investment manager	Long position	15,000,000 H Shares	7.18%	2.14%
JF Asset Management Limited ( <i>note 4</i> )	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), has 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 Legend Group Limited; Legend Holdings Limited holds 57.76% of the equity interests in Legend 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 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% of the 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% of the 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 2019, 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 2019.



## **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, having made due enquiries with all the Directors and Supervisors, confirmed that, during the six months ended 30 June 2019, 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. Chen Yung-cheng. 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 2019 and considered that the preparation of those results is 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 2019.

## **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 conducted 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  
**CCID CONSULTING COMPANY LIMITED\***  
**Ms. Xia Lin**  
*Chairman*

Beijing, The People's Republic of China  
8 August 2019

*As at the date of this report, the Board comprises one executive Director namely Ms. Xia Lin, one non-executive Director namely Mr. Sun Huifeng and three independent non-executive Directors namely Mr. Guo Xinping, Ms. Li Xuemei and Mr. Chen Yung-cheng.*

\* *For identification purposes only*