

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

• 城市經濟第一智庫

• 企業戰略第一顧問

• 資本運作第一專家

2020 INTERIM REPORT

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 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.



HIGHLIGHTS

- For the six months ended 30 June 2020, the unaudited turnover of the Group amounted to approximately RMB40,255 thousand, representing a decrease of approximately 54% over the corresponding period of last year;
- For the six months ended 30 June 2020, the gross profit of the Group was approximately RMB12,288 thousand. The gross profit margin was approximately 31%. The gross profit decreased by approximately 67% over the corresponding period of last year;
- For the six months ended 30 June 2020, the loss of the Group was approximately RMB15,233 thousand, of which loss attributable to equity holders of the Company was approximately RMB10,916 thousand, representing a decrease of approximately 212% over the corresponding period of last year;
- For the six months ended 30 June 2020, the basic loss per share of the Group was approximately RMB1.56 cents;
- The board of Directors does not recommend payment of any dividend for the six months ended 30 June 2020.

INTERIM RESULTS

The board of Directors (the “Board”) of CCID Consulting Company Limited* (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months and the three months both ended 30 June 2020, together with the unaudited comparative figures for the corresponding periods of 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Turnover	2&3	29,316	57,364	40,255	88,025
Cost of sales		(10,063)	(24,689)	(27,967)	(51,096)
Gross profit		19,253	32,675	12,288	36,929
Other revenue		(114)	(158)	159	74
Selling and distribution expenses		(1,528)	(2,931)	(4,650)	(6,641)
Administrative expenses		(19,065)	(12,716)	(22,623)	(15,037)
Profit/(Loss) before tax	4	(1,454)	16,870	(14,826)	15,325
Taxation	5	(259)	(1,669)	(407)	(1,669)
Profit/(Loss) for the period		(1,713)	15,201	(15,233)	13,656
Attributable to:					
Equity holders of the Company		(1,311)	7,902	(10,916)	7,247
Non-controlling interests of the Group		(402)	7,299	(4,317)	6,409
		(1,713)	15,201	(15,233)	13,656
Earnings/(Loss) per share					
— Basic (RMB cents)	6	(0.19)	1.13	(1.56)	1.04
Dividends	7	—	—	—	—



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
NON-CURRENT ASSETS			
Fixed assets	<i>8</i>	17,187	17,854
Intangible assets	<i>8</i>	14,681	14,681
Long-term investments	<i>9</i>	8,793	8,793
Deferred tax assets		3,161	2,862
		43,822	44,190
CURRENT ASSETS			
Accounts receivables	<i>10</i>	17,862	32,467
Prepayments, deposits and other receivables		6,593	7,903
Cash and cash equivalents		141,984	214,840
Short-term investments		81,664	36,697
Current tax assets		1,057	1,057
		249,160	292,964

		Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 <i>RMB'000</i>
	<i>Notes</i>		
CURRENT LIABILITIES			
Accounts payable	12	1,622	1,209
Dividends payable		10,010	—
Contract liabilities	11	54,996	50,337
Accruals and other payables		14,072	42,128
Due to the related parties	13	2,340	3,408
Income tax payable		259	5,146
		83,299	102,228
NET CURRENT ASSETS			
Total assets less current liabilities		165,861	190,736
		209,683	234,926
Net assets			
		209,683	234,926
EQUITY			
Share capital		70,000	70,000
Reserves		113,038	133,964
Total equity attributable to equity holders of the Company			
		183,038	203,964
Non-controlling interests of the Group		26,645	30,962
TOTAL EQUITY			
		209,683	234,926



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Issued share capital	Capital reserve	Statutory reserve fund	Investment reassessment reserve	Retained profit	Non- controlling interests of the Group	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2019	70,000	18,100	16,455	1,835	41,370	24,802	172,562
Changes for the period	—	—	—	—	7,247	6,409	13,656
As at 30 June 2019	70,000	18,100	16,455	1,835	48,617	31,211	186,218
As at 1 January 2020	70,000	18,100	20,062	3,727	92,075	30,962	234,926
Changes for the period	—	—	—	—	(20,926)	(4,317)	(25,243)
As at 30 June 2020	70,000	18,100	20,062	3,727	71,149	26,645	209,683

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	For the six months ended 30 June 2020 <i>RMB'000</i>	For the six months ended 30 June 2019 <i>RMB'000</i>
Net cash (outflow)/inflow arising from operating activities	(27,741)	(30,800)
Net cash (outflow)/inflow arising from investing activities	(45,115)	(29,000)
Net cash (outflow)/inflow arising from financial activities	—	(1,520)
Net (decrease)/increase in cash and cash equivalents	(72,856)	(61,320)
Cash and cash equivalents at the beginning of the period	214,840	160,693
Cash and cash equivalents at the end of the period	141,984	99,373
Cash at bank and in hand	141,984	99,373



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 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 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 adopted in these unaudited consolidated financial statements for the six months ended 30 June 2020 are consistent with those used by the Group in the annual consolidated financial statements for the year ended 31 December 2019.

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 2020 (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	19,342	7,130	13,783	40,255
Segment expenses	(12,556)	(2,046)	(13,365)	(27,967)
Segment results	6,786	5,084	418	12,288
Unallocated expenses				(27,273)
Unallocated income				159
Profit/(Loss) before tax				(14,826)
Taxation				(407)
Profit/(loss) for the period				(15,233)
Non-controlling interests of the Group				(4,317)
Attributable to equity holders of the Company				(10,916)

For the six months ended 30 June 2019 (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	52,845	6,951	28,229	88,025
Segment expenses	(27,621)	(4,202)	(19,273)	(51,096)
Segment results	25,224	2,749	8,956	36,929
Unallocated expenses				(21,678)
Unallocated income				74
Profit before tax				15,325
Taxation				(1,669)
Profit for the period				13,656
Non-controlling interests of the Group				6,409
Attributable to equity holders of the Company				7,247

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	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Staff costs (excluding directors' remuneration)	25,023	22,631	40,178	39,226
Depreciation of fixed assets	401	386	796	775
Other revenue	(114)	(158)	159	74



5. TAXATION

	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
PRC enterprise income tax	259	1,669	407	1,669

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 2020 (for the six months ended 30 June 2019: 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 2019: 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 2019: CCID Supervision: 15%).

There was no material unprovided deferred tax for the six months ended 30 June 2020 (during the corresponding period of 2019: Nil).

6. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share have been calculated based on the losses attributable to equity holders of the Company of approximately RMB10,916 thousand for the six months ended 30 June 2020 (during the corresponding period of 2019: profit of approximately RMB7,247 thousand) and the weighted average of 700,000,000 shares in issue during the current period (during the corresponding period of 2019: 700,000,000 shares).

Diluted loss per share for the six months ended 30 June 2020 have not been calculated as no diluting events existed during the current period (during the corresponding period of 2019: Nil).

7. DIVIDENDS

The Board does not recommend payment of any dividend for the six months ended 30 June 2020 (during the corresponding period of 2019: Nil).

8. CAPITAL EXPENDITURE

	Unaudited 30 June 2020	
	Fixed Assets <i>RMB'000</i>	Intangible Assets <i>RMB'000</i>
Net book value as at 1 January 2020	17,854	14,681
Additions	198	110
Depreciation/amortization expenses	(865)	(110)
Net book value as at 30 June 2020	17,187	14,681

9. LONG-TERM INVESTMENT

	Unaudited 30 June 2020 <i>RMB'000</i>	Audited 31 December 2019 <i>RMB'000</i>
Long-term investment	8,793	8,793

This long-term investment refers to the 19.90% equity interest (2019: 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 2019. 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:

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Within 60 days	1,165	21,779
Within 61 days-180 days	278	2,386
Within 181 days-365 days	958	3,169
Over 365 days	15,461	5,133
Accounts receivables	17,862	32,467

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:

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
China Centre of Information Industry Development	281	—
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development	400	—
CCID Network Information Technology Co., Ltd.* (北京賽迪網信息技術有限公司)	—	6
CCID Industrial and Information Development (Tianjin) Co., Ltd.* (賽迪工業和信息化產業發展(天津)有限公司)	—	150
	681	156

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

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Contract liabilities	54,996	50,337

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

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Within 60 days	340	253
Within 61 days-180 days	—	—
Within 181 days-365 days	149	—
Over 365 days	1,133	956
Current accounts payable	1,622	1,209



13. DUE TO THE RELATED PARTIES

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development	2,092	2,121
Beijing CCID Info Tech Inc.	—	150
CCID Testing and Certification Center Co., Ltd.* (賽迪檢測認證中心有限公司)	30	25
CCID (Holding) Limited	—	50
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)	—	1,000
CCID Network Information Technology Co., Ltd.* (北京賽迪網信息技術有限公司)	—	6
Beijing CCID Information Physics System Testing Engineering Technology Center Limited* (北京賽迪信息物理系統測評工程技術中心有限公司)	—	56
CCID Property Management Co., Ltd.* (北京賽迪物業管理有限公司)	218	—
	2,340	3,408

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:

	Unaudited	
	For the six months ended	
	30 June	
	2020	2019
	RMB'000	RMB'000
Consultancy services provided to the following companies (Total income earned before sales surcharges)		
China Centre of Information Industry Development	—	1,102
Guangdong CCID Industry and Information Research Centre Co., Ltd.	—	309
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)	150	100
Beijing CCID Publishing & Media Co., Ltd	400	—
Chongqing CCID Industry and Information Research Institute Limited* (重慶賽迪工業和 信息化研究院有限公司)	59	—
	609	1,511



Unaudited
For the six months ended
30 June

	2020 RMB'000	2019 RMB'000
Related expense		
Service fees paid to China Centre of Information Industry Development Platform development fee paid to Beijing CCID Info Tech Inc.	—	1,027
Testing fees paid to CCID Testing and Certification Center Co., Ltd.* (賽迪檢測認證中心有限公司)	250	300
Property management expenses charged by CCID Property Management Co., Ltd.* (北京賽迪物業管理有限公司)	—	123
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	379	542
Technical service fees paid to Shandong CCID Industry and Information Research Institute Limited* (山東賽迪工業和信息化研究院有限公司)	472	294
	52	—
	1,153	2,286

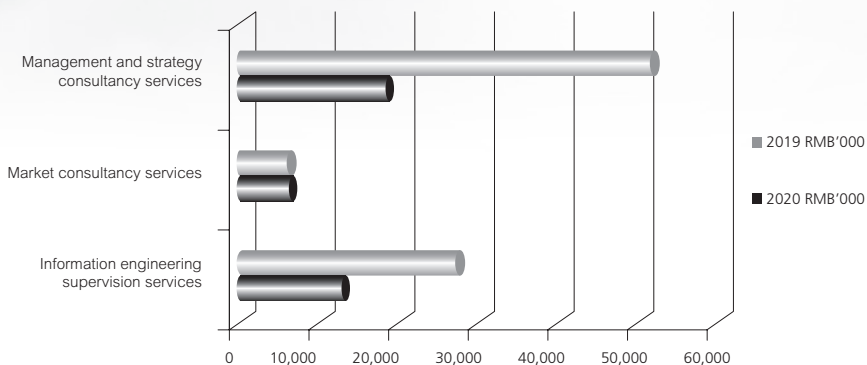
Notes:

- (i) The Directors are of their opinion that the transactions with the above companies 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 2020, the turnover by operations of the Group can be analyzed as follows:



	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Management and strategy consultancy services	19,342	48%	52,845	60%
Market consultancy services	7,130	18%	6,951	8%
Information engineering supervision services	13,783	34%	28,229	32%
Total	40,255	100%	88,025	100%



Business Review

For the six months ended 30 June 2020, the turnover and gross profit of the Group amounted to approximately RMB40,255 thousand and RMB12,288 thousand respectively (approximately RMB88,025 thousand and RMB36,929 thousand respectively during the corresponding period of 2019). The turnover decreased by approximately 54% and the gross profit decreased by approximately 67% as compared to the corresponding period of last year.

Since the outbreak of the novel coronavirus (COVID-19) in the first half of 2020, several cities in China have adopted quarantine measures, which have adversely affected the business of the Group to some extent.

As at the latest practicable date prior to the issue of this report, the Group has fully resumed its business and accelerated its business expansion. However, the acceptance of certain projects delivery of the Group has been delayed due to the impact of the quarantine measures, and no revenue has been recognized for the sake of prudence.

In view of the current development of the global COVID-19 pandemic, there are still uncertainties in the market demand and future prospects. The Group is closely monitoring the market conditions and will adjust its strategies in due course.

In terms of management and strategy consultancy services, the Group is committed to keeping 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 RMB19,342 thousand for the six months ended 30 June 2020 (approximately RMB52,845 thousand during the corresponding period of 2019) from the management and strategy consultancy services, accounting for approximately 48% of the Group's turnover and representing a decrease of approximately 63% as compared to the corresponding period of last year. The Group's management and strategy consultancy mainly focuses on offline services. Due to the quarantine and inspection measures against the COVID-19 pandemic introduced in various cities, our business expansion and project implementation were both adversely affected, as a result of which, some project completions have been delayed for inspection and acceptance. For the purposes of prudence, no revenue has been recognized, and therefore turnover from such segment declined.

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 2020, the Group had realized revenue of approximately RMB7,130 thousand (approximately RMB6,951 thousand during the corresponding period of 2019), accounting for approximately 18% of the Group's turnover and representing an increase of approximately 3% as compared to the corresponding period of last year. The increase was primarily attributable to the facts that 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, and our services and products achieved a milestone in digital transformation with the establishment of the industrial big-data platform, as well as 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 2020, the turnover of the information engineering supervision services was approximately RMB13,783 thousand (approximately RMB28,229 thousand during the corresponding period of 2019), accounting for approximately 34% of the Group's turnover and representing a decrease of approximately 51% 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. Due to the COVID-19 pandemic, a number of projects in progress have been decelerated, the scheduled collection of which therefore failed to proceed. In the meantime, tender, bidding, and contracting procedures in respect to new projects fail to proceed as scheduled, thereby affecting the contract orders of new projects. As a result, turnover from such segment declined.

Market Promotions and Publicity

For the six months ended 30 June 2020, the Group organized the 2020 IT Market and CCID Ecosystem Partners in Beijing.



Business outlook

In 2020, in order to constantly enhance its competitive strength, the Group will continue to implement the “consulting+” strategy by creating the drives for digital transformation, restructuring, system innovation and brand improvement to expedite digital transformation, advance platformization and ecologization, and focus on comprehensive industrial innovation. Furthermore, the Group will expand international markets, push forward the business transformation and update, and optimize corporate governance, so as to improve operational and management level and further enhance competitiveness.

Expedite digital transformation

The Group will concentrate on the “CCID brain for industries”, and develop analytical models and evaluation algorithms by consolidating industry resources and data. Besides integrating massive data, diverse services and powerful function module, the Group will accelerate the construction of the industry data platform focused on industry data, mapping and resources, as well as the business capacity base focused on general tools, standard products and platform products. Furthermore, the Group will develop and build standardized function modules for data online, MTX, industry chain precision investments, industry project assessment, and investment and financing connection. By closely gauging the customer demand, as well as integrating internal and external data resources and channels, the Group will build a customized and personalized innovation platform powered by industry big data under the standardized function model to provide better services to the governments, parks, enterprises and investment institutions.

Promote management innovation

In reference to the progress and requirements of digital transformation, the Group will expedite the construction of the digital management platform by continuously pursuing the innovation of operation, management and service models, which will achieve the full-cycle, full-caliber accounting, visual management system for project, contract, finance, customer service and performance to further standardize service processes and standards, timely release the potential of digital transformation, and improve work efficiency and service quality. On the other hand, the Group will proceed with restructuring in due time, establish cross-field teams and business capacity profiles, and promote business process re-production. By virtue of the system innovation, the chief analyst, independent business evaluation and zoning partnership systems shall be introduced, while the remuneration assessment system in synchronization with our business development shall be explored. These initiatives will optimize our corporation governance structure, elevate operational management level, and render strong management support and organizational assurance for digital transformation.

Strengthen brand promotion

The Group will regard digitalization as the driver and focus on the organization construction of content companies, strategic cooperation networks of external media, and production and promotion of high-quality contents to advance the optimization and innovation of brand promotion. The Group continued to improve the media matrix group focused on "MTX Chanyeton" by expanding external media partnership and media network coverage, and deepening media cooperation to enhance the efficient synergic advertising of the media matrix. To enhance the advertising results of research contents, the Group will highlight the synergic effects between the product system and brand promotion model, and conduct joint research with enterprises and media within the industry and joint seminars with enterprises and experts, and publish white papers.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, cash and bank balance of the Group were approximately RMB141,984 thousand (as at 31 December 2019: RMB214,840 thousand). 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

For the six months ended 30 June 2020 and on the date of the report, the Group had subscribed the wealth management products as set out in the table below:

Date of Subscription	Signing Party with the Group	Name of Wealth Management Product	Currency of Principal and Return	Subscription Amount	Term of Product	Expected Annualized Yield Rate
5 June 2020	China Minsheng Bank	Interest Rate Linked Structured Product	RMB	RMB30,000,000	182 days (Maturity date is 4 December 2020)	During the observation period, if n = 0 day and the actual product days are 182 days, a rate of return will be 1.5%. During the observation period, if n = 182 days and the actual product days are 182 days, a rate of return will be 3.15%. During the observation period, if n = 91 days and the actual product days are 182 days, a rate of return will be 2.325%.



MATERIAL ACQUISITIONS AND DISPOSALS

On 20 July 2020 (after trading hours), the Company, CCID Exhibition Industry and Information Engineering Design Center Co., Ltd. (“CCID Design”), CCID Academy for Industry and Information Technology Limited (“CCID Group Co.”) and Guangdong CCID Industry and Information Research Centre Co., Ltd. (“Guangdong CCID”) entered into the capital increase agreement, pursuant to which, CCID Group Co. agreed to make a capital contribution in the amount equivalent to approximately RMB53,710,000 (subject to adjustment) (of which approximately RMB30 million will be credited as the registered capital of CCID Design and the remaining amount will be credited as the capital reserve of CCID Design) to CCID Design by way of injection of the 100% equity interest in Guangdong CCID. The registered capital of CCID Design will be increased from RMB50 million to approximately RMB80 million.

Upon completion of the capital increase, (i) Guangdong CCID will be a wholly-owned subsidiary of the Company, (ii) the Company’s interests in CCID Design will decrease from 95% to approximately 59.37%, and (iii) CCID Group Co.’s interests in CCID Design will increase from 5% to approximately 40.63%. CCID Design will continue to be a subsidiary of the Company.

For details, please refer to the announcement of the Company published on 20 July 2020.

EMPLOYEES

As at 30 June 2020, the Group had 313 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 2020 is summarized below:

	<i>RMB'000</i>	<i>Percentage</i>
Total shareholders' equity attributable to equity holders of the Company	183,038	87%
Non-controlling interests	26,645	13%
Total	209,683	100%

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no contingent liabilities (as at 31 December 2019: Nil).

PLEDGE OF ASSETS

As at 30 June 2020, the Group had no pledged assets (as at 31 December 2019: Nil).

GEARING RATIO

As at 30 June 2020, the Group's gearing ratio was approximately 39% (as at 31 December 2019: approximately 50%), which was calculated by dividing total liability (less amount due to the ultimate and immediate holding companies) as of 30 June 2020 by total equity.

EXCHANGE RISK

The Group has maintained a conservative policy towards the foreign exchange risk and interest management with all deposits denominated in RMB.

INTERIM DIVIDEND

The Board does not recommend payment of any dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).



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

As at 30 June 2020, 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 2020 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 for 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 2020.

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

As at 30 June 2020, 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") (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%



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 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 2020, no other person had any interest and 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 2020.

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 2020, 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 Xiping 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 2020 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 2020.

FUTURE PLANS FOR MATERIAL ACQUISITION AND DISPOSALS

Save as disclosed in the “MATERIAL ACQUISITION AND DISPOSALS” of this report (please refer to page 24), 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 held regular meetings 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.

CHANGES IN INFORMATION REGARDING DIRECTORS AND SUPERVISORS ACCORDING TO RULE 17.50A(1) OF THE GEM LISTING RULES

In accordance with Rule 17.50A(1) of the GEM Listing Rules, there was no change in information regarding Supervisors, except for the changes in information regarding Directors as set out below:

Sun Huifeng resigned as general manager of the Company and Mr. Qin Hailin was appointed by the Board as general manager of the Company with effect from 8 May 2020.

At the extraordinary general meeting dated 12 June 2020, Mr. Qin Hailin was appointed as the Company's non-executive director and Mr. Sun Huifeng resigned as the Company's non-executive director with effect from 12 June 2020.

EVENT AFTER REPORTING PERIOD

On 22 June 2020, the Board considered and approved the resolution in relation to the proposed amendments to the articles of association of the Company ("The Proposed Articles Amendments"). The Proposed Articles Amendments are subject to the approval of the Company's shareholders at an extraordinary general meeting and class meetings (including the domestic shareholders class meeting and the H shareholders class meeting) by way of a special resolution, and it is proposed at the extraordinary general meeting to authorize the Board who will then authorize the management to handle relevant formalities such as the registration/filing of changes in respect of the Proposed Articles Amendments. Details of the Proposed Articles Amendments are set out in the circular dated 26 June 2020 and the clarification announcement dated 30 June 2020.



On 20 July 2020, the Board announced that it had approved, among other things, the proposed transfer of listing of its H Shares from GEM to the Main Board (“Transfer of Listing”) pursuant to Chapter 9A of the Main Board Listing Rules. The Transfer of Listing is subject to the approvals from the Company’s shareholders and The Stock Exchange of Hong Kong Limited. The extraordinary general meeting, the domestic shareholders class meeting and the H shareholders class meeting will be convened for the Company’s shareholders to consider and if thought fit, to approve, among other things, (i) the Transfer of Listing; (ii) the proposed amendments to the articles of association of the Company; and (iii) the granting of authorization to the Board to take any actions as it may consider necessary, desirable and expedient in relation to the matters mentioned above. A circular will be despatched to the Company’s shareholders in due course. For details, please refer to the announcement of the Company dated 20 July 2020.

Saved as disclosed herein, there was no other material event that may possibly affect the Group since the end of the reporting period.

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
7 August 2020

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

* *For identification purposes only*