



**CCID Consulting**

賽迪顧問股份有限公司

CCID Consulting Company Limited

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

Stock Code: 8235

First Quarterly Report 2013

- 信息化諮詢第一品牌
- 政府決策第一智庫
- 企業戰略第一顧問

思維創造世界

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

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

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

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*This report, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (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 be published on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> and on the Company’s website at [www.ccidconsulting.com](http://www.ccidconsulting.com) (the “Company Website”) for at least 7 days from the date of its publication.*

**HIGHLIGHTS**

- For the three months ended 31 March 2013, the unaudited turnover of the Group was approximately RMB27.68 million, representing a decrease of approximately 7% over the corresponding period in the previous year;
- For the three months ended 31 March 2013, gross profit of the Group was approximately RMB10.47 million. The gross profit margin was approximately 38%. The gross profit has a decrease of approximately 29% over the corresponding period in the previous year;
- For the three months ended 31 March 2013, profit attributable to equity holder of the Company was approximately RMB0.81 million, representing an increase of approximately 11% over the corresponding period in the previous year;
- For the three months ended 31 March 2013, the basic earnings per share of the Group was about RMB0.12 cents;
- The board of directors does not recommend the payment of any dividend for the three months ended 31 March 2013.

**2013 FIRST QUARTERLY RESULT**

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 subsidiary (the "Group") for the three months ended 31 March 2013, together with the comparative unaudited figures for the corresponding period of 2012 as follows:

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

		<b>Unaudited</b>	
		<b>For the three months</b>	
		<b>ended 31 March</b>	
		<b>2013</b>	2012
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
Turnover	2	<b>27,682</b>	29,625
Cost of sales		<b>(17,211)</b>	(14,803)
Gross profit		<b>10,471</b>	14,822
Other revenue		<b>19</b>	89
Selling and distribution expenses		<b>(3,237)</b>	(4,073)
Administrative expenses		<b>(6,736)</b>	(9,284)
Profit before taxation		<b>517</b>	1,554
Taxation	3	<b>(96)</b>	(1,167)
Profit/(loss) for the period		<b>421</b>	387
Attributable to:			
Equity holders of the Company		<b>809</b>	728
Non-controlling interests		<b>(388)</b>	(341)
		<b>421</b>	387
Earnings per share			
– Basic ( <i>RMB cents</i> )	4	<b>0.12</b>	0.10
Dividends	6	–	–

**NOTES:****1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES**

CCID Consulting Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 14 March 2001 as a company with limited liability. Pursuant to an approval document obtained from The State Economic and Trade Commission of the PRC (國家經濟貿易委員會) on 15 March 2002, the Company became a joint stock limited company. The H shares of the Company were successfully listed on GEM on 12 December 2002.

The Group's unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules").

The principle accounting policies for the preparation of the accounts are consistent with those used in the annual financial statements for the year ended 31 December 2012.

**Impact of newly issued accounting policies**

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (IFRIC) as well as their amendments (the new standards and amendments).

The Group as well as the Company has not early adopted the new and revised HKFRS that have been issued but are not yet effective. The Group and the Company are in the process of assessing the impact of these new and revised HKFRS on the operation results and financial positions, but not yet in a conclusive position.

**2. TURNOVER**

The Group is principally engaged in the provision of management and strategic consultancy services, market consulting, municipal economic and industrial planning, investment and financing consultation services, information consultation and information engineering supervision services.

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

**3. TAXATION**

	<b>Unaudited</b>	
	<b>For the three months</b>	
	<b>ended 31 March</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	<i>RMB'000</i>
PRC enterprise income tax	<b>96</b>	1,167

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the three months ended 31 March 2013 (three months ended 31 March 2012: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

Pursuant to the Income Tax Law of PRC, the Company and other members in the Group (except CCID Supervision) are subject to a corporate income tax at a rate of 25% (corresponding period of 2012: 25%).

Beijing CCID Information Engineering Supervision Co., Ltd (CCID Supervision) is a high and new technology enterprise registered in the Beijing New Technology Enterprise Development Zone. Pursuant to the Income Tax Law of PRC, it is subject to a corporate income tax at a rate of 15% (corresponding period of 2012: 15%).

There was no material unprovided deferred tax with respect to the three months ended 31 March 2013 (three months ended 31 March 2012: Nil).

**4. EARNINGS PER SHARE**

The calculation of basic earnings per share for the three months ended 31 March 2013 was based on the profit attributable to equity holders of the Company of approximately RMB809,000 (three months ended 31 March 2012: approximately RMB728,000) and the weighted average of 700,000,000 (three months ended 31 March 2012: 700,000,000) shares in issue during the period.

Diluted earnings per share for the three months ended 31 March 2013 have not been calculated because no diluting events existed during the period (three months ended 31 March 2012: Nil).

**5. RESERVE**

	<b>Issued Share Capital</b>	<b>Statutory Reserves &amp; Others</b>	<b>Non- Controlling Interest</b>	<b>Retained Profits</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2012	70,000	4,902	11,422	26,818	113,142
Change for the period	-	-	-	728	728
As at 31 March 2012	70,000	4,902	11,422	27,546	113,870
As at 1 January 2013	<b>70,000</b>	<b>5,785</b>	<b>14,157</b>	<b>34,053</b>	<b>123,995</b>
Change for the period	-	-	<b>(388)</b>	<b>809</b>	<b>421</b>
As at 31 March 2013	<b>70,000</b>	<b>5,785</b>	<b>13,769</b>	<b>34,862</b>	<b>124,416</b>

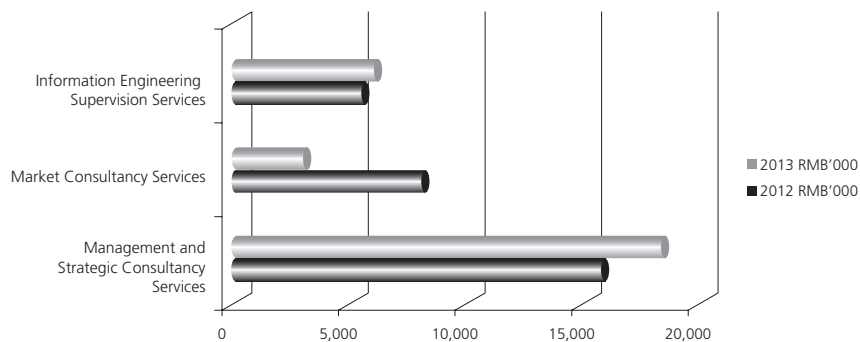
**6. DIVIDENDS**

The Board does not recommend payment of a dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: Nil).

## MANAGEMENT ANALYSIS AND DISCUSSION

### Turnover Analysis

For the three months ended 31 March 2013, the turnover of operations can be analyzed as follows:



	For the three months ended 31 March 2013		For the three months ended 31 March 2012	
	Turnover RMB'000	Percentage (approximately)	Turnover RMB'000	Percentage (approximately)
Management and Strategic Consultancy Services	18,445	67%	15,876	54%
Market Consultancy Services	3,097	11%	8,166	27%
Information Engineering Supervision Services	6,140	22%	5,583	19%
<b>Total</b>	<b>27,682</b>	<b>100%</b>	<b>29,625</b>	<b>100%</b>



## BUSINESS REVIEW

For the three months ended 31 March 2013, the turnover and gross profit of the Group amounted to approximately RMB27,682,000 and RMB10,471,000 respectively (approximately RMB29,625,000 and RMB14,822,000 during the corresponding period of 2012). The turnover decreased by approximately 7% as compared to the corresponding period of last year, which was mainly attributable to the industry competition and decrease in the market demanding in the period. Gross profit decreased by approximately 29%, which was mainly due to the increase of labor cost under the overall economic situation as well as the market development.

In terms of Management and Strategic Consultancy Services, the Group has committed to capture the development trends of the national policy orientation and IT technology, encompassing the strategic emerging industry, persistently promoting businesses development related to IT consultancy, investment and merger and acquisition consultancy, corporate management and urban planning and 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 service. The Group had earned approximately RMB18,445,000 for the three months ended 31 March 2013 (approximately RMB15,876,000 during the corresponding period of 2012) in management and strategy consultancy service, which constituted approximately 67% of the Group's turnover. The operation's turnover was increased by approximately 16% as compared to the corresponding period of last year. The increase was mainly due to the Group's continuing efforts to promote business reform and extend the promotion in the management consultancy market on the above business foundation.

In terms of Market Consultancy Services, the Group mainly provides data information, market research and industry research services to businesses to assist the government authorities to develop the market data operation and supervision services of the electronic information product related industries. For the three months ended 31 March 2013, the Group had recorded a revenue of approximately RMB3,097,000 (approximately RMB8,166,000 during the corresponding period of 2012), which constituted approximately 11% of the Group's turnover. The operation's turnover was decreased by approximately 62% as compared to the corresponding period of last year, which was mainly due to the fierce competition in the industry.

In terms of Information Engineering Supervision Services, the Group mainly provides supervision services related to projects such as software, networking, communication, information safety to the Government and enterprises. The revenue in information supervision engineering consultancy was approximately RMB6,140,000 for the three months ended 31 March 2013, (approximately RMB5,583,000 during the corresponding period of 2012) which constituted approximately 22% of the Group's turnover, increased by approximately 10% as compared to the corresponding period of last year. The increase was mainly due to the understanding of the Group over the industry information of enterprises and the assessment of customer needs.

### **MARKET PROMOTIONS AND PUBLICITY**

For the three months ended 31 March 2013, the Group hosted a series of marketing campaigns, including, "2013 China IT Market Annual Conference" and "2013 China Semiconductor Market Annual Conference" in major cities like Beijing and Xi'an.

### **FUTURE DEVELOPMENTS**

In 2013, the Group will place emphasis on top-level design of product offerings and service mode, strengthen the comprehensive abilities for "Two Strategies, One Consultation", persistently promote businesses related to strategic emerging industries, expedite and enlarge the development of subsidiaries and branches, so as to upgrade the overall competitiveness.

### **TO PLACE EMPHASIS ON TOP-LEVEL DESIGN OF PRODUCT OFFERINGS AND SERVICE MODE**

With the market situation and the demands of the clients, the Group will further optimize the product offerings, on the basis of the characteristics of each business section, so as to timely meet the diversified needs of various customers from the government, the industry and enterprises, set up short-term, medium-term and long-term product offerings by selecting the significant issues and hot spots from industry, information sector and communication sector, and strictly control the quality of the product. Meanwhile, the Group will strengthen the optimization and innovation of service mode, coordinate product offerings with service mode, so as to achieve synergy and sharpen competitiveness.

**TO STRENGTHEN THE COMPREHENSIVE ABILITIES FOR “TWO STRATEGIES, ONE CONSULTATION”**

In 2013, the Group will further diversify the consultation services, bring into full play of the scale effect, and build up a vertical and fully integrated business model. Specifically, the Group will seek to meet each individual requirement of a customer by designing a top-level strategy, a detailed solution, and finally a complete set of the execution plan, and engage in the vital part of the plan to provide more subsequent value-added services.

**TO PERSISTENTLY PROMOTE THE BUSINESSES RELATED TO STRATEGIC EMERGING INDUSTRIES**

The Group will closely integrate the national development plannings, to itemize, deepen, go through and substantiate the research areas of strategic emerging industries, including the persistent launch of a series of high-end research and books for the strategic emerging industries, and the organization of high-end forums related to the areas of the strategic emerging industries, so as to further enhance the overall competitiveness of the Group in the research and consultation services in the areas of strategic emerging industries.

**TO EXPEDITE THE BUSINESS EXPLORATION OF SUBSIDIARIES AND BRANCHES**

The Group will fully utilize various resources to proactively create good development environment for the holding subsidiaries, and promote the expansion and enhancement of information consultation, management consultation, investment and financing consultation, and information engineering supervision businesses to form a fine business synergy with the Group. Meanwhile, regional companies with independent legal person qualification will be established at appropriate time on the basis of business development requirement of regional market, so as to fulfill the localization of the exploration and execution of projects.

## DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 March 2013, the interests and short positions of the directors, supervisors, and chief executive in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including 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 standard of dealings by the Directors pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

### Long positions and short positions in ordinary shares of the Company:

Name of director	Name of Company/ Associated Corporations	Capacity	Nature of interests	Number and Class of Shares	Approximate Percentage of Issued Share Capital
Luo Wen	The Company	Beneficial owner	Long position	1,020,000 domestic shares	0.15%
Lu Shan	The Company	Beneficial owner	Long position	1,020,000 domestic shares	0.15%

Save as disclosed above, as at 31 March 2013, none of the directors, supervisors or their associates had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including 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 standard of dealings by the Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

## DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the paragraph headed "Directors' and Supervisors' Interests in Shares" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director and supervisor or their respective spouse or children under 18 years old, or were any such rights exercised by them; or was the Company or its holding company, or any of its subsidiaries or fellow subsidiaries is a party to any arrangement to enable the directors and supervisors to acquire such rights.

### Substantial shareholder's interests in shares and underlying shares

As at 31 March 2013, the following persons (other than the directors and supervisors 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.

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
China Center of Information Industry Development ("CCID") (Note 1)	Interest of controlled corporation	Long position	485,900,000 domestic shares	98.96%	69.41%
Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development ("Research Centre") (Note 1)	Beneficial owner	Long position	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd. ("CCID Riyue") (Note 1)	Beneficial owner	Long position	93,290,000 domestic shares	19.00%	13.32%
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%

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
Legend Holdings (BVI) Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited (Note 2)	Beneficial owner	Long position	20,000,000 H shares	9.57%	2.86%
Lam William Ka Chung (Note 3)	Interest of controlled corporation	Long position	14,600,000 H shares	6.99%	2.09%
J.P. Morgan Fleming Asset Management Holdings Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
JF Asset Management Limited (Note 4)	Investment manager	Long position	10,700,000 H shares	5.12%	1.53%

**Note:**

1. CCID, through Research Centre (which is controlled by, and under the supervision of, CCID) and CCID Riyue (which is, directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 93,290,000 domestic shares held directly by CCID Riyue.
2. Grade Win International Limited directly holds 20,000,000 H shares of the Company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited; Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited; Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Lenovo Group Limited; Legend Holdings Limited holds 57.76% equity interests in Lenovo Group Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.

3. Kingsway Financial Services Limited directly holds 13,510,000 H shares of the Company. Kingsway Financial Services Limited is a wholly-owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Kingsway Lion Spur Technology Limited directly holds 1,090,000 H shares of the Company. Kingsway Lion Spur Technology Limited is a wholly-owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly-owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited directly holds 74% equity interest in SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Mr. Lam William Ka Chung directly and indirectly owns approximately 40% equity interests in Kingsway International Holdings Limited. Mr. Lam William Ka Chung is deemed to be interested in 14,600,000 H Shares of the Company.
4. JF Asset Management Limited directly holds 10,700,000 H shares of the Company. JF International Management Inc. directly holds 4,300,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. holds 99.99% and 100% equity interests in JF Asset Management Limited and JF International Management Inc. respectively. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

Save as disclosed above, as at 31 March 2013, no person, other than the directors of the Company, whose interests are set out in the section "Directors and supervisors' interests in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded 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 period.

#### **COMPETING INTEREST**

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

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has complied with the requirements of the “Required Standard of Dealing” as set out in Rule 5.48 to 5.67 of the GEM Listing Rules in standardizing the transactions of the securities by the directors. The Company has made specific enquiry to all directors and all of them have confirmed that they have been complied with the “Required Standard of Dealing” throughout the three months ended 31 March 2013.

## **AUDIT COMMITTEE**

The Company has established an audit committee which was established in compliance with Rule 5.28 of the GEM Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises three members, Ms. Li Xuemei, Mr. Guo Xiping and Mr. Han Fuling. All of them are independent non-executive directors. Li Xuemei is the Chairlady of the audit committee. The Audit Committee has reviewed the Group’s unaudited consolidated results for the three months ended 31 March 2013 and was of the view that the preparation of the results had complied with all applicable accounting standards and relevant regulations and laws.

## **CORPORATE GOVERNANCE**

The Company was in compliance with the code provisions set out in the Corporate Governance Code (“the Code”) contained in Appendix 15 of the GEM Listing Rules during the three months ended 31 March 2013.

## **FUTURE PLANS FOR MATERIAL ACQUISITION AND DISPOSALS**

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

## **INTERNAL CONTROL**

The Board reviews the internal monitoring system regularly to guarantee that related systems are effective and appropriate. The Board of directors holds meetings regularly to discuss matters concerning finance, operation and risk management and monitoring.



## SUFFICIENCY OF PUBLIC FLOAT

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

## ACKNOWLEDGEMENT

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

By order of the Board  
**CCID CONSULTING COMPANY LIMITED\***  
**Mr. Luo Wen**  
*Chairman*

Beijing, The People's Republic of China  
13 May 2013

*As at the date of this report, Mr. Luo Wen and Mr. Li Jun are executive Directors, Mr. Song Xianzhu, Mr. Lu Shan and Mr. Wang Peng are the non-executive Directors, Mr. Guo Xinping, Mr. Han Fuling and Ms. Li Xuemei are the independent non-executive Directors.*

\* *For identification purpose only*