

CCID Consulting

CCID Consulting Company Limited

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

First Quarterly Report 2015



思
維 創造世界

• 政府決策第一智庫 • 企業戰略第一顧問 • 信息化諮詢第一品牌

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

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Director(s)”) of CCID Consulting Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (“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 www.hkgem.com and the “Investor Relations” page of the Company’s website at www.ccidconsulting.com for at least 7 days from the date of its publication.

HIGHLIGHTS

- For the three months ended 31 March 2015, the unaudited turnover of the Group amounted to approximately RMB22,531 thousand, representing a decrease of approximately 19% over the corresponding period last year;
- For the three months ended 31 March 2015, the gross profit of the Group was approximately RMB10,558 thousand. The gross profit margin was approximately 47%. The gross profit decreased by approximately 22% from the corresponding period last year;
- For the three months ended 31 March 2015, profit attributable to equity holders of the Company was approximately RMB1,077 thousand, representing an increase of approximately 57% over the corresponding period last year;
- For the three months ended 31 March 2015, the basic earnings per share of the Group was approximately RMB0.15 cents;
- The board of directors does not recommend the payment of any dividend for the three months ended 31 March 2015.

2015 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 subsidiaries (the "Group") for the three months ended 31 March 2015, together with the comparative unaudited figures for the corresponding period of 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	For the three months ended 31 March	
		2015 RMB'000	2014 RMB'000
Turnover	2	22,531	27,686
Cost of sales		(11,973)	(14,187)
Gross profit		10,558	13,499
Other revenue		64	50
Selling and distribution expenses		(3,019)	(4,432)
Administrative expenses		(6,956)	(8,677)
Profit before taxation		647	440
Income Tax	3	(74)	(51)
Profit/(loss) for the period		573	389
Attributable to:			
Equity holders of the Company		1,077	687
Non-controlling interests		(504)	(298)
		573	389
Earnings per share			
— Basic (RMB cents)	4	0.15	0.10
Dividends	6	—	—

NOTES:

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The Company was incorporated in the People's Republic of China (the "PRC") as a joint stock limited company. The H shares of the Company were listed on the GEM of the Stock Exchange since 12 December 2002. The registered address of the Company in PRC is Room 210, No. 12 Huo Ju Jia Road, Chang Ping District, Beijing, PRC. Its head office and principal place of business is located at 9th and 10th Floor of CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing, PRC. Its principal place of business in Hong Kong is at Level 18, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

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

The principle accounting policies adopted for the preparation of the accounts are consistent with those used by the Group in the annual financial statements for the year ended 31 December 2014.

Impact of the Latest Issued Accounting Standards

The HKICPA has issued a number of new and revised HKFRS, HKAS and HK-(IFRIC)-interpretation, as well as their amendments (the new standards and amendments).

The Group as well as the Company do not early adopt in these financial statements 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 of the Group and the Company, but have not come to a conclusion.

2. TURNOVER

The Group is principally engaged in (among others) management and strategy consultancy, market consultancy, data information management 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 had been eliminated on consolidation.

3. INCOME TAX

	Unaudited	
	For the three months ended	
	31 March	
	2015	2014
	RMB'000	RMB'000
PRC enterprise income tax	74	51

Hong Kong profits tax has not been provided for as the Group had no taxable profits arising in Hong Kong during the three months ended 31 March 2015 (three months ended 31 March 2014: Nil). Taxes on profits taxable elsewhere have been calculated at the effective applicable tax rates based on the prevailing legislation, interpretations and practices during the period in the jurisdiction in which the Group operates.

Pursuant to the national tax laws and regulations, the Company and other members of the Group (except for Beijing CCID Industry and Information Engineering Supervision Co., Ltd. (formerly known as "Beijing CCID Information Engineering Supervision Co., Ltd.") ("CCID Supervision")) are subject to an enterprise income tax rate of 25% (corresponding period in 2014: 25%).

CCID Supervision is a high and new technology enterprise located in the Beijing Development and Experimental Zone for High and New Technology Enterprise. Pursuant to the national tax laws and regulations, it is subject to an enterprise income tax rate of 15% (corresponding period in 2014: 15%).

There was no material unprovided deferred tax for the three months ended 31 March 2015 (three months ended 31 March 2014: Nil).

4. EARNINGS PER SHARE

The earnings per share was calculated by dividing the profit attributable to equity holders of the Company of approximately RMB1,077 thousand (three months ended 31 March 2014: approximately RMB687 thousand) by the weighted average number of 700,000,000 shares in issue during the period (three months ended 31 March 2014: 700,000,000 shares).

Diluted earnings per share have not been calculated for the three months ended 31 March 2015 as there is no diluting event for the period (three months ended 31 March 2014: Nil).

5. RESERVES

	Issued share capital	Statutory reserves	Non- controlling interest	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2014	70,000	6,797	17,757	42,801	137,355
Change for the period	—	—	(298)	687	389
As at 31 March 2014	70,000	6,797	17,459	43,488	137,744
As at 1 January 2015	70,000	8,550	18,864	50,628	148,042
Change for the period	—	—	(504)	1,077	573
As at 31 March 2015	70,000	8,550	18,360	51,705	148,615

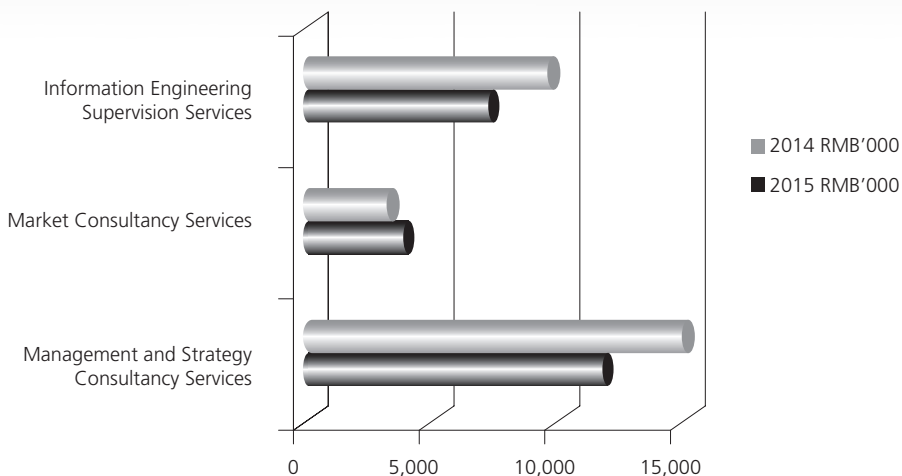
6. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

An analysis on the turnover by operating activity for the three months ended 31 March 2015 is as set out below:



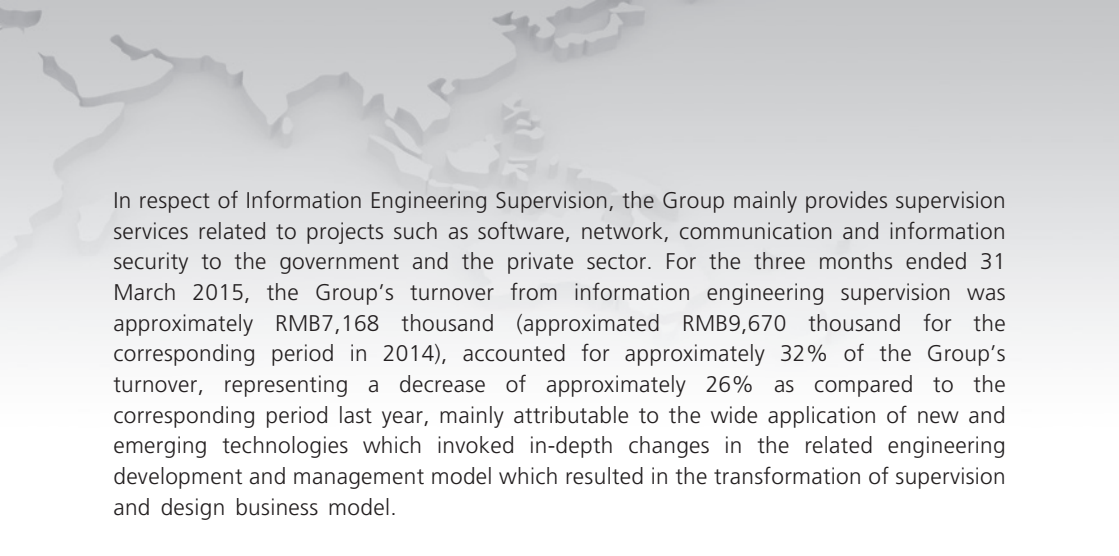
	For the three months ended 31 March 2015		For the three months ended 31 March 2014	
	Turnover RMB '000	Approximate Percentage	Turnover RMB '000	Approximate Percentage
Management and Strategy Consultancy Services	11,558	51%	14,835	54%
Market Consultancy Services	3,805	17%	3,181	11%
Information Engineering Supervision Services	7,168	32%	9,670	35%
Total	22,531	100%	27,686	100%

Business Review

For the three months ended 31 March 2015, the turnover and gross profit of the Group amounted to approximately RMB22,531 thousand and RMB10,558 thousand respectively (approximately RMB27,686 thousand and RMB13,499 thousand respectively during the corresponding period of 2014). The turnover decreased by approximately 19% and the gross profit decreased by approximately 22% as compared to the corresponding period of last year, which was primarily attributable to the intensified market competition and the gradual changes in the development of the information engineering supervision business.

In respect of management and strategy consultancy, the Group has always focused on strategic emerging industries to continuously foster our businesses of informationization consultation, investment and merger and acquisition consulting, corporate management and urban planning by our committed efforts in capturing the national policy directives and the development trend in information technology. Also, we kept diversifying our customer sources, which enabling broadened sales channels and increased technological support in the course of our expansion of management and strategy consulting services. For the three months ended 31 March 2015, the Group recorded a revenue of approximately RMB11,558 thousand (approximately RMB14,835 thousand for the corresponding period in 2014), accounted for approximately 51% of the Group's turnover, representing a decrease of approximately 22% as compared to the corresponding period of last year, primarily attributable to our expansion into other business on the back of our stable management and strategy consulting business in line with the Group's continuous business transformation and upgrading.

In respect of market consultancy, the Group mainly provides data information, market research and study and industry research services for the private sector, while assisting the government authorities in conducting the electronic information product related industrial market data operational monitoring services. For the three months ended 31 March 2015, the Group realized a turnover of approximately RMB3,805 thousand (approximately RMB3,181 thousand for the corresponding period in 2014), accounted for approximately 17% of the Group's turnover, representing an increase of approximately 20% as compared to the corresponding period last year. This is mainly attributable to the Company's continuous fostering of brand image transformation and continuous modification of the profit taking model of our market consultancy business.



In respect of Information Engineering Supervision, the Group mainly provides supervision services related to projects such as software, network, communication and information security to the government and the private sector. For the three months ended 31 March 2015, the Group's turnover from information engineering supervision was approximately RMB7,168 thousand (approximated RMB9,670 thousand for the corresponding period in 2014), accounted for approximately 32% of the Group's turnover, representing a decrease of approximately 26% as compared to the corresponding period last year, mainly attributable to the wide application of new and emerging technologies which invoked in-depth changes in the related engineering development and management model which resulted in the transformation of supervision and design business model.

Marketing and Promotion

During the three months ended 31 March 2015, the Group hosted marketing events such as "IT Market China 2015" and "IC Market China 2015" in major cities such as Beijing and Hefei.

Development Prospects

In 2015, the Group will step up our efforts in product mix formulation, market channels development and delicacy management, with a view to enhance our overall competitiveness.

Step up Efforts in Product Mix Formulation

In light of the "economy's new normal" and new landscape under the "Thirteenth Five-year Plan", we will further enhance our efforts in product mix formulation on the back of existing annual, quarterly, monthly and weekly products, so as to respond timely to the differentiated governmental, industrial and corporate customers' requirements. We will select key issues and hot topics in the industrial, information and communication sectors to formulate our short-term, mid-term and long-term product mix, to satisfy the diversified demands of the customers by various products and different approaches, while maintaining strict quality control.

Stepped-up Efforts in Market Channels Development

We will step up our efforts in optimization and innovation of market channels, focus on complementary effectiveness between our product mix and the service model to achieve synergetic competitiveness. On the one hand, we will enhance our development of product distribution channels and optimize our customer data base, so as to accurately market our products to the right customers and build up the trust and approval of customers to our Company. On the other hand, we will enhance our development in marketing communication channels, such as website, WeChat, Weibo and APP user terminal, in particular, we will accelerate the promotion and application of the “chanyeton” APP, so as to maintain a continuous and long-term contact with the customers and enhance customer loyalty.

Stepped-up Efforts in Delicacy Management

Delicacy management is a matter of system building, which requires the mastering of method, efforts, timing and approach. It aims at fundamentals perfection in the areas of project management, performance management and knowledge management. And it aims at overall management perfection in the areas of fundamentals management, proactive service system, customer development, competitiveness enhancement, cultivation of learning oriented organizational culture as well as harmony culture. It further aims at talents management perfection in the areas of research and development and innovation fund, employee incentive fund and outstanding performance processes. Thus achieving “detailed albeit enriched, specialized albeit generalized” effects by meeting progressive goals in an orderly manner.

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

As of 31 March 2015, none of the Directors, supervisors and chief executives or their 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 (“SFO")), which are required to notify the Company and the Stock Exchange pursuant to Division 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 interest and short position required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or interest and short position required to notify the Company and the Stock Exchange pursuant to the required standards of transactions by the Directors as mentioned in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES

Save as disclosed above under the paragraph "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", at no time during the period were rights to obtain benefits by means of purchasing shares or debentures of the Company granted to any Director and supervisor, their respective spouse or children under 18 years of age, or were any such rights exercised; or was the Company or its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Director and supervisor of the Company to obtain 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 IPO prospectus as published on 29 November 2002. However, employees who are Chinese nationals are not entitled to exercise the option until these persons are allowed to subscribe or deal in H shares under the PRC laws and regulations. As at the date of this report, the Share Option Scheme is not yet effective. No share option has been granted under the Share Option Scheme as of 31 March 2015.

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

As of 31 March 2015, 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.

Name	Capacity	Nature of interest	Number and class of shares	Percentage in the same class of securities	Percentage of issued share capital
China Centre of Information Industry Development ("CCID") (Note 1)	Interest of controlled corporation	Long position	485,900,000 domestic shares	98.96%	69.41%
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics 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%
Legend Holdings (BVI) Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited (Note 2)	Beneficial owner	Long position	20,000,000 H shares	9.57%	2.86%
Lam William Ka Chung (Note 3)	Interest of controlled corporation	Long position	14,600,000 H shares	6.99%	2.09%
J.P. Morgan Fleming Asset Management Holdings Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
JF Asset Management Limited (Note 4)	Investment manager	Long position	10,700,000 H shares	5.12%	1.53%

Notes:

1. CCID, through Research Centre under its control and supervision and CCID Riyue directly and indirectly wholly owned by it, have beneficiary interests in the Company comprising the 392,610,000 domestic shares held directly by Research Center 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, which is in turn a wholly-owned subsidiary of Legend Holdings (BVI) Limited and Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Lenovo Group Limited; Legend Holdings Limited holds 57.76% equity interests in shares of Lenovo Group Limited; and 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 share capital of 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 holds approximately 40% interests in the share capital of 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. respectively holds 99.99% and 100% interests in the share capital of JF Asset Management Limited and JF International Management Inc.. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

Save as disclosed above and under "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", as at 31 March 2015, there is no other person had interests and short position in shares and underlying shares which were required to be entered into the register required to be kept pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company or its subsidiaries during the year.

COMPETING INTERESTS

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

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 of the Company (“Supervisors”), and regulates the securities transactions by the Directors and Supervisors pursuant to the requirements thereof. All Directors and Supervisors have confirmed their compliance with the “Required Standard of Dealings” throughout the three months ended 31 March 2015 upon specific enquiries by the Company.

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 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. Han Fuling. Ms. Li Xuemei is the chairlady of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited consolidated results for the three months ended 31 March 2015 and considered that the preparation of those results are in compliance with the appropriate accounting standards and relevant regulations and laws.

CORPORATE GOVERNANCE

The Company was in compliance with the provisions set out in the Corporate Governance Code (“Code”) contained in Appendix 15 of the GEM Listing Rules during the three months ended 31 March 2015.

FUTURE PLANS FOR MATERIAL ACQUISITION AND DISPOSALS

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

INTERNAL CONTROL

The Board has conducted regular review of the internal control system of the Group to ensure that the relevant system is effective and appropriate. The Board has convened meetings regularly for discussion on the management and monitoring of finance, operation and risk.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float in compliance with the requirement as specified in the GEM Listing Rules as at the date of this report.

ACKNOWLEDGEMENT

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

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

Beijing, The People's Republic of China
7 May 2015

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

* *For identification purpose only*