

CCID Consulting

CCID Consulting Company Limited

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

Third Quarterly Report 2015



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

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

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

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This report, for which the directors (the “Director(s)”) of CCID Consulting Company Limited (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 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 remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the “Investor Relations” page of the Company’s website at www.ccidconsulting.com.

HIGHLIGHTS

- For the nine months ended 30 September 2015, the unaudited turnover of the Group amounted to approximately RMB79,826,000, representing a decrease of approximately 14% over the corresponding period of last year;
- For the nine months ended 30 September 2015, the gross profit of the Group was approximately RMB35,956,000. The gross profit margin was approximately 45%. The gross profit decreased by approximately 21% from the corresponding period of last year;
- For the nine months ended 30 September 2015, profit attributable to equity holders of the Company was approximately RMB7,300,000, representing an increase of approximately 2% over the corresponding period of last year;
- For the nine months ended 30 September 2015, the basic earnings per share of the Group was approximately RMB1.04 cents;
- The board of directors does not recommend the payment of any dividend for the nine months ended 30 September 2015.

2015 THIRD 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 and nine months ended 30 September 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 30 September		For the nine months ended 30 September	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Turnover	2	26,141	33,905	79,826	92,748
Cost of sales		(13,524)	(16,489)	(43,870)	(47,407)
Gross profit		12,617	17,416	35,956	45,341
Other revenue		165	147	358	145
Selling and distribution expenses		(2,901)	(3,142)	(9,203)	(11,237)
Administrative expenses		(4,884)	(9,354)	(18,160)	(25,355)
Profit before taxation		4,997	5,067	8,951	8,894
Taxation	3	(714)	(970)	(1,030)	(1,359)
Profit for the period		4,283	4,097	7,921	7,535
Attributable to:					
Equity holders of the Company		2,938	3,583	7,300	7,138
Non-controlling interests		1,345	514	621	397
		4,283	4,097	7,921	7,535
Earnings per share					
— Basic (RMB cents)	4	0.42	0.51	1.04	1.02
Dividends	6	—	—	—	—

NOTES:

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

CCID Consulting Company Limited* (the "Company") was incorporated in 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 results was prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 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. TAXATION

	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
PRC enterprise income tax	714	970	1,030	1,359

Hong Kong profits tax has not been provided for as the Group had no taxable profits arising in Hong Kong during the nine months ended 30 September 2015 (nine months ended 30 September 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 Centre Co., Ltd.* (北京賽迪工業和信息化工程監理中心有限公司) ("CCID Supervision") (formerly named as Beijing CCID Industry and Information Engineering Supervision Co., Ltd.* (北京賽迪工業和信息化工程監理有限公司))) 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 nine months ended 30 September 2015 (nine months ended 30 September 2014: Nil).

4. EARNINGS PER SHARE

The earnings per share was calculated by the profit attributable to equity holders of the Company of approximately RMB7,300,000 for the nine months ended 30 September 2015 (nine months ended 30 September 2014: approximately RMB7,138,000) and the weighted average number of 700,000,000 shares in issue during the period (nine months ended 30 September 2014: 700,000,000 shares).

Diluted earnings per share have not been calculated for the nine months ended 30 September 2015 as there was no diluting event for the period (nine months ended 30 September 2014: Nil).

5. RESERVES

	Issued share capital <i>RMB'000</i>	Statutory reserves and others <i>RMB'000</i>	Non- controlling interest <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2014	70,000	6,797	17,757	42,801	137,355
Change for the period	—	—	397	7,138	7,535
As at 30 September 2014	70,000	6,797	18,154	49,939	144,890
As at 1 January 2015	70,000	8,550	18,864	50,628	148,042
Change for the period	—	—	621	7,300	7,921
As at 30 September 2015	70,000	8,550	19,485	57,928	155,963

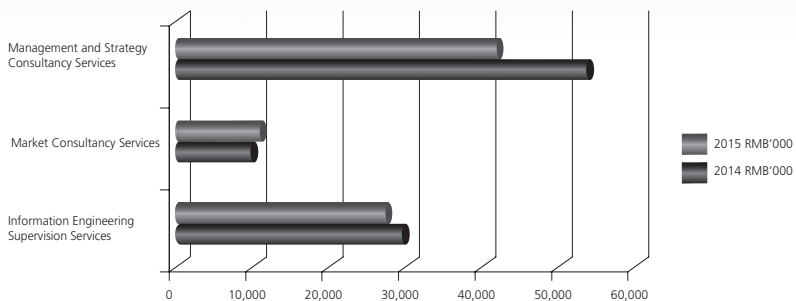
6. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

An analysis on the turnover by operating activity for the nine months ended 30 September 2015 of the Group is as set out below:



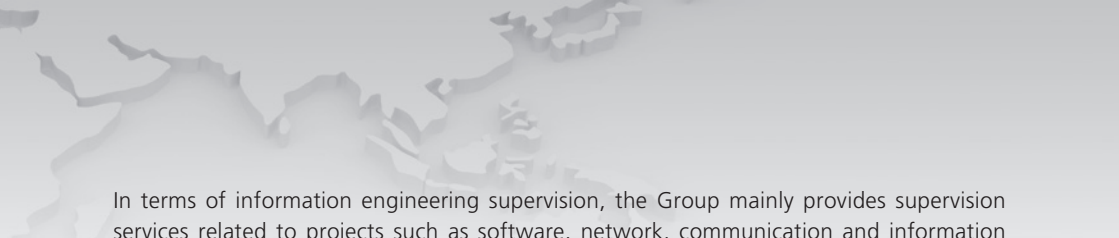
	For the nine months ended 30 September 2015		For the nine months ended 30 September 2014	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Management and Strategy Consultancy Services	41,951	53%	54,393	59%
Market Consultancy Services	11,099	14%	9,435	10%
Information Engineering Supervision Services	26,776	33%	28,920	31%
Total	79,826	100%	92,748	100%

Business Review

For the nine months ended 30 September 2015, the turnover and gross profit of the Group amounted to approximately RMB79,826,000 and RMB35,956,000 respectively (approximately RMB92,748,000 and RMB45,341,000 respectively during the corresponding period of 2014). The turnover decreased by approximately 14% as compared to the corresponding period of last year, which was mainly due to the Group's continuing efforts to promote business reform, innovation and change of the profit mode of consultation service. The gross profit decreased by approximately 21% which was primarily attributable to the fierce industry competition and the business cost of the Company basically remaining constant.

In respect of management and strategy consultancy, the Group has always focused on strategic emerging industries to continuously foster our businesses of informatization consultation, investment and merger and acquisition consultation, corporate management and urban planning by our committed efforts in capturing the national policy directives and the development trend in information technology. We also kept diversifying our customer sources, which enabling broadened sales channels and increased technological support in the course of our expansion of management and strategy consultancy services. For the nine months ended 30 September 2015, the Group recorded a revenue of approximately RMB41,951,000 (approximately RMB54,393,000 for the corresponding period in 2014) in management and strategy consultancy, accounted for approximately 53% of the Group's turnover, representing a decrease of approximately 23% 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 consultancy 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 enterprises, while assisting the government authorities in conducting the electronic information product related industrial market data operational monitoring services. For the nine months ended 30 September 2015, the Group realized a turnover of approximately RMB11,099,000 (approximately RMB9,435,000 for the corresponding period in 2014), accounted for approximately 14% of the Group's turnover, representing an increase of approximately 18% as compared to the corresponding period of 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 terms of information engineering supervision, the Group mainly provides supervision services related to projects such as software, network, communication and information safety to the government and enterprises. For the nine months ended 30 September 2015, the turnover of information engineering supervision was approximately RMB26,776,000 (approximately RMB28,920,000 during the corresponding period of 2014), which constituted approximately 33% of the Group's turnover, representing a decrease of approximately 7% as compared to the corresponding period of last year, which was mainly due to the fierce competition in the industry.

Marketing and Promotion

For the nine months ended 30 September 2015, the Group hosted marketing events such as "2015 China IT Market Annual Conference" and "2015 China Semiconductor Market Annual Conference" in major cities such as Beijing and Hefei.

Future Developments

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 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 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 of 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.

THIRD QUARTERLY DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: Nil).

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

As at 30 September 2015, none of the Directors, supervisors of the Company ("Supervisor(s)") and chief executives or their associates have any interest or short position in the shares and underlying shares 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 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 mentioned to in Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the paragraph under the heading "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares" above, at no time during the period were rights to acquire benefits by means of 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 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 as at 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 of the Company 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 30 September 2015.

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

As at 30 September 2015, the following persons (other than the Directors, Supervisors and Chief Executives) 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 interests	Number and class of shares	Approximate percentage in the same class of securities	Approximate percentage of issued share capital
China Centre of Information Industry Development ("CCID") (Note 1)	Interest of controlled Corporation	Long position	491,000,000 domestic shares	100%	70.14%
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development ("Research 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	98,390,000 domestic shares	20.04%	14.06%
Legend Holdings Limited (Note 2)	Interest of controlled Corporation	Long position	20,000,000 H shares	9.57%	2.86%
Lenovo Group Limited (Note 2)	Interest of controlled Corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Holdings (BVI) Limited (Note 2)	Interest of controlled Corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited (Note 2)	Interest of controlled Corporation	Long position	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited (Note 2)	Beneficial owner	Long position	20,000,000 H shares	9.57%	2.86%
Lam William Ka Chung (Note 3)	Interest of controlled Corporation	Long position	14,600,000 H shares	6.99%	2.09%
J.P. Morgan Fleming Asset Management Holdings Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
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 (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly-owned by CCID) have effective interests in the Company comprising the 392,610,000 domestic shares held directly by Research Centre and the 98,390,000 domestic shares held directly by CCID Riyue.
2. Grade Win International Limited directly holds 20,000,000 H shares of the Company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited; Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited; Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Lenovo Group Limited; Legend Holdings Limited holds 57.76% equity interests in Lenovo Group Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.
3. Kingsway Financial Services Limited directly holds 13,510,000 H shares of the Company. Kingsway Financial Services Limited is a wholly-owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Kingsway Lion Spur Technology Limited directly holds 1,090,000 H shares of the Company. Kingsway Lion Spur Technology Limited is a wholly-owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly-owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited directly holds 74% equity interest in SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Mr. Lam William Ka Chung directly and indirectly holds 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 and other than the shareholders set out in the section of "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", as at 30 September 2015, there is no other person had an interest and short position in the shares or underlying shares 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 nine months ended 30 September 2015.

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 AND SUPERVISORS

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 and the Supervisors. The Company has made enquiry of all Directors and Supervisors and all of them have confirmed to have been complied with the Required Standard of Dealing throughout the nine months ended 30 September 2015.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in compliance with Rules 5.28 of the GEM Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal control systems. The Audit Committee comprises three members, Ms. Li Xuemei, Mr. Guo Xinping and Mr. Han Fuling. All of them are independent non-executive Directors. Li Xuemei is the Chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated results for the nine months ended 30 September 2015 and considered that the preparation of those results are complied with appropriate 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 nine months ended 30 September 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
5 November 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*