

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

• 政府決策第一智庫

• 信息化諮詢第一品牌

• 企業戰略第一顧問

2017
FIRST QUARTERLY REPORT



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 (“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 the 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 its posting and on the “Investor Relations” page of the Company’s website at www.ccidconsulting.com.



HIGHLIGHTS

- For the three months ended 31 March 2017, the unaudited turnover of the Group amounted to approximately RMB26,890 thousand, representing an increase of approximately 8% over the corresponding period last year;
- For the three months ended 31 March 2017, the gross profit of the Group was approximately RMB8,644 thousand. The gross profit margin was approximately 32%. The gross profit decreased by approximately 28% from the corresponding period last year;
- For the three months ended 31 March 2017, the profit of the Group was approximately RMB685 thousand, of which profit attributable to equity holders of the Company was approximately RMB1,105 thousand. The profit increased by approximately 14% from the corresponding period last year;
- For the three months ended 31 March 2017, the basic earnings per share of the Group was approximately RMB0.16 cents;
- The board of directors does not recommend the payment of any dividend for the three months ended 31 March 2017.



2017 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 2017, together with the comparative unaudited figures for the corresponding period of 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Unaudited For the three months ended 31 March	
	<i>Notes</i>	2017 RMB'000	2016 <i>RMB'000</i>
Turnover	2	26,890	24,948
Cost of sales		(18,246)	(12,984)
Gross profit		8,644	11,964
Other revenue		355	88
Selling and distribution expenses		(3,616)	(2,865)
Administrative expenses		(4,613)	(8,510)
Profit before taxation		770	677
Taxation	3	(85)	(78)
Profit for the period		685	599
Attributable to:			
Equity holders of the Company		1,105	429
Non-controlling interests		(420)	170
		685	599
Earnings per share			
— Basic (<i>RMB cents</i>)	4	0.16	0.06



NOTES:

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The Company is a company registered in the People's Republic of China (the "PRC") as a joint stock company with limited liability and its H shares are listed on GEM since 12 December 2002. The registered office of the Company in PRC is located at Room 311, No. 2 Building, No. 28 Zhen Xing Road, Chang Ping District, Beijing, PRC. Its principal office and 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 located 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 2016.

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 has not early adopted the New Standards and Amendments in these 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 has already commenced an assessment of the impact of the New Standards and Amendments but not yet in a position to state whether the New Standards and Amendments would have a significant impact on its 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 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 31 March	
	2017 RMB'000	2016 <i>RMB'000</i>
PRC enterprise income tax	85	78

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 2017 (corresponding period in 2016: 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 Income Tax Law of PRC, the members in 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% (corresponding period in 2016: 25%).

The Company and CCID Supervision are high and new technology enterprises located in the Beijing Development and Experimental Zone for High and New Technology Enterprise. Pursuant to the Income Tax Law of PRC, they are subject to a corporate income tax rate of 15% (corresponding period in 2016: CCID Supervision 15%).

There was no material unprovided deferred tax for the three months ended 31 March 2017 (corresponding period in 2016: Nil).

4. EARNINGS PER SHARE

The earnings per share was calculated by dividing the profit attributable to equity holders of the Company of approximately RMB1,105 thousand for the three months ended 31 March 2017 (corresponding period in 2016: approximately RMB429 thousand) by the weighted average number of 700,000,000 shares in issue during the period (corresponding period in 2016: 700,000,000 shares).

Diluted earnings per share have not been calculated for the three months ended 31 March 2017 as there is no diluting event for the period (corresponding period in 2016: Nil).

5. RESERVES

	Issued share capital <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2016	70,000	10,554	21,679	58,001	160,234
Profit for the period	—	—	170	429	599
As at 31 March 2016	70,000	10,554	21,849	58,430	160,833
As at 1 January 2017	70,000	11,954	21,679	58,072	161,705
Profit for the period	—	—	(420)	1,105	685
As at 31 March 2017	70,000	11,954	21,259	59,177	162,390

6. DIVIDENDS

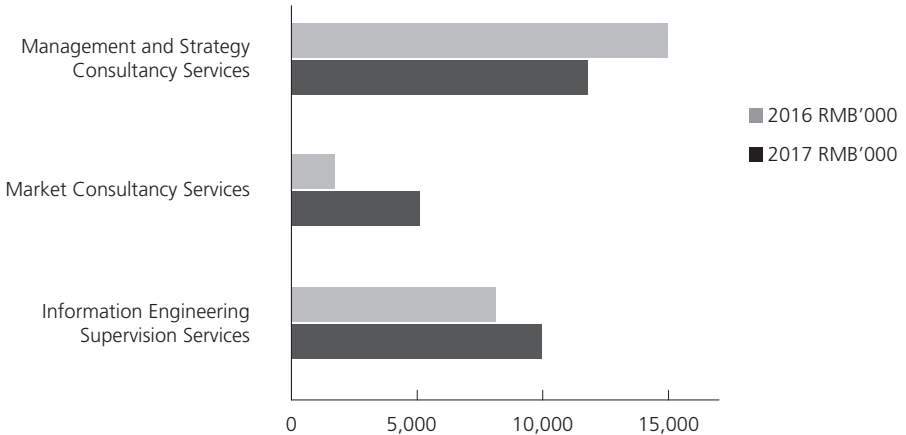
The Board does not recommend the payment of any dividend for the three months ended 31 March 2017 (corresponding period in 2016: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

An analysis on the turnover by operating activity for the three months ended 31 March 2017 is as set out below:



	For the three months ended 31 March 2017		For the three months ended 31 March 2016	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Management and Strategy Consultancy Services	11,730	44%	14,916	60%
Market Consultancy Services	5,197	19%	1,935	8%
Information Engineering Supervision Services	9,963	37%	8,097	32%
Total	26,890	100%	24,948	100%



Business Review

For the three months ended 31 March 2017, the turnover and gross profit of the Group amounted to approximately RMB26,890 thousand and RMB8,644 thousand respectively (approximately RMB24,948 thousand and RMB11,964 thousand respectively during the corresponding period of 2016). The turnover increased by approximately 8% and the gross profit decreased by approximately 28% as compared to the corresponding period of last year, which were mainly attributable to the intensified market competitiveness and gradual changes in the model of building our information, engineering and supervision businesses.

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 2017, the Group recorded a revenue of approximately RMB11,730 thousand (approximately RMB14,916 thousand for the corresponding period in 2016), accounted for approximately 44% of the Group's turnover, representing a decrease of approximately 21% as compared to the corresponding period of last year, which was mainly because the Group further promoted business transformation and upgrade and expanded other business development amid the stabilizing development of our management and strategy consultancy business.

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 2017, the Group realized a turnover of approximately RMB5,197 thousand (approximately RMB1,935 thousand for the corresponding period in 2016), accounted for approximately 19% of the Group's turnover, representing an increase of approximately 169% as compared to the corresponding period last year, which was mainly attributable to the rapid development of market consultancy services resulted from a series of marketing events hosted by the Group during the period despite a small base, including the "2017 China Semiconductor Market Annual Conference", "2017 Intelligent Manufacturing China Annual Conference" and "2017 China IT Market Annual Conference". This was also caused by our further promoting brand image transformation and shifting the revenue model of market consultancy.



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 2017, the Group's turnover from Information Engineering Supervision was approximately RMB9,963 thousand (approximately RMB8,097 thousand for the corresponding period in 2016), accounted for approximately 37% of the Group's turnover, representing an increase of approximately 23% as compared to the corresponding period last year, which was mainly attributable to a significant change in the relevant engineering, construction and management model and the transition of supervision and design business model, both of which were caused by the wide application of emerging technologies.

Marketing and Promotion

During the three months ended 31 March 2017, the Group hosted marketing events such as "2017 China Semiconductor Market Annual Conference", "2017 Intelligent Manufacturing China Annual Conference" and "2017 China IT Market Annual Conference" in main cities such as Beijing and Nanjing.

Business Outlook

Explore "consulting +", and accelerate transformation from the "offline" to "online" service model

During the era of Internet 2.0, the trend of the offline-to-online business integration becomes increasingly evident. As a result, the Group will build a business innovation platform based on the big industrial data by integrating our diversified "service", massive "data" with powerful "platform" relying on "Chanyetong APP Platform" ("Chanyeton") as well as centering on the development of Chanyeton. Moreover, the Group will speed up transformation from annual report to membership service.



Explore the “consulting +” to expedite transformation from the “project-driven” to “service-driven” business model

Firstly, we will expand our industry businesses from planning to activities, investments, reporting and hosting. By amassing elements required for our industrial development, we will complete transforming from the “planning consulting” to “integrated services”. Secondly, our corporate strategy business will evolve from research to competition, strategy, listing, and mergers and acquisitions. The introduction of corporate innovation resources will enable us to complete transforming from “management and consulting” to “strategic services”. Thirdly, our investment and financing business will expand its scope from due diligence to fund-raising, investment decision-making, fund management, and index extension, thus completing transformation from “project achievement system” to “revenue generation system”. Lastly, our information business will expand its scope from planning to PPP, investment, construction, and extensions. Under the planning and operation of the intelligent city strategy, we will complete transforming the pattern of industry chain from single-sided planning to “comprehensive planning+ implementation of partnership” for our projects.

Explore “Consulting +” to expedite transformation from “data-based” to “index-based” product creation

We will focus on hot spots in the industry. In addition, we will reconstruct data-based product systems, which will be oriented by index, thereby upgrading from CCID Top 100, CCID Trends, CCID Cases, CCID White Paper, CCID Data and other data products to such index products as industry investment value and regional development potential. By so doing, we will shift from data products to index products.

Explore “Consulting +” to expedite transformation from “closed” to “open” capacity development

To build an open value network with the Company as a platform, we will consolidate knowledge, policies, channels, capital, markets and other resources. Leveraging our corporate platform for a positive cycle of appreciating resources, we will ultimately achieve a variety of targets, including revenue from projects, services, investments, and real estate.



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

As of 31 March 2017, none of the Directors, supervisors (“Supervisor(s)”) and chief executives of the Company 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 inform 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 inform the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors and Supervisors 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 Directors and Supervisors 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 prospectus as published by the Company on 29 November 2002. However, employees who are Chinese nationals are not entitled to exercise the option until these persons are allowed to subscribe or deal in H shares under the PRC laws and regulations. As at the date of this report, the Share Option Scheme is not yet effective. No share option has been granted under the Share Option Scheme as of 31 March 2017.

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

As of 31 March 2017, 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 position in shares

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 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 interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued share capital
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 Center 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 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, 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. Lam William Ka Chung directly and indirectly holds approximately 40% equity interests in the share capital of 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. respectively holds 99.99% and 100% equity 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 2017, 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 during the three months ended 31 March 2017.



COMPETING INTERESTS

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 confirmed, during the three months ended 31 March 2017, all Directors and Supervisors have complied with the “Required Standard of Dealings” upon specific enquiries with all the Directors and Supervisors. The Company was not aware of any non-compliance during the period.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) in accordance with Rule 5.28 of the GEM Listing Rules, for the purposes of reviewing and supervising the Group’s financial reporting process, risk management and internal control systems. The Audit Committee is comprised of three independent non-executive Directors of the Company, namely, Ms. Li Xuemei, Mr. Guo Xinping and Mr. 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 2017 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 contained in Appendix 15 to the GEM Listing Rules during the three months ended 31 March 2017.



FUTURE PLANS FOR MATERIAL ACQUISITION AND DISPOSALS

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has conducted regular review of the risk management and internal control systems of the Group to ensure that the relevant systems are 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 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.

ACKNOWLEDGMENT

I would like to thank all our shareholders, customers and partners for their support and trust, and appreciate all of our employees for their dedication and contribution to the Group on behalf of the Board.

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

Beijing, The People's Republic of China
4 May 2017

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*