

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
THIRD QUARTERLY REPORT



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 (“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 nine months ended 30 September 2017, the unaudited turnover of the Group amounted to approximately RMB95,936,000, representing an increase of approximately 9% over the corresponding period of last year;
- For the nine months ended 30 September 2017, the gross profit of the Group was approximately RMB42,051,000. The gross profit margin was approximately 44%. The gross profit increased by approximately 7% over the corresponding period of last year;
- For the nine months ended 30 September 2017, the profit of the Group was approximately RMB13,150,000, of which profits attributable to equity holders of the Company was approximately RMB9,154,000, representing an increase of approximately 6% over the corresponding period of last year;
- For the nine months ended 30 September 2017, the basic earnings per share of the Group was approximately RMB1.31 cents;
- The board of Directors does not recommend payment of any dividend for the nine months ended 30 September 2017.



2017 THIRD QUARTERLY RESULTS

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 the nine months both ended 30 September 2017, together with the unaudited comparative figures for the corresponding period of 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Turnover	2	29,525	29,859	95,936	87,784
Cost of sales		(13,048)	(11,252)	(53,885)	(48,452)
Gross profit		16,477	18,607	42,051	39,332
Other revenue		147	177	271	24
Selling and distribution expenses		(3,379)	(2,348)	(9,812)	(8,145)
Administrative expenses		(7,929)	(10,972)	(17,040)	(20,299)
Profits before tax		5,316	5,464	15,470	10,912
Taxation	3	(797)	(877)	(2,320)	(1,313)
Profit/(Loss) for the period		4,519	4,587	13,150	9,599
Attributable to:					
Equity holders of the Company		3,864	3,748	9,154	8,636
Non-controlling interests		655	839	3,996	963
		4,519	4,587	13,150	9,599
Earnings per share					
— Basic (RMB cents)	4	0.55	0.54	1.31	1.23
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 since 12 December 2002. The registered address of the Company in the PRC is Room 311, No. 2 Building, No. 28 Zhen Xing Road, Chang Ping District, Beijing, PRC. Its head office and principal place of business is located at the 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 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and its 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 principal accounting policies used for preparing the accounts are consistent with those used by the Group in the annual financial statements for the year ended 31 December 2016.

Impact of newly issued accounting standards

HKICPA has issued certain new and revised HKFRS, HKAS, HK – (IFRIC) – interpretation and their amendments (the "New Standards and Amendments").

The Group has not early adopted the New Standards and Amendments in these financial statements. The Group intends to apply the New Standards and Amendments in the first accounting period beginning on or after their respective mandatory effective dates. The Group currently assesses the impact of the New Standards and Amendments, but is not yet in a position to determine whether the New Standards and Amendments would have any significant impact on its consolidated financial statements upon initial application.



2. TURNOVER

The Group is a provider of modern consultancy. The Group principally engages in providing 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 have been eliminated on consolidation.

3. TAXATION

	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
PRC enterprise income tax	797	877	2,320	1,313

No provision for Hong Kong profits tax has been made as the Group had no profits assessable arising in Hong Kong during the nine months ended 30 September 2017 (nine months ended 30 September 2016: Nil). Taxes on profits assessable elsewhere have been calculated at the effective and applicable tax rates prevailing in the jurisdiction in which the Group operates in accordance with the existing legislation, interpretations and practices in respect thereof during the relevant period.

Pursuant to the Income Tax Law of the PRC, the members of the Group (except the Company and Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd. ("CCID Supervision")) are subject to a corporate income tax at a rate of 25% (during the corresponding period of 2016: 25%).

The Company and CCID Supervision are high-tech enterprises settled in the Beijing New Technology Enterprise Development Zone. Pursuant to the Income Tax Law of the PRC, they are subject to a corporate income tax at a rate of 15% (during the corresponding period of 2016: CCID Supervision: 15%).

There was no material unprovided deferred tax for the nine months ended 30 September 2017 (during the corresponding period of 2016: Nil).

4. EARNINGS PER SHARE

Calculation of earnings per share have has been based on the profits attributable to equity holders of the Company of approximately RMB9,154,000 for the nine months ended 30 September 2017 (during the corresponding period of 2016: approximately RMB8,636,000) and the weighted average of 700,000,000 shares in issue during the period (during the corresponding period of 2016: 700,000,000 shares).

Diluted earnings per share for the nine months ended 30 September 2017 have not been calculated as no diluting events existed during the period (during the corresponding period of 2016: Nil).

5. RESERVES

	Issued share capital <i>RMB'000</i>	Statutory reserves <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
Change for the period	—	—	963	8,636	9,599
As at 30 September 2016	70,000	10,554	22,642	66,637	169,833
As at 1 January 2017	70,000	11,954	21,679	58,072	161,705
Change for the period	—	—	3,996	9,153	13,149
As at 30 September 2017	70,000	11,954	25,675	67,225	174,854

6. DIVIDENDS

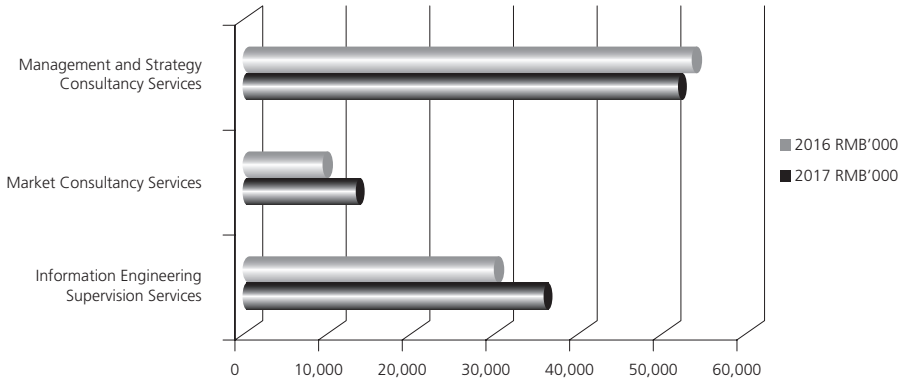
The Board does not recommend the payment of any dividend for the nine months ended 30 September 2017 (during the corresponding period of 2016: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

Turnover Analysis

For the nine months ended 30 September 2017, the turnover by operations of the Group can be analyzed as follows:



	For the nine months ended 30 September 2017		For the nine months ended 30 September 2016	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000	Approximate Percentage
Management and Strategy Consultancy Services	50,236	52%	51,936	59%
Market Consultancy Services	11,580	12%	7,655	9%
Information Engineering Supervision Services	34,120	36%	28,193	32%
Total	95,936	100%	87,784	100%



Business Review

For the nine months ended 30 September 2017, the turnover and gross profit of the Group amounted to approximately RMB95,936,000 and RMB42,051,000, respectively (approximately RMB87,784,000 and RMB39,332,000, respectively during the corresponding period of 2016). As compared to the corresponding period of last year, the turnover increased by approximately 9% and the gross profit increased by approximately 7%. The turnover of the Group shows a healthy growth momentum. The Group will continue to strengthen the overall internal control and management to maintain our increased costs within a reasonable budget.

In terms of management and strategy consultancy services, the Group has committed itself to keeping abreast of the development trend of national policies and IT technology, and persistently promoting businesses development related to IT consultancy, investment and merger and acquisition consultancy, corporate management and urban planning by encompassing the strategically emerging industries, while continuously expanding customer resources so as to enable the Group to acquire more sales channels and technical support in the course of developing management and strategy consultancy services. The Group recorded revenue of approximately RMB50,236,000 for the nine months ended 30 September 2017 (approximately RMB51,936,000 during the corresponding period of 2016) from the management and strategy consultancy services, accounting for approximately 52% of the Group's turnover and representing a decrease of approximately 3% as compared to the corresponding period of last year. The decrease was mainly caused by the Group's continuing efforts to promote business reform and propel industry chain construction for design and supervision businesses.

In terms of market consultancy services, the Group mainly provides data information, market research and industry research services to enterprises and assists government authorities to develop the market data operation and supervision services for the electronic information product related industries. For the nine months ended 30 September 2017, the Group had realized revenue of approximately RMB11,580,000 (approximately RMB7,655,000 during the corresponding period of 2016), accounting for approximately 12% of the Group's turnover and representing an increase of approximately 51% as compared to the corresponding period of last year. The increase was primarily attributable to the fact that the Group proactively forged ahead with the transformation of its market consultancy services from simple planning to campaign organization, investment attraction, application and registration, and custodianship. By amassing elements required for our industrial development, we launched the service model of "CCID Accelerator". Meanwhile, by establishing the investment and financing information database and the repository of listing companies, the Group continued exploring new businesses.



In terms of information engineering supervision services, the Group mainly provides the government and enterprises with supervision services for various projects ranging from software, network, communication to information security. For the nine months ended 30 September 2017, the turnover of the information engineering supervision services was approximately RMB34,120,000 (approximately RMB28,193,000 during the corresponding period of 2016), accounting for approximately 36% of the Group's turnover and representing an increase of approximately 21% as compared to the corresponding period of last year. As the Group actively pressed ahead with the extension from planning to investments, construction, and operations for its information business services, the percentage of the information engineering supervision services basically remained stable.

Market Promotions and Publicity

For the nine months ended 30 September 2017, the Group hosted a series of market campaigns in Beijing, Nanjing, Xi'an, Changzhou and Guiyang, such as "2017 China IT Market Annual Conference", "2017 China Semiconductor Market Annual Conference", "2017 China Xixian Smart Manufacturing Summit", "2017 China Smart Manufacturing Meeting" and "2017 Forum for Artificial Intelligence".

FUTURE DEVELOPMENTS

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

During the era of Internet 2.0, the offline-to-online business integration becomes increasingly evident. To address such integration, the Group will build a business innovation platform based on big industrial data by integrating our diversified "service" and massive "data" with our powerful "platform" through our "Chanyetong APP Platform" ("Chanyeton") as well as centering on the development of Chanyeton. Moreover, the Group will speed up its service model reform from annual report to membership subscription.

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

Firstly, our industry planning segment will expand from planning to campaign organization, investment attraction, application and registration, and custodianship. By amassing elements required for our industrial development, we will complete our transformation from the "planning consulting" to the "integrated services". Secondly,



our corporate strategy segment will evolve from research to competition, strategy, listing, and mergers and acquisitions. The corporate innovation resources will enable us to change our business offering from the “management and consulting” to the “strategic services”. Thirdly, our investment and financing segment will expand its scope from due diligence to fund-raising, investment decision-making, fund management, and index, thus completing transformation from the “project achievement system” to the “revenue generation system”. Lastly, our information business segment will expand its scope from planning to public-private-partnership (PPP), investment, construction, and operation. The planning and operation of the intelligent city strategy will allow us to complete shifting out industry chain pattern from the single-sided planning to the “comprehensive planning+ partnership-driven execution” for our projects.

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

We will focus on most concerned issues in the industry. In addition, we will reconstruct data-based and index-oriented product systems by upgrading CCID Top 100, CCID Trends, CCID Cases, CCID White Paper, CCID Data and other data products to index products with industry investment value and regional development potential. By so doing, we will shift from data-based products to index-based 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 and integrate knowledge, policies, channels, capital, markets and other resources. By creating a positive cycle of appreciating resources, our corporate platform will help the Company ultimately achieve various targets, including revenue from projects, services, investments, and real estate.

THIRD QUARTERLY DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2017 (nine months ended 30 September 2016: Nil).



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

As at 30 September 2017, none of the Directors, supervisors of the Company ("Supervisor(s)") and chief executives or their close associates have any interest or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors and Supervisors mentioned to in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the paragraph under the heading "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares" above, at no time during the period were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Director and Supervisor or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and Supervisors to acquire such rights in any other body corporate.

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 30 September 2017.

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

As at 30 September 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 positions in shares

Name	Capacity	Nature of interests	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%
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 (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 Center and the 98,390,000 domestic shares held directly by CCID Riyue.
2. Grade Win International Limited directly holds 20,000,000 H shares of the Company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited; Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited; Legend Holdings (BVI) Limited is a wholly-owned subsidiary of 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. Lam William Ka Chung directly and indirectly owns approximately 40% equity interests in Kingsway International Holdings Limited. Lam William Ka Chung is deemed to be interested in 14,600,000 H shares of the Company.
4. JF Asset Management Limited directly holds 10,700,000 H shares of the Company. JF International Management Inc. directly holds 4,300,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. holds 99.99% and 100% equity interests in JF Asset Management Limited and JF International Management Inc., respectively. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

Save as disclosed above, as at 30 September 2017, no other person had any interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register pursuant to Section 336 of the SFO.



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine months ended 30 September 2017.

COMPETING INTEREST

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

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the "Required Standard of Dealings" as required by Rules 5.48 to 5.67 of the GEM Listing Rules as the standard of conducts for securities transactions by the Directors and Supervisors, and regulates the securities transactions by the Directors and Supervisors pursuant to the requirements thereof. The Company confirmed, during the nine months ended 30 September 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 nine months ended 30 September 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 has been in compliance with the provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the nine months ended 30 September 2017.

FUTURE PLANS FOR MAJOR ACQUISITION AND DISPOSALS

Currently, the Group has no plans for major acquisitions or disposals.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has conducted regular review of the risk management and internal control systems of the Group to ensure that the systems are effective and appropriate. The Board holds meetings regularly to discuss matters concerning finance, operation and risk management and monitoring.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the sufficiency of public float requirement as specified in the GEM Listing Rules as at the latest practicable date prior to the issue of this report.



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 Junrui
Chairman

Beijing, the People's Republic of China

9 November 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 purposes only*