

# 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 2018



## 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 GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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 GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

*This report will remain on the GEM website at [www.hkgem.com](http://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](http://www.ccidconsulting.com).*

## HIGHLIGHTS

- For the nine months ended 30 September 2018, the unaudited turnover of the Group amounted to approximately RMB99,250,000, representing an increase of approximately 31% over the corresponding period of last year (restated);
- For the nine months ended 30 September 2018, the gross profit of the Group was approximately RMB39,762,000. The gross profit margin was approximately 40%. The gross profit increased by approximately 120% over the corresponding period of last year (restated);
- For the nine months ended 30 September 2018, the profit of the Group was approximately RMB19,350,000, of which profit attributable to equity holders of the Company was approximately RMB17,858,000, representing an increase of approximately 587% over the corresponding period of last year (restated);
- For the nine months ended 30 September 2018, the basic earnings per share of the Group was approximately RMB2.55 cents;
- The board of Directors does not recommend payment of any dividend for the nine months ended 30 September 2018.

### 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 nine months and three months both ended 30 September 2018, together with the unaudited comparative figures for the corresponding periods of 2017 as follows:

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

	Notes	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
		2018 RMB'000	2017 RMB'000 (Restated)	2018 RMB'000	2017 RMB'000 (Restated)
Turnover	2	<b>37,841</b>	26,683	<b>99,250</b>	75,680
Cost of sales		<b>(17,927)</b>	(17,048)	<b>(59,488)</b>	(57,621)
Gross profit		<b>19,914</b>	9,635	<b>39,762</b>	18,059
Other revenue		<b>7,293</b>	419	<b>7,451</b>	543
Selling and distribution expenses		<b>(3,271)</b>	(3,380)	<b>(10,112)</b>	(9,813)
Administrative expenses		<b>(5,731)</b>	(4,139)	<b>(15,537)</b>	(13,250)
Profit/(Loss) before tax		<b>18,205</b>	2,535	<b>21,564</b>	(4,461)
Taxation	3	<b>(956)</b>	(826)	<b>(2,214)</b>	(2,349)
Profit/(Loss) for the period		<b>17,249</b>	1,709	<b>19,350</b>	(6,810)
Attributable to:					
Equity holders of the Company		<b>15,443</b>	1,552	<b>17,858</b>	(3,669)
Non-controlling interests of the Group		<b>1,806</b>	157	<b>1,492</b>	(3,141)
		<b>17,249</b>	1,709	<b>19,350</b>	(6,810)
Earnings/(Loss) per share					
— Basic (RMB cents)	4	<b>2.21</b>	0.22	<b>2.55</b>	(0.52)
Dividends		—	—	—	—

## NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

### 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 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, the PRC. Its head office and principal place of business are located at the 9th and 10th Floor of CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing, the PRC. Its principal place of business in Hong Kong is at 40th Floor, Sunlight Tower, 248 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 this unaudited consolidated financial statements for the nine months ended 30 September 2018 are consistent with those used by the Group in the annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of the new standards and amendments as disclosed below.

#### **Impact of newly issued accounting standards**

HKICPA has issued certain new and revised HKFRSs and HKASs as well as the amendments (the "New Standards and Amendments"). The Group has adopted in this unaudited consolidated financial statements the following New Standards and Amendments listed below that became mandatory with effect from 1 January 2018:

#### ***HKFRS 9: Financial instruments***

The Group held an unlisted equity instruments for long-term investment, and the investment was measured at cost less impairment loss with a book value of RMB1,990,000 in and before 2017. According to HKFRS 9, investments in unlisted equity instruments are measured at fair value. The independent valuer of the Group re-evaluated the fair value of the said investment as at 30 June 2018, and the changes in the fair value shall be included in profit or loss or other comprehensive income. The management of the Group monitors closely and evaluates the changes in the fair value of the above investments all the time.

Moreover, expected credit loss shall be evaluated for trade receivables and other financial assets measured at amortized costs using simplified approach in accordance with HKFRS 9.

### ***HKFRS 15: Revenue from contracts with customers***

The Group's revenue from service contracts were recognized by the percentage of completion method in and before 2017. According to HKFRS 15, the percentage of completion method shall no longer be applicable, instead the amount of revenue recognized shall be the amount allocated to the performance obligations that may be satisfied over time or at a particular point of time.

Revenue generated from the Group's service contracts is recognised at a specific point of time; for the service contracts having retention period clause, the portion of revenue that will be received after the retention period shall be recognized over time. The initial payment at the inception of the service contracts and before performance of contract obligations shall be recognized as contract liabilities until the rights to receive the next payment are established and, by that time, the contract liabilities will be transferred to contract revenue. Except for retention money, all other payments shall be recognized as revenue when the rights to receive such payment are established.

Contract costs (including sub-contractors' charges) directly incurred for service contracts shall be recognized as contract assets in accordance with HKFRS 15. Such contract assets shall be recognized as an expense when the corresponding contract revenue is recognized. As a practical expedient, the Group may recognize as contract costs immediately in profit or loss when cost incurred in accordance with HKFRS 15 if the contract period is one year or less. For service contracts having retention period clause, the portion of revenue that will be received after the retention period shall be recognized over the retention period on straight-line basis.

The aforesaid accounting policy which has been effective on 1 January 2018 is retrospective to previous years in accordance with HKAS 8. The Group re-measured the contract costs and contract liabilities for the years ending 2017 and 2018 and the carrying amounts of the corresponding contract assets and contract liabilities as at the beginning of 2017 and at the end of 2017 and 2018.

### ***Other new standards and amendments***

Saved as disclosed above, the revised HKFRSs and HKASs have no material impact on the Group's financial performance, financial position and disclosures contained in this third quarterly report and the corresponding period of last year.

The Group has not early adopted the New Standards and Amendments that are not yet effective in this unaudited consolidated financial statement. The Group is going to successively apply the New Standards and Amendments in the first accounting period beginning on or after their respective mandatory effective dates. The Group is currently assessing the impact of the New Standards and Amendments.

## 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 have been eliminated on consolidation.

## 3. TAXATION

	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
	2018 <i>RMB'000</i>	2017 <i>RMB'000</i> <i>(restated)</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i> <i>(restated)</i>
PRC enterprise income tax	956	826	2,214	2,349

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 2018 (during the corresponding period of 2017: Nil). Taxes on profits assessable elsewhere have been calculated at the effective and applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on the existing legislation, interpretations and practices in respect thereof during the 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 2017: 25%).

The Company and CCID Supervision are high and new technology enterprises registered 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 2017: CCID Supervision: 15%).

There was no material unprovided deferred tax for the nine months ended 30 September 2018 (during the corresponding period of 2017: Nil).

#### 4. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share have been calculated based on the profits attributable to equity holders of the Company of approximately RMB17,858,000 for the nine months ended 30 September 2018 (during the corresponding period of 2017 (restated): loss of approximately RMB3,669,000) and the weighted average of 700,000,000 shares in issue during the period (during the corresponding period of 2017: 700,000,000 shares).

Diluted earnings per share for the nine months ended 30 September 2018 have not been calculated as no diluting events existed during the period (during the corresponding period of 2017: 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 2017 (restated)	70,000	11,954	16,462	24,374	122,790
Change for the period (restated)	—	—	(3,141)	(3,669)	(6,810)
As at 30 September 2017 (restated)	70,000	11,954	13,321	20,705	115,980
As at 1 January 2018 (restated)	70,000	13,544	20,052	46,855	150,451
Change for the period	—	—	1,492	17,858	19,350
As at 30 September 2018	70,000	13,544	21,544	64,713	169,801

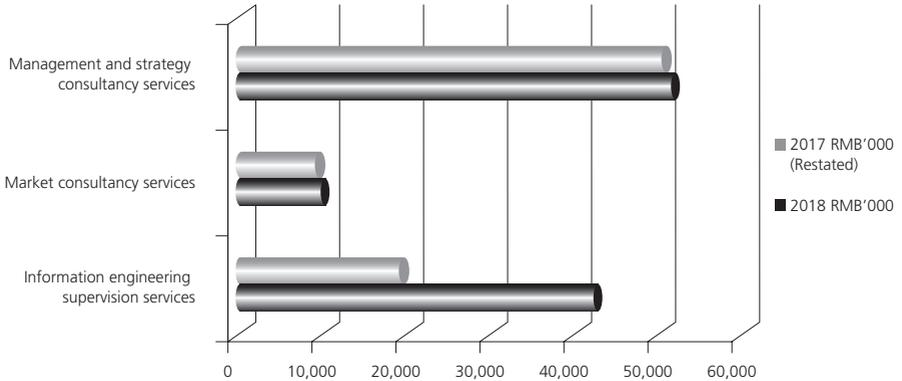
#### 6. DIVIDENDS

The Board does not recommend payment of any dividend for the nine months ended 30 September 2018 (during the corresponding period of 2017: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Turnover Analysis

For the nine months ended 30 September 2018, the turnover by operations of the Group can be analyzed as follows:



	Unaudited For nine months ended 30 September 2018		Unaudited For nine months ended 30 September 2017	
	Turnover RMB'000	Approximate Percentage	Turnover RMB'000 (Restated)	Approximate Percentage (Restated)
Management and strategy consultancy services	<b>50,198</b>	<b>50%</b>	49,575	66%
Market consultancy services	<b>8,514</b>	<b>9%</b>	8,360	11%
Information engineering supervision services	<b>40,538</b>	<b>41%</b>	17,745	23%
<b>Total</b>	<b>99,250</b>	<b>100%</b>	75,680	100%

## Business Review

For the nine months ended 30 September 2018, the turnover and gross profit of the Group amounted to approximately RMB99,250,000 and RMB39,762,000 respectively (approximately RMB75,680,000 and RMB18,059,000 respectively during the corresponding period of 2017 (restated)). The turnover increased by approximately 31% and the gross profit increased by approximately 120% as compared to the corresponding period of last year (restated). The above changes were attributable to the following in accordance with the New Standards and Amendments: (1) the income for the Last Period, which was inconsistent with the revenue recognition approach, was restated as contractual liabilities; and (2) gradual adjustment to and improvement in the internal control measures taken by the Group to perform contractual obligations and collect repayments.

In terms of management and strategy consultancy services, the Group has committed to keep abreast of the development trend which focuses on 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 industry, while at the same time, 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 RMB50,198,000 for the nine months ended 30 September 2018 (approximately RMB49,575,000 during the corresponding period of 2017 (restated)) from the management and strategy consultancy services amounting to approximately 50% of the Group's turnover and representing an increase of approximately 1% as compared to the corresponding period of last year (restated). The increase was mainly caused by the Group's continuing efforts to promote business reform and propel industry chain construction for design and supervision businesses, while management and strategy consultancy services remained basically stable.

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 2018, the Group had realized revenue of approximately RMB8,514,000 (approximately RMB8,360,000 during the corresponding period of 2017 (restated)), amounting to approximately 9% of the Group's turnover and representing an increase of approximately 2% as compared to the corresponding period of last year (restated). The increase was primarily attributable to the Group which proactively forged ahead with the transformation from single planning to campaign organization, investment attraction, application and registration, and custodianship for its market consultancy services. By amassing the cluster effects of industrial development, we launched the service model of "CCID Accelerator". Meanwhile, through establishing the investment and financing information database and the repository of listing companies, the Group continued exploring new, while market consultancy services remained basically stable.

In terms of information engineering supervision services, the Group mainly provides supervision services in respect of various projects ranging from software, network, communication to information security to the government and enterprises. For the nine months ended 30 September 2018, the turnover of the information engineering supervision services was approximately RMB40,538,000 (approximately RMB17,745,000 during the corresponding period of 2017 (restated)), amounting to approximately 41% of the Group's turnover and representing an increase of approximately 128% as compared to the corresponding period of last year (restated). The increase was caused by the information engineering supervision services involving comparatively long periods, relatively significant amounts, and require deposits. In accordance with HKFRS 15, the portion of revenue that is recognized using percentage of completion method, which is inconsistent with the revenue recognition approach, shall be restated by the Group as contractual liabilities, and will not be transferred into revenue from the contractual liabilities until such portion meets the recognition requirements.

### **Market Promotions and Publicity**

For the nine months ended 30 September 2018, the Group organized various marketing events, including "2018 Smart Manufacturing Ecological Construction Forum", "2018 World Artificial Intelligence Conference • Edge Intelligence Forum", "China Industrial Internet Innovation and Development Forum", "China County Economic Innovation and Development Forum", "2018 Symposium for Internet of Vehicles among the People's Republic of China, the Republic of Korea and Japan",

“International Advanced Manufacturing Cluster Development Forum of World Manufacturing Convention 2018”, “2018 China Semiconductor Market Annual Conference and the Seventh IC Innovation Conference”, “2018 China Intelligent Manufacturing Summit in Songjiang, Shanghai”, and “China IT Market Annual Conference 2018”, in various locations, such as Hefei, Nanjing, Shanghai, and Beijing.

## **Business outlook**

In 2018, with the aim to enhance its competitive strength, the Group will vigorously explore the “consulting +” model under the “consulting +” strategy to expedite the transformation and upgrading of business models of in-park collaboration, corporate strategy, investment and financing, informatization, and other aspects, as well as providing comprehensive service packages to develop industrial economies.

### ***Develop our “brain for MTX Industries”***

During the era of Internet 2.0, the trend of the offline-to-online business integration becomes increasingly important. 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” (“Chanyetong”), and centering on the development of Chanyetong. In addition to upgrading our MTX platform system, and developing our intelligent content generation system, this business innovation platform will explore collaboration with external business partners and incorporate data resources and channels from both internal and external sources, for the purposes of transforming into a “brain for MTX industries”. Such transformation will enable the Group to provide better services to government bodies, business parks, enterprises, and investment institutions.

### ***Promote the application of our “CCID Accelerator”***

Firstly, we will expand our industry businesses from planning to activities, investments attraction, 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 industry 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”. On top of these, we will consolidate the integrated services for industries and enterprises, while developing and promoting our “CCID Accelerator” to its application in local government authorities and business parks.

### ***Establish the “CCID Industrial Fund”***

Our investment and financing business will expand its scope from due diligence to fund-raising, investment decision-making, fund management, and index, thus completing transformation from “project achievement system” to “revenue generation system”. The Group has established a repository of listing companies, whereby sorting out listed companies that previously received our services or engaged in collaborations. In collaboration with external investment institutions, as well as entering into strategic cooperation agreements, the Group will proactively engage in negotiation and collaboration with various funds on the establishment of the “CCID Industrial Fund” to provide investment and financing services to enterprises.

### **DIVIDEND**

The Board does not recommend payment of any dividend for the nine months ended 30 September 2018 (for the corresponding period of 2017: Nil).

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

As at 30 September 2018, 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 nine months ended 30 September 2018 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.

## **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 2018.

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

As at 30 September 2018, 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 the 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%

Name	Capacity	Nature of interests	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of the issued share capital
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), has 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 Legend Group Limited; Legend Holdings Limited holds 57.76% of the equity interests in Legend 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% of the 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% of the 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% of the 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 2018, 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 2018.

#### **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 that, during the nine months ended 30 September 2018, 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. Xia Yinan. 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 2018 and considered that the preparation of those results is 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 2018.

## **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 conduct 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. Zhao Zeming**  
*Chairman*

Beijing, The People's Republic of China

8 November 2018

*As at the date of this report, the Board comprises one executive Director namely Mr. Zhao Zeming, one non-executive Director namely Mr. Luo Junrui and three independent non-executive Directors namely Mr. Guo Xinping, Ms. Li Xuemei and Mr. Xia Yinan.*

\* *For identification purposes only*