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CCIDConsulting

賽迪顧問股份有限公司

CCID CONSULTING COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock code on GEM: 08235)

(Stock code on Main Board: 02176)

www.ccidconsulting.com

**TRANSFER OF LISTING
FROM GEM TO THE MAIN BOARD
OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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华泰国际

HUATAI INTERNATIONAL

On 30 October 2020, an application was made by the Company to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) 209,000,000 H Shares in issue and (ii) 20,900,000 H Shares which may be issued under the Share Option Scheme, on the Main Board by way of the Transfer of Listing.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 5 May 2020 and all pre-conditions for the Transfer of Listing have been fulfilled in relation to the Company and the H Shares.

The last day of dealings in the H Shares on GEM (stock code: 08235) will be 13 May 2021. It is expected that dealings in the H Shares on the Main Board (stock code: 02176) will commence at 9:00 a.m. on 14 May 2021.

The Transfer of Listing will have no effect on the existing share certificates in respect of the H Shares, which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the H Shares and the H Share registrar following the Transfer of Listing.

The price and trading volume of the H Shares has been volatile since the GEM Listing and may continue to be volatile. The Company's market capitalisation was lower than HK\$200 million as required under paragraph 7(1) (a) of Appendix 28 to the Main Board Listing Rules during the second half of 2018 and the first quarter of 2019. Attention of the Shareholders and potential investors of the Company is drawn to the potential risks and they are advised to exercise caution when dealing in the H Shares.

Reference is made to the announcement issued by the Company on 30 October 2020 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of and Appendix 28 to the Main Board Listing Rules.

TRANSFER OF LISTING

On 30 October 2020, an application was made by the Company to the Stock Exchange for the Transfer of Listing. In particular, the Company has applied for the listing of, and permission to deal in, (i) 209,000,000 H Shares in issue and (ii) 20,900,000 H Shares which may be issued under the Share Option Scheme, on the Main Board by way of the Transfer of Listing. The approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 5 May 2020 for the H Shares to be listed on Main Board and de-listed from GEM.

The Board confirms that all pre-conditions for the Transfer of Listing have been fulfilled in relation to the Company and the H Shares.

The Company shall submit a written report in respect of the Transfer of Listing to the CSRC within 15 working days upon the listing of and commencement of dealings in the H Shares on the Main Board.

REASONS FOR THE TRANSFER OF LISTING

The Company has been listed and traded on GEM since the Listing Date. The Company is principally engaged in (i) management and strategic consultancy services, (ii) information engineering supervision services, and (iii) market research services. The Board believes that the Transfer of Listing will:

- enhance the corporate profile of the Company and increase the Company's brand awareness and market reputation, which will in turn increase the confidence of its investors and stakeholders;
- enhance the Company's ability to secure quality customers and its bargaining power in business negotiations in general; and
- enhance the trading liquidity of the H Shares as well as the fund raising capability of the Company.

Accordingly, the Board is of the view that the Transfer of Listing will be beneficial to the Company's future growth and development, and therefore will create a long-term value to the Shareholders.

Since the GEM Listing and up to the date of this announcement, the principal business of the Group has not changed. As at the date of this announcement, the Board has no intention to change the nature of business of the Company following the Transfer of Listing. The Transfer of Listing will not involve the issue of any new Shares by the Company.

DEALING IN THE H SHARES ON THE MAIN BOARD

The H Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 12 December 2002, the date on which the H Shares were first listed on GEM. Subject to continued compliance with the stock admission requirements of HKSCC, the H Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS for dealings in the H Shares on the Main Board, and that all activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the H Shares on GEM (stock code: 08235) will be 13 May 2021. It is expected that dealings in the H Shares on the Main Board (stock code: 02176) will commence at 9:00 a.m. on 14 May 2021.

The Transfer of Listing will have no effect on the existing share certificates in respect of the H Shares, which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the H Shares are traded in the board lot of 10,000 H Shares each and are traded in Hong Kong dollars. The Hong Kong H Share registrar and transfer office of the Company is Tricor Tengis Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the H Shares and the H Share registrar following the completion of the Transfer of Listing.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 20 November 2002. The major terms and conditions of the Share Option Scheme were set out in the section headed “Summary of the Terms of Share Option Scheme” under Appendix IV to the Prospectus. According to the terms of the Share Option Scheme, the effectiveness of the Share Option Scheme is conditional upon, among other things, the restrictions under the relevant PRC laws and regulations restricting Chinese nationals from subscribing for and dealing in H shares or any laws or regulations with similar effects having been abolished or removed. As at the Latest Practicable Date, such condition has not been met and thus the Share Option Scheme is not yet effective and no option has been granted or agreed to be granted under the Share Option Scheme. Subject to the applicable rules and regulations, if the Share Option Scheme becomes effective following the Transfer of Listing, it will be implemented in compliance with the requirements of Chapter 17 of the Main Board Listing Rules. The listing of the H Shares to be issued under the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Main Board Listing Rules.

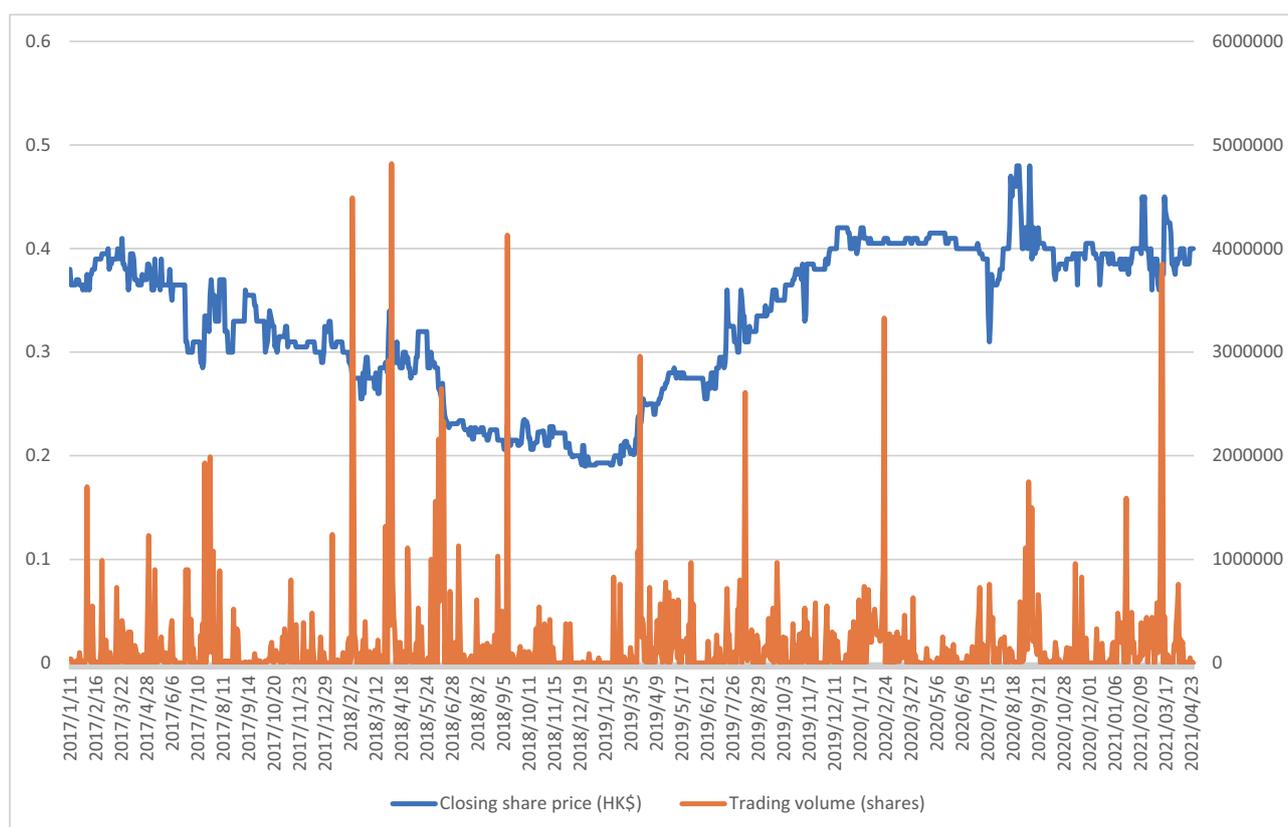
As at the date of this announcement, there were no outstanding options, warrants or similar rights or convertible equity securities issued by the Company which will be transferred to the Main Board.

SHARE PRICE VOLATILITY

The H Shares have been listed on GEM since 12 December 2002, with the final offer price of HK\$0.25 per H Share. The highest closing price and lowest closing price at which the H Shares have been traded on GEM during the Track Record Period and up to the Latest Practicable Date was HK\$0.48 per H Share (on 24 August 2020, 25 August 2020, 26 August 2020 and 9 September 2020) and HK\$0.19 per H Share (on 28 December 2018 and 31 December 2018), respectively.

After making reasonable enquiries and to the best knowledge of the Directors, other than the strong financial performance of the Group for the six months ended 30 June 2019 and the nine months ended 30 September 2019, the Directors are not aware of any other reason for the significant increase in the Company's share price in 2019. Please refer to the results announcements of the Company dated 8 August 2019 and 8 November 2019, and the first and third quarterly reports of the Company for further details in the Group's financial performance in 2019.

The following chart sets forth the volatility of the price and trading volume of the H Shares since the H Shares have been listed on the GEM and up to the Latest Practicable Date:



The price and trading volume of the H Shares has been volatile since the GEM Listing and may continue to be volatile. The Company's market capitalisation was lower than HK\$200 million as required under paragraph 7(1) (a) of Appendix 28 to the Main Board Listing Rules during the second half of 2018 and the first quarter of 2019. Attention of the Shareholders and potential investors of the Company is drawn to the potential risks and they are advised to exercise caution when dealing in the H Shares.

SHAREHOLDING DISTRIBUTION

The Company has engaged an independent third-party agent (the “**Agent**”) to make an enquiry into the shareholding information of the H Shares. Based on (a) the information received from the Agent up to 9 April 2021; (b) the register of members of the Company; and (c) to the best knowledge of the Directors upon due inquiry, as at 9 April 2021 (being the latest practicable date for the Company to ascertain the following information prior to the Transfer of Listing), (i) the Controlling Shareholders together with their close associates (if any) held in aggregate 491,000,000 Shares, representing 70.14% of the entire issued share capital of the Company; (ii) there were no less than 300 identifiable public Shareholders ^{Note 1} holding in aggregate 193,560,000 H Shares, representing approximately 92.61% of the H Shares in issue and approximately 27.65% of the entire issued share capital of the Company.

The below table sets out the number of identifiable public Shareholders and the Shareholders’ spread other than the H Shares held by the Controlling Shareholders as at 9 April 2021:

	Aggregate number of H Shares held <i>Note 2</i>	Approximate % of shareholding to the total H Shares	Approximate % of shareholding to the entire issued share capital of the Company
The top identifiable public Shareholder	20,000,000	9.57%	2.86%
Top 5 identifiable public Shareholders	57,460,000	27.49%	8.21%
Top 10 identifiable public Shareholders	85,100,000	40.72%	12.16%
Top 20 identifiable public Shareholders	144,580,000	54.82%	16.37%
Top 25 identifiable public Shareholders	124,550,000	59.59%	17.79%

Notes:

1. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, the Directors confirm that the identifiable public Shareholders are third parties independent from, and not financed directly or indirectly by, and/or accustomed to taking instructions from any core connected person of the Company.
2. Based on the responses received by the Agent as at the Latest Practicable Date and the register of members of the Company as at 9 April 2021, there were 11,020,000 H Shares (representing approximately 5.27% of the H Shares), the holders of which were unidentifiable.

PUBLIC FLOAT

The Directors confirm that (i) not less than 25% of the total issued share capital of the Company is held by the public (as defined in the Main Board Listing Rules) as at the date of this announcement; (ii) the Company has at least 300 shareholders; and (iii) not more than 50% of the Shares held by the public are held by the three largest public Shareholders. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules and paragraph 7(2) of Appendix 28 to the Main Board Listing Rules.

During the Track Record Period and up to the date of this announcement, there has not been material change to the shareholding structure of the Company.

PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of quarterly reporting of financial results and will follow the relevant requirements of the Main Board Listing Rules which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively. The potential investors and Shareholders will continue to have access to relevant information on the Company following the reporting requirements under the Main Board Listing Rules.

BUSINESS OF THE GROUP

Principal Business

CCID Consulting Company Limited is a consultancy services provider dedicated to serving governmental authorities at all levels, industrial parks and enterprises (i) management and strategy consultancy services, (ii) market research services, and (iii) information engineering supervision services. The Group also provides data information management services to enterprises and governments by establishing data platforms and updating information and data on the platform on a regular basis.

Since the GEM Listing, the Group has been focusing on management and strategy consultancy services, market research services and data information management services. Having considered information engineering supervision services can be regarded as follow-up demands of management and strategy consultancy services and the information engineering supervision services can meet the demand of project implementation of the Group's management consultancy projects, the Group acquired the information engineering supervision business in 2008 enabling the Group to expand its business capability to cover the implementation stage of information engineering projects and service chain. In 2020, the Group acquired the industry spatial management business so as to further expand its service chain by supplementing the existing management and strategy services of planning and design to industrial parks with project implementation of planning and design of industrial parks enabling the Group to provide full-service chain consultancy service to its customers.

With a total of over 200 professional consultants, the Company's business network covers more than 200 large and medium-sized cities in China. The research fields cover multiple business areas of industry and information technology, including electronic information, software and information services, artificial intelligence, digital economy, information communication, integrated circuits, intelligent manufacturing, high-end equipment, automobiles, new materials, energy conservation and environmental protection, medical health, tourism and sports.

Leveraging on the Group's competitive advantage in industry resources, information technology, and data channels, the Group focuses on services in areas such as enhancement of industry competitiveness, development strategy and planning, marketing strategy and research, human resources management, information technology planning and management, the formulation of public policy, etc. The Group was named Top 50 Consulting Firms by China Enterprise Confederation Management Advisory Committee (中國企業聯合會管理諮詢委員會) in 2018 and 2019, respectively.

The following table illustrates a breakdown of the revenue of the Group during the Track Record Period:

	Year ended 31 December					
	2018		2019		2020	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
	<i>audited</i>	revenue	<i>audited</i>	revenue	<i>audited</i>	revenue
	<i>(restated)</i>		<i>(restated)</i>		<i>(restated)</i>	
	<i>(RMB' 000)</i>	%	<i>(RMB' 000)</i>	%	<i>(RMB' 000)</i>	%
Management and strategy consultancy services	85,116	49.0	136,539	52.2	103,372	48.8
Information engineering supervision services	76,100	43.8	89,442	34.2	76,083	35.9
Market research services	10,383	6.0	21,336	8.2	26,440	12.5
Others ^(Note)	2,028	1.2	14,212	5.4	6,059	2.8
Total	173,627	100	261,529	100	211,954	100

Note:

Mainly include membership services for standard market reports and data information management services of the Group.

(I) Management and Strategy Consultancy Services

The Group provides management and strategy consultancy services to governmental authorities and enterprises seeking assistance with strategic issues that require professional economic, financial, or business analysis. The Group applies a highly analytical, quantitative, and focused approach to help customers analyze and respond to market forces and competitive pressures that affect their businesses. Applying the Group's in-depth knowledge of specific industries, the Group is able to provide insightful, value-added advice to its customers. The Group's management and strategy adopt consultancy projects are staffed with experienced senior consultants who use a collaborative team approach to offer customers practical and creative advice that are distinguished from conventional approaches and predetermined solutions or methodologies.

Business Model

The Group's management and strategy consultancy services mainly include the following:

Consultancy Services to Government Customers

Based on the Group's research and analysis of industrial policies and trends, the Group provides governmental authorities and industrial parks with the following services:

- (i) comprehensive planning, including formulating the followings:
 - (a) National economic and social development plans, such as Urban Development Three-Year Rolling Plan of Haicheng, Liaoning Province (遼寧省海城市產業發展三年滾動計劃(2018–2020), which (i) analyses the strategic positioning including National County Economic High-quality Development Demonstration Zone (全國縣域經濟高質量發展示範區), Northeast Asia Commercial Innovation Pilot Zone (東北亞商貿創新試驗區), “One Belt One Road” Open Cooperation and Innovation Base (“一帶一路”開放合作創新基地) and World-class (Magnesite) New Material Industry Base (世界級(菱鎂)新材料產業基地); and (ii) provides advice on how to strengthen the magnesite industry as the local pillar industry; how to cultivate the local emerging industries, such as new material industry and new energy automobile industry; how to transform and upgrade the traditional industries, such as textile industry and steel industry; and how to facilitate the development of local commerce and trade and tourism;
 - (b) industrial and informatization development plans, such as Research on Informatization Development of Liuzhou City under the “Fourteenth Five-Year” Plan (柳州市「十四五」信息化發展研究), which (i) analyses current conditions, challenges and opportunities for the informatization development of Liuzhou City, and (ii) provides strategies for development of key areas of focus, including (a) attraction and cultivation of talents on digital technology and economy, (b) promotion of integrated development of urban area and local industries by developing industrial parks and improving infrastructure construction, and (c) optimization of government's data management and data-based public services; and
 - (c) transformation and upgrading plans of manufacturing industry, such as “Thirteenth Five-Year” Industrial Transformation and Upgrading Plan in Gansu Province (甘肅省“十三五”工業轉型升級規劃), which (i) analyses main issues existed in the local industrial development under the “Twelfth Five-Year” Plan; and (ii) provides advice on development of the key industrial fields to be focused on, such as petrochemical industry, non-ferrous metal industry, textile industry, new material industry and equipment manufacturing.

- (ii) Industry-specific planning, including formulating the plans regarding development goals, positioning and direction of a particular industry, such as Research on the Development of Health Industry in Jingmen City (荊門市大健康產業發展專項研究), which (i) analyses background, favorable conditions and existing issues for development of health industry; (ii) provides advice on development of the key healthcare fields to be focused on, including biomedicine, elderly care, manufacturing of sporting goods, recreation and tourism, healthcare products and services; and (iii) provides advice on investment attraction for those key healthcare fields.
- (iii) Implementation planning and action planning, including formulating the implementation plans of industrial development in software or information engineering projects, covering major tasks and implementation process, such as Zhuzhou Smart City Planning Report (株洲新興智慧城市規劃方案), which (i) analyses the current smart city development status of Zhuzhou, and (ii) provides advice on construction of a smart city, including establishing and optimizing a urban service mobile application, i.e., Zhihui Zhuzhou APP, establishing an online platform consolidating public services such as public security, emergency measures, spatial planning and market supervision.
- (iv) Industry spatial management services upon completion of acquisition of Guangdong CCID, including executing the aforementioned various plans for industrial parks. More specifically, the Group is responsible for the followings:
 - (a) *Land obtainment and park zoning*

The development of an industrial park requires the obtainment of a plot of land of appropriate size from the government. The Group formulates strategy of obtaining lands from government and negotiates with the government on behalf of industrial parks.

Industrial parks should be configured and organized in accordance with the expected uses of the land within them. This form of spatial organization and planning is known as “zoning”. The Group advises on the industrial park zoning based on the key site parameters, including, among others, boundary (perimeter) shape, physical site features, area availability, environmental considerations, compatibility issues, surrounding areas, accessibility, transportation issues and visibility.

(b) Integration of industrial resources

In order to establish the industrial ecosystem, the Group integrates the industrial resources in the industrial parks, including:

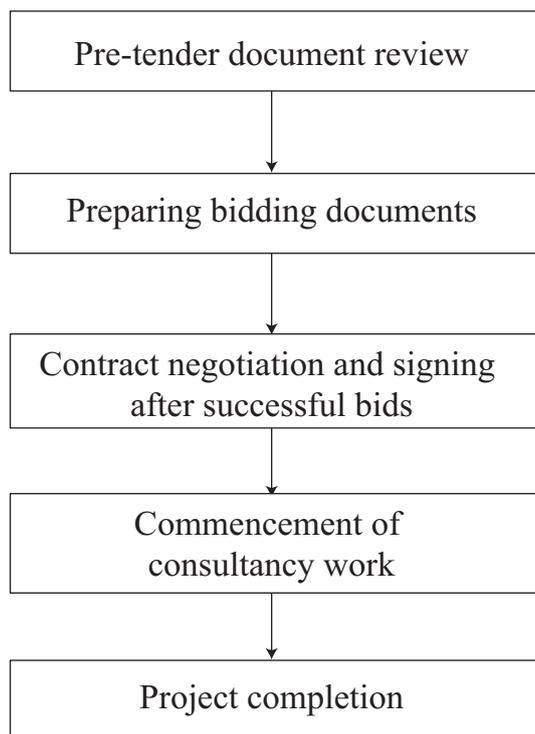
- attracting mature businesses into the park, including SMEs and leading enterprises in technology, life science and new material sectors, to accelerate the clustering of upstream and downstream supporting companies;
- attracting innovation and technology star-ups through business incubation support;
- attracting skilled talents through promotion of superior standards of worker welfare, standards and practices; and
- establishing relevant technical infrastructure, R&D centers and other infrastructure facilities to support the development of the industrial sector.

Consultancy Services To Enterprise Customers

Based on the Group's in-depth understanding and analysis of various industries and markets, the Group provides enterprises with the following services:

- (i) business development strategy, including business strategy, product strategy, marketing strategy, brand strategy, human resource strategy, covering industry research, competitive landscape, management analysis of business and operation, goals and priorities of business development;
- (ii) investment decisions analysis, including feasibility analysis of investment or acquisition, new industries or market entry assessments, covering investment direction, investment scale, investment structure, market and technical feasibility analysis, and analysis of return on investment; and
- (iii) financial advisory service in private equity or venture capital investment and initial public offering, including conducting business due diligence, assessing valuation, preparing business plans, designing transaction structures and liaising with the investors and founders.

The Group typically goes through a tendering process administrated by its customers in order to win a management and strategy consultancy project. The following diagram illustrates a typical tendering process:



The management and strategy consultancy project typically lasts for a period from approximately 4 to 8 months. The industry spatial management project typically lasts for a period from approximately 1 to 3 years.

Fee Model

The Group's service contracts for management and strategy consultancy projects typically include a detailed schedule that sets forth specifications of the services to be provided, the anticipated delivery time and the payment dates. The Group typically bill its customers after completion of a task in the payment schedule. The Group then receives payments in accordance with the payment schedule specified in the relevant contract. The rate of service fee charged by the Group for management and strategy consultancy services is determined after arm's length negotiation between the parties and taking into account the followings:

- (i) the service rates of the Group's junior consultant, senior consultant and principal, ranging from RMB800 to RMB1,200 per hour, RMB1,400 to RMB1,800 per hour and RMB2,000 to RMB3,400 per hour, respectively;
- (ii) the estimated time to complete the project;
- (iii) the complexity of the project;
- (iv) whether the Group needs to outsource and engage a third party to assist with the implementation of the project; and
- (v) the prevailing market conditions.

(II) Market Research Services

Business Model

The Group conducts tailor-made research on topics ranging from competitive environment, customer demand, application in industries, channel establishment to development of products and technologies. The related products are as follows:

- (a) market segment research report: to conduct research and study on the market of industry application, the market of corporate application, the regional and municipal market, the family and individual consumer market, etc, with the objective of forming a study report for both the domestic and the foreign customers;
- (b) market research report on product life cycle: to conduct research and study on different periods within different IT product life cycles, including research on the R&D period, introduction period, growth period, maturity period and downturn period, etc, with the objective of forming a study report for both the domestic and the foreign customers; and
- (c) market research report on the structure of regional channels: to conduct research and study on the structure of regional channels of factories, including research on distribution channel, direct selling channel, channel type and strategy, new channel/complex channel, etc, with the objective of forming a study report for both the domestic and the foreign customers.

The tailor-made market research project typically lasts for a period from approximately 1 to 3 months.

Fee Model

The Group derives its revenue from direct sale of tailor-made research reports. The rate of service fee for each project charged by the Group is determined after arm's length negotiation between the parties and taking into account the followings:

- (i) the service rates of the Group's junior consultant, senior consultant and principal, ranging from RMB800 to RMB1,200 per hour, RMB1,400 to RMB1,800 per hour and RMB2,000 to RMB3,400 per hour, respectively;
- (ii) the estimated time to complete the project;
- (iii) the complexity of the project;
- (iv) whether the Group needs to outsource and engage a third party to assist with the implementation of the project; and
- (v) the prevailing market conditions.

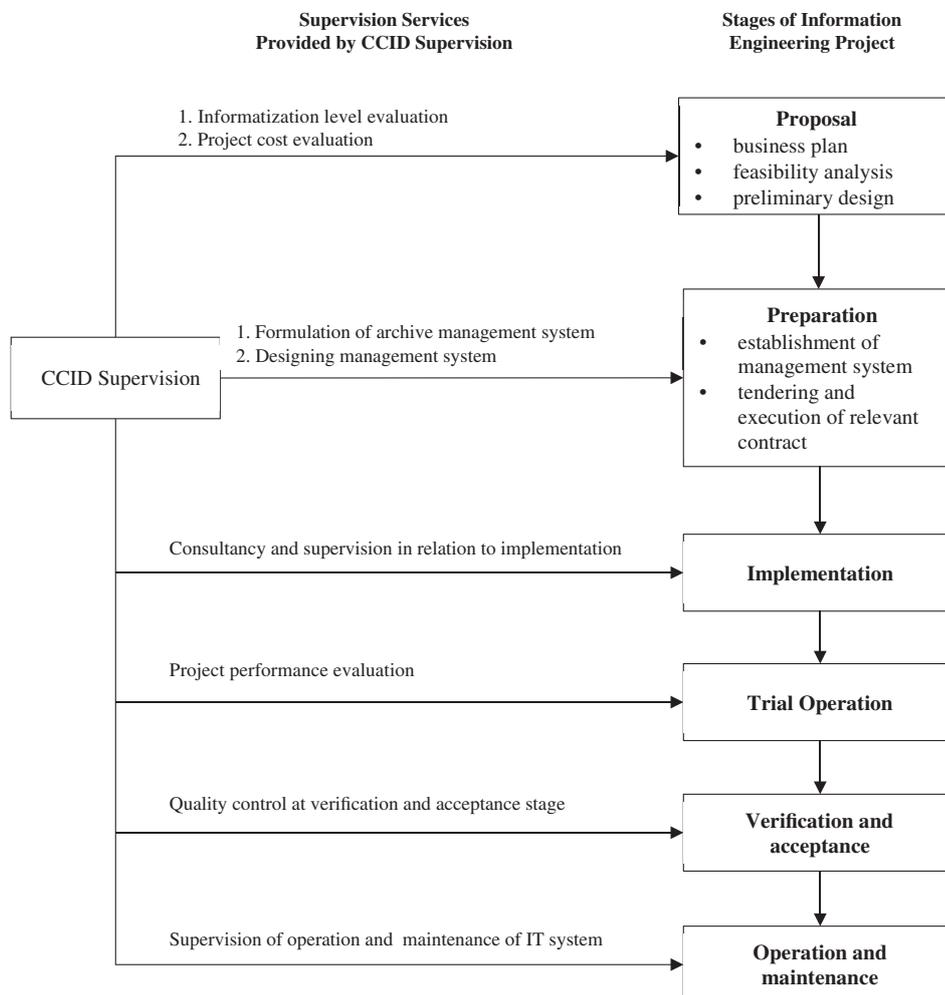
(III) Information Engineering Supervision Services

The Group is capable of providing professional supervision services to governmental authorities or enterprises in various information engineering projects regarding software, network, communication and information security. The information engineering projects mainly include:

- (i) IT infrastructure engineering projects,
- (ii) data center engineering projects,
- (iii) software engineering projects,
- (iv) information security engineering projects, and
- (v) operation and maintenance projects.

Business Model

CCID Supervision is the operating entity of the information engineering supervision services of the Group. In order to ensure the overall quality and implementation of the project, CCID Supervision supervises and manages the entire process of the project. The following chart sets forth the supervision services provided by CCID Supervision in different stages of an information engineering project.



Informatization level evaluation

At the stage of project proposal, CCID Supervision evaluates the current informatization level of customers. Based on the evaluation results of informatization level, CCID Supervision formulates effective strategies and plans of improving the informatization level of customers in line with their overall and long-term business development strategies.

Project cost evaluation

At the preparation stage, CCID Supervision provides the evaluation service of project cost. In the preparation stage, CCID Supervision evaluates the construction cost of the project to ensure the investment amount of project is reasonable and sufficient for completion of the project.

Formulation of archive management system

At the preparation stage, CCID Supervision formulates the archive management system for customers and assists customers in organizing, compiling and archiving the documents relating to the information engineering project so as to ensure the documents are complete and traceable.

Designing management system

At the preparation stage, CCID Supervision advises on the standardized process and internal management system of demand management, procurement, contract management, implementation management, verification and acceptance of an information engineering project.

Consultancy and supervision in relation to implementation

At the implementation stage, CCID Supervision reviews the implementation plan and regularly supervises the implementation in order to ensure that (i) the implementation plan is reasonable and feasible, (ii) the implementation is consistent with the design plan and satisfies the requirements in the contract, (iii) the implementation complies with relevant laws and regulations, (iv) the subcontractors are qualified and competent, (v) the actual implementation progress is consistent with the plan, and (vi) keep daily records of implementation (if necessary).

Project performance evaluation

At the stage of trial operation, CCID Supervision evaluates the operation performance of information engineering projects to ensure the project can operate normally and as expectation and meet the customers' needs. CCID Supervision may also provide optimization advice on the operation of information engineering projects.

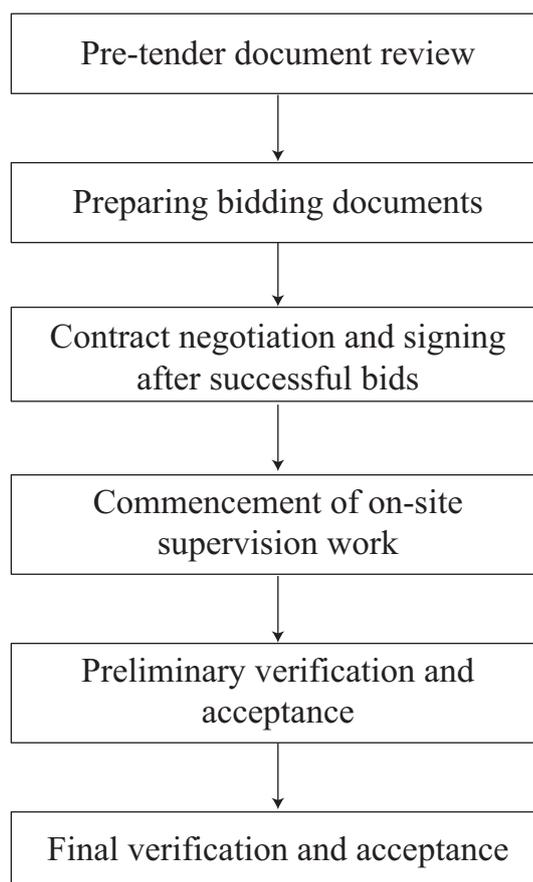
Quality control at verification and acceptance stage

At the stage of verification and acceptance, CCID Supervision is responsible for quality control. CCID Supervision inspects if there is any quality problem and proposes rectification measures. CCID Supervision also coordinates parties to confirm the standards and plans of verification and acceptance.

Supervision of operation and maintenance of IT system

During the operation and maintenance stage, CCID Supervision supervises and monitors the operation and maintenance of the customers' infrastructure, software application system, IT system security and data resource. CCID Supervision focuses on quality control, cost control, security, contract management, emergency management and performance management.

The Group typically goes through a tendering process administrated by its customers in order to win an information supervision engineering project. The general process is as follows:



The information engineering supervision engineering project typically lasts for a period from approximately 10 to 12 months.

Synergy Effect between the Group’s Management and Strategy Consultancy Services and Information Engineering Supervision Services

In general, management and strategy consultancy services and supervision services serve for different stages in one information engineering project, and are mutually complementary. Such close interrelation also provides the Group with more business opportunities in its management and strategy consultancy services and supervision services. For example, in a project of informatization of operation IT system government department of Inner Mongolia Autonomous Region, the Group provided management and strategy consultancy services including formulating and designing the implementation plan of upgrading the operation IT system of the client. Given that it was efficient for the Group to carry out the supervision work of the implementation plan designed by itself, the client also purchased the Group’s supervision services for this project.

Furthermore, attributable to satisfactory management and strategy consultancy services received by clients, the Group may be referred to by clients to other information engineering supervision projects (the “**Referred Projects**”) from time to time, which primarily includes the following:

- (a) government customers may recommend the Group’s information engineering supervision services to (i) entities controlled by or affiliated with them, or (ii) their subordinated departments and branches or other local government departments; and
- (b) enterprise customers may recommend the Group’s information engineering supervision services to companies affiliated with them.

For each of the three years ended 31 December 2018, 2019 and 2020, (i) the number of the Referred Projects is 90, 109 and 102, accounting for approximately 32.8%, 30.2% and 31.4% of the total number of the information engineering supervision projects for relevant year or period, respectively; and (ii) the revenue from the Referred Projects amounted to approximately RMB26.1 million, RMB31.4 million and RMB19.1 million, accounting for approximately 34.3%, 35.1% and 25.1% of the total revenue from the information engineering supervision services for relevant year, respectively.

Fee Model

The Group's service contracts for information supervision engineering project typically include a detailed schedule that sets forth the payment milestones. The Group typically receives service fees in three installments upon execution of the contract, completion of preliminary verification and acceptance and completion of final verification and acceptance, respectively. The rate of service fee charged by the Group for information supervision engineering services is determined after arm's length negotiation between the parties and taking into account the followings:

- (i) the investment budget of the information engineering project multiplied by the corresponding fee charge ratio as set out in the Regulations on the Pricing of Construction Project Supervision and Related Service (《建設工程監理與相關服務收費管理規定》) (the “**Pricing Regulations**”) issued by National Development and Reform Commission (國家發展和改革委員會) on 30 March 2007. The Pricing Regulations set out different ranges of the investment budget and their corresponding fee charge ratios. Such fee charge ratio depends on which range of investment budget the information engineering project can fall in;
- (ii) the estimated time and labour cost to complete the project;
- (iii) the complexity of the project;
- (iv) whether the Group needs to outsource and engage a third party to assist with the implementation of the project; and
- (v) the prevailing market conditions.

(IV) Other services

The Group provides membership service for obtaining access to the standard market reports on MTX (滿天星) platform. Upon paying a fixed membership fee, customers can enjoy a wide range of market reports, including information of IT market development in China, monthly monitoring report and quarterly analysis report. The rate of annual membership fee charged by the Group depends on the type of accessible database, the nature of service and the prevailing market condition.

The Group also provides data information management services to governments and enterprises by establishing data platforms and updating and maintaining the data therein on a regular basis. These services aim to support development of industry chain and equip local governments or enterprises with meaningful information about the industry. The rate of service fee charged by the Group for each project depends on service content, the service term and the estimated cost of labour.

Material Projects by Segments During the Track Record Period

The following tables set out certain information relating to the material projects by segments in terms of revenue generated in the years ended 31 December 2018, 2019 and 2020, respectively:

Year ended 31 December 2018

Management and Strategy Consultancy Services

Projects Ranked by Revenue in the Year ended 31 December 2018	Revenue	Customer	Contract Value (Tax Inclusive) (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin	Nature and Scope of Service
1.	2,714	Customer D1 ¹	4,230	1,063	39.2%	Planning and organizing a conference regarding the cloud services for micro, small and medium enterprises, and conduct certain marketing activities for the customer in such conference
2.	2,507	Customer D2 ²	2,600	932	37.2%	Conducting research on specific topics, including industrial development within and across Shaoguan and Pearl River Delta, development planning of the key industrial parks, and development of certain industries in Shaoguan; and providing research materials regarding the industry and information technology
3.	2,311	Customer D3 ³	2,450	1,168	50.5%	Formulating development strategies for the industrial economy of a small city, and the development strategy for the new energy automobile industry
4.	2,299	Customer D4 ⁴	2,970	1,148	49.9%	Formulating development strategies for the manufacture industry of a small city, including fields of electronic information, automobiles, food, nonferrous metals and equipment
5.	2,057	Customer D5 ⁵	2,180	991	48.2%	Formulating development strategies for an economic development zone, regarding fields of military and civilian integration, film processing, textile and detection machines
6.	1,618	Customer D6 ⁶	2,450	928	57.4%	Conducting research and analysis on all entities in the industrial zone regarding their developing status and providing relevant suggestions
7.	1,509	Customer D3	1,600	696	46.1%	Formulating development strategies for the industrial economy of a small city, and the development strategy for the new energy automobile industry
8.	1,509	Customer D7 ⁷	1,600	630	41.8%	Planning and organizing a conference for the innovation and development of the industrial internet, and conducting certain marketing activities for the customer in such conference

Projects Ranked
by Revenue in
the Year ended
31 December 2018

	Revenue	Customer	Contract Value (Tax Inclusive)	Gross Profit	Gross Profit Margin	Nature and Scope of Service
	(RMB'000)		(RMB'000)	(RMB'000)		
9.	1,509	Customers D8 ⁸	1,600	920	61.0%	Planning and organizing an annual conference regarding the semiconductor industry of China, and conduct certain marketing activities for the customer in such conference
10.	1,486	Customer D9 ⁹	2,870	937	63.1%	Formulating development strategies for an economic development zone, regarding fields of artificial intelligence

Notes:

- Customer D1 is a governmental authority in Sichuan Province (四川省), principally engaged in promulgating and implementing regulations and policies in economic development and digitalization.
- Customer D2 is a governmental authority in Guangdong Province (廣東省), principally engaged in promulgating and implementing regulations and policies in economic development and digitalization.
- Customer D3 is a governmental authority in Leshan City (樂山市), principally engaged in promulgating and implementing regulations and policies in economic development and digitalization.
- Customer D4 is a governmental authority in Yantai (煙台市), principally engaged in promulgating and implementing regulations and policies in economic development and digitalization.
- Customer D5 is a governmental authority in Sheyang County(射陽縣), Yancheng City (鹽城市), principally engaged in promulgating and implementing regulations and policies in economic development and digitalization.
- Customer D6 is a governmental authority in Guangdong Province (廣東省), principally engaged in promulgating and implementing regulations and policies in industry development and digitalization.
- Customer D7 is a governmental authority in Nanjing City (南京市), principally engaged in promulgating and implementing regulations and policies in economic development and digitalization.
- Customers D8 are two state-owned enterprises established in the PRC in 2011 and 2016, respectively. According to National Enterprise Credit Information Publicity System, their registered share capital is RMB648.2 million and RMB100 million, respectively.
- Customer D9 is a governmental authority in Shanghai City (上海市), principally engaged in promulgating and implementing regulations and policies in economic development.

Market Research Services

Projects Ranked
by Revenue in
the Year ended
31 December 2018

	Revenue	Customer	Contract Value (Tax Inclusive) (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin	Nature and Scope of Service
1.	943	Customer E1 ¹	2,000	414	43.9%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the intelligent construction of a city in such conference
2.	943	Customer E2 ²	1,000	556	59.0%	Preparing the tailor-made research report regarding the big data industry of a city
3.	942	Customer E3 ³	998	377	40.1%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the intelligent construction and industrial interconnection in such conference
4.	613	Customer E4 ⁴	910	337	55.0%	Preparing the tailor-made market research report regarding informatization in the public security industry
5.	377	Customer E5 ⁵	400	169	44.8%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the IT industry of China in such conference
6.	377	Customer E6 ⁶	400	217	57.6%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the IT industry of China in such conference
7.	368	Customer E7 ⁷	390	207	56.2%	Preparing tailor-made market research report regarding face recognition in the public security industry
8.	364	Customer E8 ⁸	397	260	71.3%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the semiconductor industry in such conference
9.	283	Customer E9 ⁹	300	168	59.4%	Preparing tailor-made market research report regarding the funding support application for a R&D project in IT industry
10.	264	Customer E10 ¹⁰	350	188	71.2%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the intelligent manufacturing of China in such conference

Notes:

- Customer E1 is a society organization in Changsha City (長沙市), principally engaged in research in Internet industry and promotion of Internet industry development.
- Customer E2 is a governmental authority in Hefei City (合肥市), principally engaged in administration in data resources.
- Customer E3 is a public institution in Shanghai, principally engaged in providing services to promote investment.

4. Customer E4 is a company established in the PRC in 1987, principally engaged in development, manufacture and sale of information technology products. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB40,308.13 million.
5. Customer E5 is a company established in the PRC in 1999 and principally engaged in manufacturing of mechanical products and electrical appliances, the shares of which are listed on Shenzhen Stock Exchange. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB271.51 million.
6. Customer E6 is a company established in the PRC in 1989, principally engaged in development and sale of encryption product. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB821.22 million.
7. Customer E7 is a company established in the PRC in 2012, principally engaged in software and information technology services. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB46.70 million.
8. Customer E8 is a company established in the PRC in 2011, principally engaged in designation of integrated circuit. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB81.7 million.
9. Customer E9 is a company established in the PRC in 2011, principally engaged in manufacture industry of computers, telecommunication and other electrical devices. According to National Enterprise Credit Information Publicity System, its registered share capital is USD265 million.
10. Customer E10 is a company established in the PRC in 2010, principally engaged in production and sales of intelligent facilities. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB102 million.

Information Engineering Supervision Services

Projects Ranked
by Revenue in
the Year ended
31 December 2018

	Revenue	Customer	Contract Value (Tax Inclusive)	Gross Profit	Gross Profit Margin	Nature and Scope of Service ¹¹
	(RMB'000)		(RMB'000)	(RMB'000)		
1.	7,869	Customer F1 ¹	25,980	3,210	40.8%	Information engineering supervision service for the construction and optimization of a taxation management system of the customer
2.	3,737	Customer F2 ²	5,450	1,453	38.9%	Information engineering and supervision service for an integrated renovation of grain management platform of the customer
3.	2,726	Customer F3 ³	2,890	1,129	41.4%	Information engineering supervision service for the engineering construction of the popularization of informatization
4.	2,396	Customer F4 ⁴	3,580	929	38.8%	Information engineering supervision service for a science and technology information management system
5.	1,981	Customer F5 ⁵	7,000	771	38.9%	Information engineering supervision service for (i) a cloud data center; (ii) a public information platform; and (iii) underlying database
6.	1,420	Customer F6 ⁶	6,680	607	42.8%	Information engineering supervision service for the informatization project of a corporate's headquarter

Projects Ranked
by Revenue in
the Year ended
31 December 2018

	Revenue	Customer	Contract Value (Tax Inclusive)	Gross Profit	Gross Profit Margin	Nature and Scope of Service ¹¹
	(RMB'000)		(RMB'000)	(RMB'000)		
7.	1,400	Customer F7 ⁷	6,980	518	37.0%	Information engineering and supervision service for a financial information platform
8.	1,377	Customer F8 ⁸	2,980	675	49.0%	Information engineering supervision service for a credit information sharing platform of the customer
9.	1,208	CCID ⁹	1,320	520	43.1%	Information engineering supervision service of a preliminary design for the evaluation mechanism of informatization projects
10.	1,132	Customer F9 ¹⁰	2,000	628	55.5%	Formulating development strategy of local economy and industry by CCID Supervision

Note:

- Customer F1 is a governmental authority in the PRC, principally engaged in promulgation and implementation regulations and policies regarding tax.
- Customer F2 is a state-owned enterprise established in the PRC in 2000, principally engaged in food reserve. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB47,000 million.
- Customer F3 is a department of a mass organization in the PRC, principally engaged in popularization of science.
- Customer F4 is a public institution in the PRC, principally engaged in research of scientific technology information. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB75.1 million.
- Customer F5 is a governmental authority in Tongren City (銅仁市), principally engaged in promulgating local regulations and policies on industry development and digitalization.
- Customer F6 is a state-owned company established in the PRC in 2004, principally engaged in the management and operation of power grid in southern regions and distribution of electricity. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB60 billion.
- Customer F7 a state-owned company established in the PRC in 2009, principally engaged in the management and operation of a financial information platform. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB220 million.
- Customer F8 is a public institution in the PRC, principally engaged in providing services to administration of industry and commerce affairs.
- CCID is a public institution in the PRC, principally engaged in research of industry policy, economic environment, media and publishing industry. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB48.3 million. CCID is the ultimately controlling shareholder of the Company.
- Customer F9 is a state-owned company established in the PRC in 2010, principally engaged in the management and operation of state-owned assets. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB2.3 billion.
- The information engineering supervision services are normally carried out throughout the whole process of one information engineering project, and the service scope includes informatization level evaluation, cost evaluation, formulation of management system, designing management system, consultancy and supervision in relation to implementation, project performance evaluation, quality control at verification and acceptance stage, and supervision of operation and maintenance of IT system. Please refer to the section headed “(III) Information Engineering Supervision Services – Business Model” for further details.

Year ended 31 December 2019

Management and Strategy Consultancy Services

Projects Ranked by Revenue in the Year ended 31 December 2019	Revenue	Customer	Contract Value (Tax Inclusive)	Gross Profit	Gross Profit Margin	Nature and Scope of Service
	<i>(RMB'000)</i>		<i>(RMB'000)</i>	<i>(RMB'000)</i>		
1	9,489	Customer G1 ¹	10,000	4,981	52.5%	Formulating plans for an exposition relating to intelligent manufacturing
2	8,491	Customer G2 ²	8,700	4,883	57.5%	Formulating plans on the local industrial development, including advising on supporting policies, investment attraction and brand publicity
3	3,551	Customer G3 ³	20,000	1,797	50.6%	Formulating plans for organizing and constructing an intelligent industrial port in the development zone of one city
4	2,830	Customer G4 ⁴	3,000	1,499	53.0%	Providing advice on project operation, and conducting feasibility study and business plans for four subprojects
5	2,827	Customer G5 ⁵	4,995	1,449	51.3%	Formulating plans on the local industrial development, including analysis of recent issues and solutions, general industrial distributions and transformation strategies
6	2,642	Customer G6 ⁶	2,800	1,460	55.3%	Formulating plans on the future development of an industrial cluster, including auto parts, biopharmaceuticals, electronic information and green food
7	2,547	Customer G7 ⁷	2,730	1,312	51.5%	Conducting research and analysis of development for local government authority, including fields like informatization, advanced materials, non-ferrous metals and new energy
8	2,453	Customer D2	2,600	1,337	54.5%	Formulating researches for the innovative development of industries and entities in one small city, including the due diligence and evaluation.
9	2,075	Customer G9 ⁸	2,200	1,040	50.1%	Formulating plans on the local industrial development, including analysis on layouts, recent issues spotted, business attraction and transformation strategies
10	1,745	Customer G10 ⁹	1,850	854	48.9%	Conducting research on local travel accessories market, formulating industrial development plans, action plans and local policies

Note:

1. Customer G1 is a private company established in the PRC in 2015, principally engaged in assets management and investment management. According to National Enterprise Credit Information Publicity System, its registered capital is RMB100 million.
2. Customer G2 is a governmental authority in Laixi City (萊 西 市), principally engaged in regulating the public administrative affairs in Laixi City.
3. Customer G3 is a private company established in the PRC in 2017, principally engaged in technology development and consultancy. According to National Enterprise Credit Information Publicity System, its registered capital is RMB10 million.
4. Customer G4 is a private company established in the PRC in 1997, principally engaged in production and sales of medicine. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB1.08 billion.
5. Customer G5 is a governmental authority in Tongchuan City (銅 川 市), principally engaged in promulgating and implementing local regulations and policies on industry development and digitalization.
6. Customer G6 is a governmental authority in Sanhe City (三 河 市), principally engaged in promulgating and implementing local regulations and policies on industry development and digitalization.
7. Customer G7 is a governmental authority in Qinghai (青 海 省), principally engaged in promulgating and implementing local regulations and policies on industry development and digitalization.
8. Customer G9 is a governmental authority in Zhuzhou City (株 洲 市), principally engaged in management of High-tech Industry Development Zone of Zhuzhou City.
9. Customer G10 is a state-owned company established in the PRC in 2007, principally engaged in the development and investment of infrastructure in Dujiangyan City (都 江 堰 市). According to National Enterprise Credit Information Publicity System, its registered share capital is RMB90 million.

Market Research Services

Projects Ranked
by Revenue in
the Year ended
31 December 2019

	Revenue	Customer	Contract Value (Tax Inclusive) (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin	Nature and Scope of Service
1.	4,717	Customer H1 ¹	5,000	3,009	63.8%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding semiconductor industry in such conference
2.	4,245	Customer H2 ²	4,500	2,670	62.9%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding manufacturing industry in such conference
3.	1,509	Customer H1 ¹	1,600	1,046	69.3%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the semiconductor and integrated circuit industry of China in such conference
4.	943	Customer H3 ³	2,000	599	63.5%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding intelligent construction of a city in such conference
5.	894	Customer H4 ⁴	948	495	55.3%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the integrated circuit of manufacturing industry in such conference
6.	660	Customer H5 ⁵	700	494	74.8%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the IT industry of China in such conference
7.	545	Customer H6 ⁶	1,445	385	70.7%	Preparing tailor-made market research report regarding local industrial development and providing advice on development strategies, local policies, business attractions and transformations
8.	472	Customer H7 ⁷	500	335	71.0%	Preparing tailor-made market research report regarding digital marketing industry
9.	425	Customer E6	450	298	70.1%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the IT industry of China in such conference
10.	377	Customer H8 ⁸	1,600	258	68.4%	Planning and organizing a conference and preparing and presenting the tailor-made market research report regarding the semiconductor industry of China in such conference

Note:

- Customer H1 is a state-owned company established in the PRC in 2011, principally engaged in the economic development of Nanjing Software Zone (南京軟件園). According to National Enterprise Credit Information Publicity System, its registered share capital is RMB1.5 billion.

2. Customer H2 is a governmental authority in Chengdu City (成都市), principally engaged in promulgating and implementing local regulations and policies on industry development and digitalization.
3. Customer H3 is a social organization in Changsha City (長沙市), principally engaged in the research of mobile Internet research. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB0.03 million.
4. Customer H4 is a governmental authority in Hefei City (合肥市), principally engaged in the reform of economic and social development.
5. Customer H5 is a company established in the PRC in 1999 and listed on Shenzhen Stock Exchange in 2010. According to its latest annual report, it recorded a revenue of approximately RMB3.8 billion for the year ended 31 December 2019.
6. Customer H6 is a governmental authority in Nanning City (南寧市), principally engaged in the planning and construction of Nanning Wuxiang New Zone (南寧五象新區).
7. Customer H7 is a private company established in the PRC in 2016, principally engaged in big data and cloud technology service. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB2.4 million.
8. Customer H8 is a governmental authority in Xuyi County (盱眙縣), principally engaged in the management of the Economic Development Zone of Xuyi County.

Information Engineering Supervision Services

Projects Ranked
by Revenue in
the Year ended
31 December 2019

	Revenue	Customer	Contract Value (Tax Inclusive)	Gross Profit	Gross Profit Margin	Nature and Scope of Service ⁹
	(RMB'000)		(RMB'000)	(RMB'000)		
1.	3,132	Customer I1 ¹	3,320	1,692	54.0%	Information engineering supervision service for the construction of informatization and supervisory facilities of an airport
2.	2,915	Customer F3	3,090	1,553	53.3%	Information engineering supervision service for the informatization projects for science education
3.	2,154	Customer I2 ²	7,610	1,189	55.2%	Information engineering supervision service for the engineering construction of Earth System Numerical Simulation Facility
4.	2,080	Customer I3 ³	3,150	1,081	52.0%	Information engineering supervision service for the construction of a medical security information platform, including investigation and research, project designing and optimizing

Projects Ranked
by Revenue in
the Year ended
31 December 2019

	Revenue	Customer	Contract Value (Tax Inclusive) (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin	Nature and Scope of Service ⁹
5.	2,075	Customer I4 ⁴	2,750	1,149	55.4%	Information engineering supervision service for the technical construction of an airport, including its cloud computing and big data platform, information system and unified command system
6.	1,964	Customer I5 ⁵	3,784	1,002	51.0%	Information engineering supervision service for the Military World Games
7.	1,691	Customer F6	6,680	851	50.3%	Information engineering supervision service for the informatization of a corporate's headquarter
8.	1,334	Customer I6 ⁶	1,488	706	53.0%	Information engineering supervision service for engineering construction for the information system of an engineering science and technology center
9.	1,302	Customer I7 ⁷	1,380	685	52.6%	Information engineering supervision service for the industrial and information construction of smart workshops
10.	1,138	Customer I8 ⁸	2,010	631	55.5%	Information engineering supervision service for a cloud platform of public security video surveillance

Note:

- Customer I1 is a governmental authority in the PRC, principally engaged in regulating the import and export matters.
- Customer I2 is a public institution in the PRC, principally engaged in research of atmospheric physics. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB49.2 million.
- Customer I3 is a governmental authority in the PRC, principally engaged in the implementation of the policies regarding medical protection.
- Customer I4 is a governmental authority in Beijing, principally engaged in protecting the public security and order.
- Customer I5 is a public institution in the PRC, principally engaged in the implemental and daily operation of certain athletic meeting. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB2 million.
- Customer I6 is a public institution in the PRC, principally engaged in the research of development strategy of engineering technology. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB2 million.
- Customer I7 is a governmental authority in Suzhou City (蘇州市), principally engaged in promulgating and implementing local regulations and policies on industry development and digitalization.
- Customer I8 is a governmental authority in the PRC, principally engaged in the technology informatization of Ministry of Public Security.
- The information engineering supervision services are normally carried out throughout the whole process of one information engineering project, and the service scope includes informatization level evaluation, cost evaluation, formulation of management system, designing management system, consultancy and supervision in relation to implementation, project performance evaluation, quality control at verification and acceptance stage, and supervision of operation and maintenance of IT system. Please refer to the section headed “(III) Information Engineering Supervision Services – Business Model” for further details.

The year ended 31 December 2020

Management and Strategy Consultancy Services

Projects Ranked by Revenue in the Year ended 31 December 2020	Revenue (RMB'000)	Customer	Contract Value (Tax Inclusive) (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin	Nature and Scope of Service
1.	10,600	Customer G3	20,000	5,427	51.2%	Formulating plans for organizing and constructing an intelligent industrial port in the development zone of one city.
2.	8,396	Customer J1 ¹	8,900	4,554	54.2%	Formulating plans for a project of attracting foreign capital relating to a bid process.
3.	4,717	Customer J2 ²	10,000	2,389	50.7%	Formulating plans for construction of four industrial parks and relevant implementation plans.
4.	3,283	Customer J3 ³	3,480	1,711	52.1%	Formulating plans for development and exploitation of a mudflat area in Shandong Province.
5.	2,349	Customer J4 ⁴	2,490	1,271	54.1%	Preparing research report on one city's social and economic development, especially development of the digital economy industry.
6.	1,885	Customer J5 ⁵	1,998	997	52.9%	Formulating plans for the construction of one city's high-quality development, including analysis of the developing environment, key industries and developing paths.
7.	1,698	Customer J6 ⁶	1,800	918	54.1%	Preparing research report on the industry chain, business attraction and action plan for advanced development of one city.
8.	1,698	Customer J7 ⁷	1,800	908	53.5%	Formulating plans for the construction and upgrading of platforms in a city relating to the innovation and entrepreneurship of entities.
9.	1,500	Customer J8 ⁸	1,500	659	43.9%	Formulating plans for an annual meeting regarding emerging industries.
10.	1,372	Customer J9 ⁹	1,455	699	51.0%	Formulating plans on development of an industry park, including the analysis of development background, existing problems and solutions and development strategies.

Notes:

- Customer J1 is a government authority in Shandong Province, principally engaged in promulgating and implementing regulations and policies in local commerce development.
- Customer J2 is a private company established in the PRC in 2005, principally engaged in industrial investment, sales of metal materials and textile materials, and landscaping. According to National Enterprise Credit Information Publicity System, its registered capital is approximately RMB116.9 million.

3. Customer J3 is a governmental authority in Shandong Province (山東省), principally engaged in promulgating and implementing regulations and policies in industry development and digitalization.
4. Customer J4 is a governmental authority in Rizhao City (日照市) of Shandong Province (山東省), principally engaged in promulgating and implementing regulations and policies in development of big data industry.
5. Customer J5 is a governmental authority in Zaoyang City (棗陽市) of Hubei Province (湖北省), which is principally engaged in promulgating and implementing regulations and policies in science technology and informatization development.
6. Customer J6 is a governmental authority in Chongqing City (重慶市), principally engaged in the reform of economic and social development.
7. Customer J7 is a company established in the PRC in 2016 and principally engaged in electrical machinery. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB300 million.
8. Customer J8 is a state-owned enterprise established in the PRC in 1992 and principally engaged in technology development and application industry. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB3,112,550,000.
9. Customer J9 is a governmental authority in Xining City (西寧市) of Qinghai Province (青海省), which is principally engaged in promulgating and implementing regulations and policies in economy and technology development.

Market Research Services

Market Research Services Projects Ranked by Revenue in the Year ended 31

December 2020	Revenue	Customer	Contract Value (Tax Inclusive) (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin	Nature and Scope of Service
1	6,415	Customer K1 ¹	6,800	2,945	45.9%	Planning and organizing a worldwide conference & expo regarding the integrated circuit of semiconductor industry.
2	540	Customer K2 ²	1,800	268	41.6%	Formulating plans for a city's innovative development.
3	528	Customer K3 ³	800	265	50.2%	Preparing research report on development of data centers, including the current development status, feasibility of business models and development prospect.
4	377	Customer K4 ⁴	400	187	41.6%	Planning and organizing a meeting regarding the IT industry of China.
5	368	Customer K5 ⁵	390	181	49.2%	Preparing tailor-made research report on industries of the cloud computing, big data, block chain, industrial internet and financial technology.
6	340	Customer K6 ⁶	360	169	49.7%	Preparing tailor-made research report on the new media industry, including the feasibility study of launching new projects and upgrading existing projects.

Market Research
Services Projects
Ranked by Revenue
in the Year ended 31
December 2020

	Revenue	Customer	Contract Value (Tax Inclusive) (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin	Nature and Scope of Service
7	338	Customer K7 ⁷	359	170	50.3%	Preparing tailor-made research report on the industry of application market for enterprises and the SaaS market in the PRC.
8	330	Customer K8 ⁸	350	160	48.5%	Preparing tailor-made feasibility report on the construction of smart management platforms and upgrading of human resources management platforms.
9	283	Customer K9 ⁹	300	141	49.8%	Preparing tailor-made research report on the developing tendency of the software for smart vehicles in the PRC.
10	283	Customer K10 ¹⁰	300	141	49.8%	Preparing tailor-made research report on the innovative development of the application of informatization based on Linux.

Notes:

- Customer K1 is a state-owned company established in the PRC in 2011. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB1.5 billion.
- Customer K2 is a governmental authority in Xuchang City (許昌市) of Henan Province (河南省), which is principally engaged in promulgating and implementing regulations and policies in science and technology development.
- Customer K3 is a state-owned enterprise established in 1990 and principally engaged in investment and management of energy, transportation and agriculture. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB15 billion.
- Customer K4 is a private company established in the PRC in 2011, principally engaged in providing information technology solutions to government and financial institutions. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB81 million.
- Customer K5 is a company established in the PRC in 1994 and listed on the Shanghai Stock Exchange in 1996. According to its latest annual report, it recorded a revenue of approximately RMB1.5 billion for the year ended 31 December 2019.

6. Customer K6 is a company established in the PRC in 1993 and listed on the Shanghai Stock Exchange in 2001. According to its latest annual report, it recorded a revenue of approximately RMB2.0 billion for the year ended 31 December 2019.
7. Customer K7 is a company established in the PRC in 1995 and listed on the Shanghai Stock Exchange in 2001. According to its latest annual report, it recorded a revenue of approximately RMB8.5 billion for the year ended 31 December 2019.
8. Customer K8 is a company established in the PRC in 2005 and listed on the Shenzhen Stock Exchange in 2017 (stock code: 300662). According to its latest annual report, it recorded a revenue of approximately RMB3.6 billion for the year ended 31 December 2019.
9. Customer K9 is a company established in the PRC in 1991 and listed on the Shanghai Stock Exchange in 1996. According to its latest annual report, it recorded a revenue of approximately RMB8.3 billion for the year ended 31 December 2019.
10. Customer K10 is a private company established in the PRC in 2014 and principally engaged in software and technology information services. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB198.8 billion.

Information Engineering Supervision Services

Projects Ranked by Revenue in the Year ended 31 December 2020	Revenue (RMB'000)	Customer	Contract Value (Tax Inclusive) (RMB'000)	Gross Profit (RMB'000)	Gross Profit	
					Margin	Nature and Scope of Service ⁵
1.	3,019	Customer F3	2,800	1,422	47.1%	Providing information engineering supervision service for a science popularization and informatization project.
2.	2,830	Customer L1 ¹	9,870	789	27.9%	Providing information engineering supervision service for the AGIS system and cloud service of the Asian Games.
3.	1,849	Customer L2 ²	2,800	440	23.8%	Providing information engineering supervision service for China lottery industry.
4.	1,464	Customer L3 ³	3,880	471	32.2%	Providing information engineering supervision service for an livelihood project.
5.	1,436	Customer I2	7,610	218	15.2% ⁶	Providing information engineering supervision service for the engineering construction of the numerical simulation equipment for earth system.
6.	1,163	Customer I6	1,370	283	24.3%	Providing information engineering supervision service for a platform of China Engineering Science and Technology Knowledge Center.

Projects Ranked by
Revenue in the Year
ended 31 December
2020

	Revenue	Customer	Contract Value (Tax Inclusive)	Gross Profit	Gross Profit Margin	Nature and Scope of Service ⁵
	(RMB'000)		(RMB'000)	(RMB'000)		
7.	1,052	Customer F4	1,680	439	41.7%	Providing information engineering supervision service for construction of informatization platform for a governmental authority.
8.	951	Customer F4	1,881	403	42.4%	Providing information engineering supervision service for construction of informatization platform for a governmental authority.
9.	892	Customer I3	3,150	319	35.8%	Providing information engineering supervision service for the construction of healthcare security informatization platform.
10.	753	Customer L4 ⁴	2,280	271	36.0%	Providing information engineering supervision service for informatization construction of the foundation.

Notes:

- Customer L1 is a committee responsible for organizing the 19th Asian Games to be held at Hangzhou in 2022.
- Customer L2 is a public institution in the PRC, principally engaged in sales of sports lottery.
- Customer L3 is a public institution in the PRC, principally engaged in informatization establishment of Ministry of Civil Affairs. According to National Enterprise Credit Information Publicity System, its registered share capital is RMB10,000.
- Customer L4 is a public institution in the PRC, principally engaged in the management of the National Natural Science Fund, aimed at promoting and financing basic research and applied research in China. According to National Enterprise Credit Information Publicity System, its registered share capital is approximately RMB31.5 million.
- The information engineering supervision services are normally carried out throughout the whole process of one information engineering project, and the service scope includes informatization level evaluation, cost evaluation, formulation of management system, designing management system, consultancy and supervision in relation to implementation, project performance evaluation, quality control at verification and acceptance stage, and supervision of operation and maintenance of IT system. Please refer to the section headed “(III) Information Engineering Supervision Services – Business Model” for further details.
- The reason resulting in the gross profit margin of this project substantially lower than that of the other material projects is that outsourcing cost was incurred as a local business partner was engaged by the Group in this project.

Backlog and New Contract Value

Backlog represents the estimate the recognized revenue for the period equals the backlog at the end of the period.

	Management and strategy consultancy services (RMB'000)	Market research services (RMB'000)	Information engineering supervision services (RMB'000)	Total (RMB'000)
Opening value of backlog at the beginning of year 2018	63,859	2,944	90,598	157,401
Newly awarded contract during the year 2018	102,350	23,383	74,344	200,077
Revenue recognised during the year 2018	85,116	10,383	76,100	171,599
Closing/beginning value of backlog at the end of year 2018/beginning of year 2019	81,093	15,944	88,842	185,879
Newly awarded contract during the year 2019	147,065	22,664	108,307	278,035
Revenue recognised during the year 2019	136,539	21,336	89,442	247,317
Closing/beginning value of backlog at the end of year 2019/beginning of year 2020	91,619	17,272	107,707	216,598
Newly awarded contract during the year ended 31 December 2020	138,446	27,821	112,466	278,733
Revenue recognised during the year 2020	103,372	26,440	76,083	205,895
Closing value of backlog as at 31 December 2020	126,693	18,653	144,090	289,436

Note:

- (1) The opening value of backlog at the beginning of year 2018 and the closing/beginning value of backlog at the end of year 2018/beginning of year 2019 included, among others, the backlog of Guangdong CCID since 1 January 2018.
- (2) Contract value for new contracts entered into during the period and recognized revenue for the period are net of estimated VAT, including any adjustments for prior periods.
- (3) The newly awarded contract for the six months ended 30 June 2020 was approximately RMB98.9 million. The backlog of projects for management and strategy consultancy service, market research services and information engineering supervision services as at 30 June 2020 amounted to approximately RMB110.5 million, RMB18.1 million and RMB126.4 million, respectively.
- (4) It is expected that approximately RMB166.7 million and RMB62.6 million would be recognized as revenue in 2021 and 2022, respectively.

Average Contract Size

The following table further sets out the average revenue per contract for the years ended 31 December 2018, 2019 and 2020.

	Average contract size during the year ended 31 December ⁽¹⁾		
	2018 RMB'000	2019 RMB'000	2020 RMB'000
Management and strategy consultancy services	346	399	607
Information engineering supervision services	277	234	468
Market research services	102	251	165
Others	68	178	189
Average contract size	293	252	422

Note:

- (1) Average contract size is calculated by dividing the revenue of each business segment by the total number of contracts recognized as revenue in such financial year.

Our average contract size was approximately RMB293,000, RMB252,000 and RMB422,000 for the years ended 31 December 2018, 2019 and 2020, respectively.

Revenue Recognition

Revenue from the provision of management and strategic consultancy service and market research service is recognised at the point in time when the service for the transaction is completed under the terms of each contract.

Revenue from the provision of industry spatial management services is recognised over the service period. The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Revenue from the provision of information engineering supervision service is recognised over the service period. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Revenue from the provision of data information design services are recognised at the point in time when the service for the transaction is completed under the terms of each contract.

Revenue from the provision of subscription to information system services is recognised at the point in time when the service for the transaction is completed under the terms of each contract or overtime which corresponds to its respective performance obligations.

The revenue from subscription to information system services is recognised at a point in time when the customer purchased a single research report. The revenue from such service is recognised at the point in time when the customers obtain the research report.

The revenue from subscription to information system services is recognised overtime when the customer subscribes monthly or annual membership scheme. The revenue from such services is recognised overtime over the subscription period. The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Major Customers and Suppliers

Customers

The customer base of the Group includes primarily governmental authorities at all levels and enterprises. The following table sets forth the revenue of the Group during the Track Record Period by customer category.

	Year ended 31 December		
	2018 RMB'000 (restated)	2019 RMB'000 (restated)	2020 RMB'000
Government customers	127,177	183,459	144,695
Management and strategic consultancy services	62,508	84,968	68,820
Market research services	1,266	12,928	497
Information engineering supervision services	62,820	82,267	71,609
Others	583	3,296	3,769
Enterprise customers	46,450	78,070	67,259
Management and strategic consultancy services	22,608	51,571	34,552
Market research services	9,117	8,408	25,943
Information engineering supervision services	13,280	7,175	4,474
Others	1,445	10,916	2,290
Total	173,627	261,529	211,954

For the years ended 31 December 2018, 2019 and 2020, the single largest customer of the Group accounted for approximately 4.5%, 4.0% and 5.0% of its total revenue, respectively, and the Group's five largest customers accounted for approximately 12.2%, 16.2% and 15.8% of its total revenue, respectively. Save for certain consulting services provided to CCID and its subsidiaries, details of which were disclosed in the annual reports in accordance with GEM Listing Rules, to the best knowledge and belief of the Directors, none of the Directors, Supervisors or any of their close associates or any other Shareholder which owns more than 5% of the Company's issued share capital, has any interests in the Company's five largest customers.

Save as set out below, to the best knowledge of the Directors, there are no past or present relationships between the customers listed in the section headed "Material Projects by Segments During the Track Record Period" and the Company, its subsidiaries, their directors, senior management, controlling and substantial shareholders, or any of their respective associates.

- (i) Yonyou Network Technology Co., Ltd. (用友網絡科技股份有限公司, formerly known as Yonyou Software Co., Ltd. (用友軟件股份有限公司) ("Yonyou"), a company listed on the Shanghai Stock Exchange (stock code: 600588)), was the Group's customer of market research service during the Track Record Period. Mr. Guo Xinping, an independent non-executive Director, has been the vice-chairman of the board of Yonyou since May 2002. He was the general manager and chief finance officer of Yonyou from December 1999 to April 2002 and from April 2007 to April 2010, respectively. The revenue generated from Yonyou Network Technology Co., Ltd. only contributed approximately 0.1%, 0.1% and 0.2% of the total revenue of the Group during the Track Record Period, respectively; and
- (ii) CCID, the ultimate controlling shareholder of the Company, was one of the Group's customers of information engineering supervision service for the year of 2018.

Suppliers

Due to the nature of the Group's principal business activities, there are no major suppliers. The Group has entered into agreements with various suppliers mainly in relation to the provision of travel agency, advertising, promotional and translation services. The Group may also engage research companies in certain highly specified market segments from time to time to acquire data and information. Payments to the suppliers are made in RMB and principally on a cash-on-delivery basis. To manage its suppliers and service providers, the Group has adopted policies and internal control measures to select suppliers and service providers that provide products and services with high quality at a reasonable cost. The Group evaluates existing and potential suppliers on the basis of a number of factors including, among others, service quality, price, promptness of delivery, and credit term. During the Track Record Period, the Group did not experience any material shortage or delay in the supply of services or products.

Save for certain consulting services provided by CCID and its subsidiaries, details of which were disclosed in the annual reports in accordance with GEM Listing Rules, none of the Directors, their close associates or any Shareholders (which to the best knowledge of the Directors owns more than 5.0% of the Shares) has any interest in any of the five largest suppliers during the Track Record Period. The Group did not have any disputes with any of its suppliers or service providers during the Track Record Period.

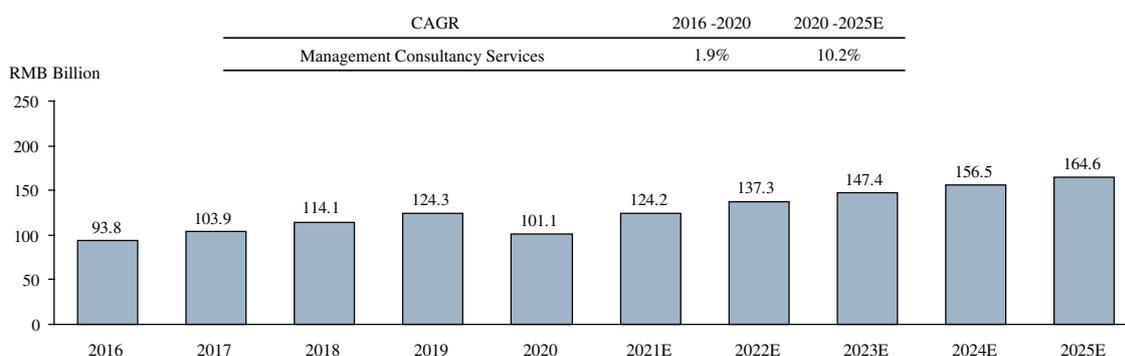
INDUSTRY OVERVIEW

The Group commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on management consultancy services market, which covers the management and strategic consultancy services and market research services and information engineering supervision services market in the PRC for use in this announcement. The information from Frost & Sullivan disclosed below in this announcement is disclosed with the consent of Frost & Sullivan.

Market of Management Consultancy Services in the PRC

Professional management consultancy services are conducive to optimize the operation efficiency and enhance the core competence of the enterprises. The major driver for management consultancy services in the PRC is the increasing demands from an increasing number of enterprises, especially those in traditional industries which are in need of support from consultancy services to keep up with the modernization and fast growing macro economy.

Market Size of Management Consultancy Service in the PRC, 2016-2025E



With the growing of the added-value of the tertiary industry in the PRC, the demands for professional services provided by management consultancy service providers are increasing in the PRC. A overall growth has been witnessed in the market size of management consultancy services in the PRC, increasing from RMB93.8 billion in 2016 to RMB101.1 billion in 2020, representing a CAGR of 1.9%. Due to the spread of COVID-19, execution of many projects in 2020 was delayed to the second half of 2020, as well as the payment arrangement, thus the market size experienced negative increase in 2020. However, driven by the demand for Fourteenth Five Year Plan, governments authorities at all levels and enterprises has engaged management consultancy service providers in the second half of 2020, which would sustained the growth of the market. It is expected that the market will resume steady growth after 2021. The market size of management consultancy services is expected to reach RMB164.6 billion in 2025, representing a CAGR of 10.2% between 2020 to 2025.

It is common that certain players, such as the Company, in the management consultancy service market could achieve higher revenue growth rates than the industry average growth rate, especially when such players have better professional proficiency than their peers, thus being favored by clients.

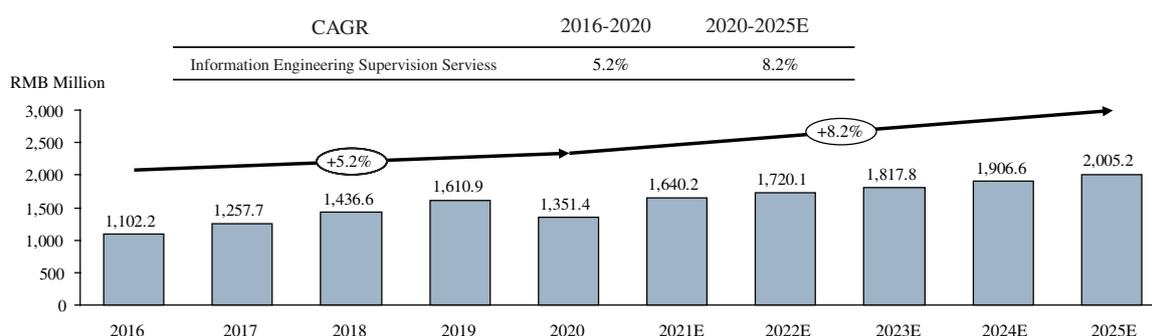
The demands for market research services, as a key segment of the management consultancy services, are increasing in the PRC. A growing number of companies are realizing the importance of market information in their decision making and daily operation. The market research service market in the PRC increased from RMB35.4 billion in 2016 to RMB39.3 billion in 2020, representing a CAGR of 2.6%, and it is expected to increase to RMB72.7 billion in 2025, with a CAGR of 13.1% between 2020 and 2025. In the future, more players with big data and artificial intelligence technologies will join the market, as big data technologies can help to obtain more digitalized market data for the players and artificial intelligence technologies can help to analyze the complicated market data. The development of these technologies will sustain the growth of the market in the future.



Market of Information Engineering Supervision Services in the PRC

With the rapid development of information technology, digitalization and information system have become increasingly vital for enterprises to participate in the global market and enhance competitiveness, which contributes to an increase of the total investment in information engineering projects in the PRC over the past decade. In addition, e-government is becoming an emerging form of national administration among government bodies at all levels in the PRC, thus the demand for e-government services, such as information security, electronic signature and information resources have been increasing rapidly in recent years.

Market Size of Information Engineering Supervision Service in thr PRC, 2016-2025E



As a result of the above, the market size of information engineering supervision services in the PRC increased rapidly from RMB1,102.2 million in 2016 to RMB1,351.4 million in 2020, representing a CAGR of 5.2%. Due to the spread of COVID-19, execution of many information engineering supervision projects in the first half of 2020 was delayed, which has affected the revenue of the market players in 2020. However, due to the recovery of downstream demand, the market size of information engineering supervision service market is expected to rebound in 2021 and reach RMB2,005.2 million in 2025, representing a CAGR of 8.2% between 2020 to 2025, mainly driven by the trend of digital transformation in the PRC. The future CAGR will be negatively affected by the spread of COVID-19, despite the market is expected to resume steady growth after 2021.

It is common that certain players, such as the Company, in the information engineering supervision service market could achieve higher revenue growth rates than the industry average growth rate especially when such players have better professional proficiency or reputation than their peers, thus being favored by clients.

Competitive Landscape

Market of Management Consultancy Services in the PRC in 2020

The management consultancy services market in the PRC was fully competitive with low market concentration rate. As a highly professional and knowledge-intensive industry, the management consultancy services industry emphasize on professionalism and reputation. The top five companies in management consultancy services market are mostly the branches of famous foreign consultancy companies with rich experience and reputation. Besides, management consultancy companies began to provide various consultancy services due to the continuous changes in the consulting demands from enterprises in the PRC, such as the consultancy services related to big data and intelligent automation. The aggregated share of the top five companies in management consultancy services market in the PRC was approximately 11% in 2020. The Company took up a share of approximately 0.13% in the market.

Market of Market Research Services in the PRC in 2020

The market research services market in the PRC was fully competitive with low market concentration rate. Similar with management consultancy services market, the market research services require high professionalism and experience. The top five market research services companies are mostly the branches of famous foreign market research companies with rich experience and reputation. Besides, a number of management consultancy companies also provide market research services. The aggregated share of the top five companies in the segment of market research services in the PRC was approximately 16% in 2020. The Company took up a share of approximately 0.08% in the market.

Market of Information Engineering Supervision Services in the PRC in 2020

The market concentration rate of information engineering supervision services market in the PRC was relatively higher than management consultancy services sector, despite the market was also quite competitive. Due to the lack of large national companies in the industry, for most small and medium-sized information engineering supervision companies, their business scopes are often limited to specific industries and specific regions. The state-owned and private enterprises are evolving in parallel in the information engineering supervision market. The aggregated share of the top five companies in information engineering supervision services market in the PRC was approximately 37% in 2020. The Company took up a share of approximately 5.6% in this market.

Entry Barriers Analysis

Both the management consultancy services and information engineering supervision services supply enterprises with professional services that rely on talents, reputation and business networks. The major entry barriers for the management consultancy services market and information engineering supervision services market are as follows:

Talent barrier

Both management consultancy services and information engineering supervision services belong to typical knowledge-intensive sectors, and thus talents are vital resources for the players in such sectors. Training and recruiting a professional team are time-consuming. For most prestigious market players, they have effective systems to attract and train talents, while the new entrants have to face the challenges of attracting professional talents and establishing corresponding human resources system at the very beginning.

Reputation barrier

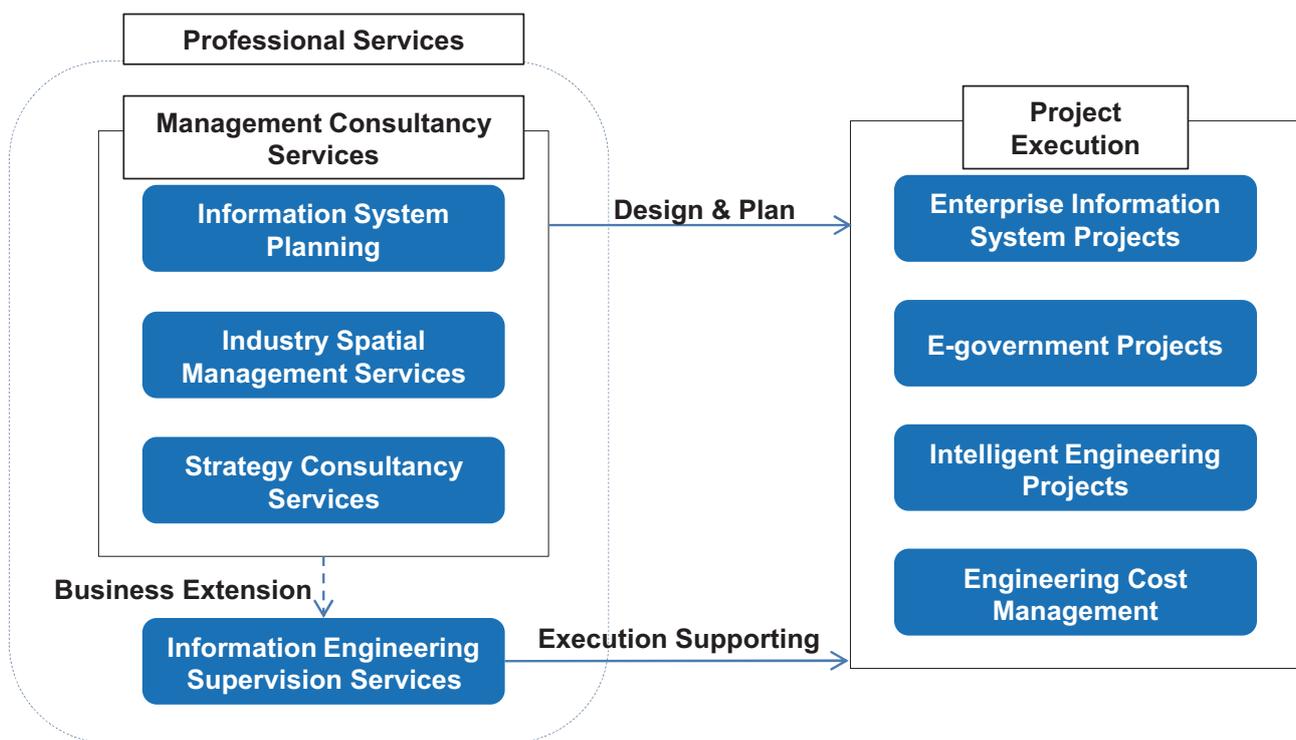
The reputation and track record period, which demonstrates the players' service quality and experience, could bring more business opportunities to reputable players in management consultancy industry and information engineering supervision industry. On the contrary, new entrants are difficult to be fully trusted for lack of working experience and brand reputation.

Business networks barrier

Players with established cooperation and connection with different kinds of companies across industries could achieve greater business success leveraging on those stable sources of clients. Besides, they have a large pool of returned clients, who would maintain long-term partnership with the service providers. Accordingly, new entrants will be put in a weak position while competing with those players with strong business networks.

The Synergy Analysis of Management Consultancy Services and Information Engineering Supervision Services

Information engineering supervision service is considered as a segment of professional services and the business extension of management consultancy industry. For most companies engaged in management consultancy services such as information system planning, industry spatial management services and strategy consultancy services, it is part of their service scope to include advices on the construction of the information system, as the information system can help the customers enhance the efficiency of their routine work. In this regard, when customers act upon the plans, designs or suggestions provided in the management consultancy services, professional supervision service are typically required in the building process of information system, especially for the large-scale projects. Thus, the information engineering supervision services can be regarded as follow-up demands of management consultancy services or supporting for project execution. The information engineering supervision services provided by the Company can meet the demand of project implementation of their management consultancy projects as an integrated service provider.



The Impact Analysis of COVID-19

Domestic Economy

The spread of COVID-19 pandemic have resulted in an increased risk of global recession and a sharp decline in the growth rate of China's GDP in the first quarter of 2020. With China's effective anti-pandemic efforts, the macro economy has been gradually recovering since the second quarter of 2020.

Management Consultancy Services and Information Engineering Supervision Services Market

During the first quarter of 2020, due to the COVID-19 pandemic, the business of many industries has to suspend to obey with the public health policy of the government. Hence, during the first quarter many enterprises and organizations had to cut down the budget for professional services, resulting in the contraction of business in the management consultancy service industry. Meanwhile, many information engineering projects to be built or under construction were postponed in the first quarter, which resulted in the schedule of relevant information engineering supervision projects postponed accordingly.

Since the second quarter of 2020, due to the effective anti-pandemic efforts of government at all levels, the spread of pandemic has been under control, and the national economy has been recovering gradually. Therefore, the demand for the third-party professional services rebounded. At the same time, information engineering construction projects started to catch up with the progress, driving the increase of the needs of the information engineering supervision services. However, due to the resurgence of COVID-19 in Beijing in June 2020, the recovery of the two industries in Beijing was negatively affected to certain extent. After June 2020, the recovery of the two industries continues and returns to normal gradually. In the long run, the demands for third-party professional services and information engineering supervision services are expected to grow. It is expected that the negative impacts of COVID-19 pandemic towards the management consultancy services and information engineering supervision services market in the PRC are temporary.

BUSINESS OUTLOOK AND RECENT DEVELOPMENT

With the aim of becoming a first-rate top-notch think tank in the country, the Group will stringently live by its core values of being honest, responsible, scientific and innovative, and stick to its principles to create value, enhance its abilities and fulfil its missions in order to advance its comprehensive industrial innovation services, construct CCID brain for industries at full steam, persist in perfecting its corporate governance, coordinate its transfer of listing, improve its operation and management, and build up its sustainable competitive strength in 2021.

Advance Comprehensive Industrial Innovation Services

2021 marks the beginning of the 14th Five-Year Plan. To seize industry trends and developments, the Group will speed up its business expansion in the Guangdong-Hong Kong-Macau Greater Bay Area and the Yangtze River Delta. To spark customer demand, we will combine our internal and external resources to design comprehensive industrial innovation services spanning from strategy formulation, consultation and planning, branding, and business and investor mediation to “brain for industries” that focus on advanced manufacturing, digital economy, integrated circuit, intelligent connected vehicles, medicine, healthcare and other areas, so as to provide customers with comprehensive solutions that are strategic, integrated and forward-looking and facilitate decision-making.

Establish CCID Brain for Industries

In 2021, the Group will continue to concentrate on CCID brain for industries and develop an industry data platform focused on industrial data, mapping and resources by utilising its expertise in industry research. To construct this business infrastructure based on general tools, standard products and platform products, the database, calculation ability and algorithms of our big data platform will be enhanced. Integrated design, construction, operation and maintenance services focused on key tasks such as investment attraction, industrial monitoring, evaluation and selection, and industrial resource matchmaking will be provided to accelerate high-level resource sharing, establish industrial partnerships and enhance the integration of the sector. To roll out and promote CCID brain for industries, we will speed up the development of market channels and nurture key customers.

Acquisition of Guangdong CCID and Deemed Disposal of 35.63% Equity Interest in CCID Design

Information of the Acquisition

On 20 July 2020, the Company, CCID Design, CCID Group Co. and Guangdong CCID entered into a capital increase agreement (the “**Capital Increase Agreement**”), pursuant to which CCID Group Co. agreed to make a capital contribution in the amount of approximately RMB53.71 million (of which approximately RMB30 million will be credited as the paid-up capital of CCID Design and the remaining amount will be credited as the capital reserve of CCID Design) to CCID Design by way of injection of the 100% equity interest in Guangdong CCID. The registered capital of CCID Design will be increased from RMB50 million to approximately RMB80 million. The consideration under the Capital Increase Agreement was determined by the parties with reference to (i) the valuation of Guangdong CCID and CCID Design as at 31 May 2020, being approximately RMB53,710,000 and RMB89,500,000, respectively, which is conducted by an independent valuer engaged by the Company, and (ii) after arm’s length negotiation among the Parties. CCID Group Co. undertakes that the net profit of Guangdong CCID for the year ending 31 December 2020 shall be no less than RMB6 million. In the event that the net profit of Guangdong CCID is less than RMB6 million, CCID Group Co. should pay the shortfall cash amount to Guangdong CCID.

Upon completion of the capital increase, (i) Guangdong CCID became a wholly-owned subsidiary of the Company, (ii) the Company’s interest in CCID Design decreased from 95% to approximately 59.37%, and (iii) CCID Group Co.’s interest in CCID Design increased from 5% to approximately 40.63%. The registration procedure regarding increase of registered capital of Guangdong CCID was completed on 27 September 2020, and the registration procedure regarding change of the shareholder of Guangdong CCID was completed on 9 October 2020. Therefore, Guangdong CCID became a wholly-owned subsidiary of the Company on 9 October 2020.

As Guangdong CCID and the Group are commonly controlled by CCID before and after the acquisition of Guangdong CCID and the acquisition of Guangdong CCID was considered as business combination involving entities under common control, merger accounting has been applied in respect of acquisition of Guangdong CCID in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants. As a result, the financial information for the years ended 31 December 2018 and 2019 was restated.

Business model of Guangdong CCID

Guangdong CCID is principally engaged in industry spatial management services. For details of the business model of Guangdong CCID, please refer to the paragraph headed “Consultancy Services to Government Customers – Business Model – Management and Consultancy Services”.

The rate of service fee charged by Guangdong CCID for industry spatial management services varies on a case by case basis, which was determined after arm’s length negotiation between the parties and taking into account a number of factors, including, among others, the overall scale and complexity of the project, the estimated cost of labour and the prevailing market condition. The range of contract value of industry spatial management project was generally from RMB10 million to RMB20 million. The average service fee charged by Guangdong CCID for industry spatial management services was approximately RMB13.3 million.

Guangdong CCID’s Major Customers and Suppliers

The background information of Guangdong CCID’s major customers of industry spatial management services are set out as below:

Customer	Background
Customer A (i.e. Customer G3 as disclosed in page 30)	It is a private company established in the PRC in 2017, principally engaged in technology development and consultancy. According to National Enterprise Credit Information Publicity System, its registered capital is RMB10 million.
Customer B (i.e. Customer G1 as disclosed in page 25)	It is a private company established in the PRC in 2015, principally engaged in asset management and investment consulting. According to National Enterprise Credit Information Publicity System, its registered capital is RMB100 million.
Customer C (i.e. Customer J2 as disclosed in page 30)	It is a private company established in the PRC in 2005, principally engaged in industrial investment, sales of metal materials and textile materials, and landscaping. According to National Enterprise Credit Information Publicity System, its registered capital is approximately RMB116.9 million.

Due to the nature of Guangdong CCID’s principal business activities, there are no major suppliers. Guangdong CCID has entered into agreements with various suppliers mainly in relation to travel, printing and office leasing.

Details of projects undertaken by Guangdong CCID in 2019

The following table sets out the information of the industrial spatial management projects (the “2019 Guangdong CCID Projects”) undertaken by Guangdong CCID in the year of 2019:

Customer	Contract Value (Tax Inclusive) (RMB'000)	Revenue recognized for the year of 2019 (RMB'000)	Revenue to be recognized (RMB'000)	Gross Profit Margin	Nature and Scope of Service	Commencement Date	Expected Completion Date
Customer B (i.e. Customer G1 as disclosed in page 25)	10,000	9,489 ^{Note}	0	52.5%	Carrying out land obtainment and park zoning of a local industry technology innovation park, and integrating the industrial resources into the industrial park	24 March 2018	24 March 2021
Customer A (i.e. Customer G3 as disclosed in page 25)	20,000	3,551	15,317	50.6%	Carrying out land obtainment and park zoning of a local industry technology innovation park, and integrating the industrial resources into the industrial park	19 June 2019	1 June 2022

Note: The revenue under this project has been fully recognized in 2019. The difference between the contract value and the revenue recognized amounting to RMB551,080 was added-value tax.

Details of projects undertaken by Guangdong CCID since the Acquisition

The following table sets out the information of the industry spatial management projects since being acquired by the Group and up to the Latest Practicable Date:

Customer	Service provided	Contract value (Tax Inclusive) (RMB'000)	Amount of revenue for the year ended 31 December 2020 (RMB'000)	Gross profit for the year ended 31 December 2020 (RMB'000)	Gross profit margin for the year ended 31 December 2020	Backlog as at 31 December 2020 (RMB'000)
Customer A (i.e. Customer G3 as disclosed in page 30)	Industrial spatial management services	20,000	10,600	5,427	51.2	4,717
Customer C (i.e. Customer J2 as disclosed in page 30)	Industrial spatial management services	10,000	4,717	2,389	50.7	4,717

Reasons for and benefits of the Acquisition

Guangdong CCID is principally engaged in industry spatial management services. The Group strives to establish a platform for innovation services focusing on industry study and consultancy, planning, management and operation of industrial parks, investment and financing, and technology development. The Group also wishes to capture the opportunities in Guangdong-Hong Kong-Macao Greater Bay Area by strengthening its business layout in Guangdong province. The Directors believe that the acquisition of Guangdong CCID will, on the one hand, extend the Company's value chain by supplementing the Company's existing services with project implementation of planning and design of industrial parks and providing further value added services to its customers (such as industrial spatial management), and on the other hand, by leveraging Guangdong CCID's established business presence in Guangdong province, strengthen the Company's influence in the Guangdong-Hong Kong-Macao Greater Bay Area.

Upon the completion of the transaction under the Capital Increase Agreement, CCID Design will continue to be a subsidiary of the Company and its financial results will continue to be consolidated into that of the Company. In addition, after Guangdong CCID becomes a wholly-owned subsidiary of CCID Design, there would be a significant increase in CCID Design's key financial indicators such as assets, income and profit, which will, to some extent, increase the Group's assets, income and other financial indicators in its consolidated financial statements. The Directors believe that consolidating Guangdong CCID into the Group would not only achieve synergy with the Company's existing services, but also bring new growth potential in the Guangdong-Hong Kong-Macao Greater Bay Area, thus improving the financial performance of the Group and further contributing to a potential appreciation of the Company's market capitalization.

Financial information of Guangdong CCID

Set out below is certain audited financial information of Guangdong CCID (prepared in accordance with PRC generally accepted accounting principles) for the financial year ended 31 December 2018 and 31 December 2019.

	Year ended/ As at 31 December 2018 RMB	Year ended/ As at 31 December 2019 RMB
Revenue	6,259,943	20,709,504
(Loss)/profit before taxation	(5,414,953)	4,834,143
(Loss)/profit after taxation	(4,088,571)	3,611,768
(Net liabilities)/net assets	(1,171,707)	2,440,061

Guangdong CCID recorded net loss of approximately RMB4.1 million for the year ended 31 December 2018 and recorded profit of approximately RMB3.6 million for the year ended 31 December 2019. Guangdong CCID recorded a turnaround from loss to profit was due to the fact that in 2018 Guangdong CCID was in the process of business development of several large industrial spatial management projects and in 2019, the 2019 Guangdong CCID Projects commenced, thereby improving Guangdong CCID's profitability.

Impact of the COVID-19 Pandemic

In face of the spread of COVID-19, a number of precautionary and control measures have been implemented worldwide to contain the virus. As a result, the Group's management and strategy consultancy were adversely affected.

During the first half of 2020, the Group experienced a temporary postponement for approximately 60% ongoing projects primarily because the Group had limited access to on-site implementation for certain projects under the impact of COVID-19 spread and the average postponement period is around four months. The Group has been adjusting its staffing plan in such projects accordingly to expedite the progress to minimise the impact of the suspension period and to avoid delay in the completion of these projects. As at the Latest Practicable Date, the Directors confirm that such temporary suspension of the ongoing projects has not caused any material delay in progress of the projects, and there were no material changes in the contract terms of backlog projects due to the spread of COVID-19.

The Group's financial performance was adversely affected by the spread of COVID-19. The Group's revenue for the year ended 31 December 2020 amounted to approximately RMB212.0 million, representing a decrease of approximately 19.0% as compared with that of approximately RMB261.5 million for the year ended 31 December 2019. The Company experienced a decline in its net profit from approximately RMB68.2 million for the year of 2019 to approximately RMB26.6 million for the year of 2020. Since (i) the COVID-19 pandemic has been under control in the PRC, (ii) the business operation of the Group has been resumed since March 2020, and (iii) after spread of COVID-19, the Group proactively negotiated with its customers regarding implementation of the contracts and there were no material changes in the contract terms of backlog projects, the Directors believe that the Group is able to meet the unfulfilled obligations due to spread of COVID-19. As of the Latest Practicable Date, there is no penalties or claims arising from such unfulfilled obligations brought by the Group's customers.

Since resuming normal office operations in March 2020, the Group has implemented a series of measures to mitigate the risk from COVID-19 pandemic, including: (i) actively communicating with customers, transforming certain on-site work to remote work, and resuming on-site work gradually based on improved situation in China; (ii) establishing remote working environment and daily management process, including checking for employees' daily attendance and healthcare conditions, checking daily work report and weekly report, conducting online regular meetings and work meetings, and (iii) complying with social-distancing measures and pandemic prevention and control measures, such as cleaning and disinfecting office areas regularly, requiring employees to measure body temperature, disinfect hands and wear surgical masks before entering the office and requiring relevant staff to self-quarantine and work from home for two weeks after they return from outbreak areas.

Nevertheless, the Group has conducted a worst scenario analysis by assuming the extreme and unlikely event if the business operation of the Group was (a) completely suspended and no revenue would be generated, (b) based on its net current assets as of 31 October 2020, (c) monthly fixed costs (including rental and staff costs assuming there is no lay-off or pay cut to the current staff), (d) all outstanding payables are paid as and when they fall due, (e) based on prudent estimates of settlement of accounts receivables with reference to historical settlement pattern as and when they fall due, and (f) in the absence of any existing and future borrowings, the Directors believe that the Group will have sufficient working capital for the business and remain financially viable for at least 12 months from the Latest Practicable Date.

MATERIAL RISKS ASSOCIATED WITH THE GROUP'S BUSINESS

The consulting services industry in China is intensely competitive.

The Directors believe that the consulting services industry in China where the Company operates is intensely competitive. The Group's major customers include governmental authorities at all levels and enterprises. Under the new competition landscape of the new think tanks with Chinese features, think tanks and consulting institutions such as key academies of social science, administration institutes of party institutes of CCP and higher education institutions are going to step up their service efforts towards government and industrial zone customers, which makes the market increasingly competitive. If the Company fails to compete effectively against its competitors, its business, financial conditions, results of operation and prospects will be materially and adversely affected. Some competitors with robust financial strengths may adopt aggressive pricing strategies to seize market share, and thus there is no guarantee that the Group can maintain its market share.

The Group's business may be materially and adversely affected by market and economic conditions in China.

A substantial portion of the Group's revenue is derived from serving clients that operate in China. Accordingly, the Group's financial position, results of operations and prospects are, to a significant degree, subject to the economic, political, social and legal conditions in China. China's economic development has come to an era of new normal, under which the economic growth shifted from high gear to medium-to-high gear. The growth in fiscal revenue of local governments slowed down and there was a significant change in the market environment of enterprises, which may result in a decrease in budgets or investments of the government, industrial parks in respect of their demand for consulting services, and the business of the Group may be materially and adversely affected.

The Group's operations depend on its senior management and key research staff and its business may suffer if it is unable to recruit or retain them.

The Directors believe that the Group's success is mainly attributable to the research expertise and knowhow of its senior management and key research staff, and the loss of the talents may have substantial adverse effect on the Group's operation. Although it has established and refined its remuneration system, there can be no assurance that all its talents and core personnel can be retained. Meanwhile, increased competition among consulting institutions has intensified competition for professionals to a certain extent. The Group expects to face significant competition from other consulting companies, which may expose the Group to a risk of talent loss. In addition, the intense competition may require the Group to offer more competitive compensation and other benefits to its talents. If the Group does not succeed in attracting, hiring, and integrating excellent personnel or retaining and motivating existing personnel, it may be unable to grow effectively.

The Group's business operations may be affected by the spread of COVID-19.

Since the spread of COVID-19 throughout China and other countries and regions, a number of precautionary and control measures have been implemented worldwide to contain the virus. The COVID-19 pandemic is likely to have an adverse impact on the overall economy of the PRC, and as a result an adverse impact on the Group's business operations. In the first half of 2020, the Group's business was negatively impacted by the COVID-19 spread, which led to a decrease in the revenue for the first half of 2020 as compared to the same period last year. The Group's business operations and financial positions may be materially adversely affected by COVID-19.

The failure to comply with PRC property laws and relevant regulations regarding certain of leased properties of the Group may adversely affect its business, results of operations and financial condition.

As of the Latest Practicable Date, one lessor of Guangdong CCID's leased properties with a gross floor area of approximately 150 square meters had not provided the Group with valid title certificates or other ownership documents evidencing its legal rights to the relevant properties or its authorization from the legal owners of the relevant properties to sublease such properties to Guangdong CCID. If such lessor is not the legal owner or had not been duly authorized by the legal owner, the relevant lease agreements may be deemed invalid and, as a result, Guangdong CCID may be challenged by the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and relocate its offices.

Under the applicable PRC laws and regulations, the parties to a lease agreement are required to register and file such lease agreement with the relevant government authorities. As of the Latest Practicable Date, certain lease agreements of the Group's leased properties had not been registered or filed. While as confirmed by the PRC Legal Advisors of the Company, the lack of registration will not affect the validity of the lease agreements nor the rights to use or occupy the leased properties under PRC laws and regulations, the Group may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, the Group did not receive any such request or suffered any such fine from the relevant government authorities.

Therefore, the failure to comply with PRC property laws and relevant regulations regarding certain of the Group's leased properties may cause the Group to make relocations and be subject to fines and suspension of business, which may adversely affect its business, results of operations and financial condition.

The Group may be subject to additional social insurance fund and housing provident fund contributions or fines imposed by relevant regulatory authorities.

During the Track Record Period and up to the Latest Practicable Date, the Group engaged third-party entities to make social insurances and housing provident fund contributions for some of Guangdong CCID's employees. However, according to applicable laws and regulations, the payment through third-party entities does not discharge the payment obligations of the Group under applicable laws and regulations, and therefore the competent government authorities may therefore deem that the Group failed to pay the full amount of social insurance and housing provident fund contributions as required. As of the Latest Practicable Date, the Group had not received any notification from the relevant PRC authorities requiring it to pay penalties with respect to social insurance and housing provident funds, nor had it been subject to any related administrative penalties. However, the Group cannot assure that it will not be subject to any penalties or fines.

The Group may be unable to integrate acquired businesses of Guangdong CCID successfully or achieve the expected benefits of such acquisitions.

The Group acquired the 100% equity interest in Guangdong CCID in 2020. Although it has not experienced any difficulty in integrating Guangdong CCID's businesses, there can be no assurance that the Group will be able to successfully integrate the acquired businesses, and realize the projected synergies and performance targets in the future. If the Group fails to successfully integrate the acquired businesses, or if Guangdong CCID fails to perform as anticipated, the Group's revenues and results of operation could be adversely affected. Additionally, acquisitions could result in difficulties integrating acquired operations, thereby resulting in the diversion of capital and the attention of management and other key personnel away from other business issues and opportunities. The Group may fail to retain employees of Guangdong CCID or the Group's culture and value may not be accepted by them instantly, which may negatively impact the Group's integration efforts. Consequently, the failure to integrate acquired businesses effectively may adversely impact the Group's business, results of operations and financial condition.

The Group is exposed to credit risks on the recoverability of its account receivables.

During the Track Record Period, the Group's trade receivables mainly represented receivables from its different business segments and typically settled within 30 days to 60 days according to the credit terms. As at 31 December 2018, 2019 and 2020, the Group recorded accounts receivable of approximately RMB18.4 million, RMB32.7 million and RMB27.1 million respectively, and its average accounts receivable turnover days recorded approximately 36 days for both years ended 31 December 2018 and 2019 and increased to approximately 52 days for the year ended 31 December 2020. For details, please refer to the paragraph headed "Summary of the consolidated statement of financial position of the Group – Accounts Receivables" in this announcement.

The fair value of the Group's financial assets at FVTPL and at FVTOCI is likely to fluctuate from time to time and the valuation of such assets may be subject to uncertainties due to the use of unobservable inputs, which may in turn adversely affect the Group's financial performance.

The short-term investments and long-term investments held by the Group are consolidated into its financial assets at FVTPL and FVTOCI, respectively. The Group's financial assets at FVTPL amounted to approximately RMB30.2 million, RMB35.1 million and RMB45.1 million as at 31 December 2018, 2019 and 2020, respectively. The Group's financial assets at FVTOCI amounted to approximately RMB4.7 million, RMB8.3 million and RMB12.0 million as at 31 December 2018, 2019 and 2020, respectively. Please refer to the paragraphs headed "Management Discussion

and Analysis – Financial Asset at FVTPL” and “Management Discussion and Analysis – Financial Asset at FVTOCI” for further details. Fluctuations in the fair value of these long-term investments and short-term investments, due to market conditions or other reasons, may have an adverse impact on the Group’s results of operations. In addition, fair value of financial assets is estimated based on certain unobservable inputs, such as price-to-book ratio and discount for lack of marketability. The actual changes of any unobservable input may have a significant impact on the fair values. If there is any decrease of fair value on financial assets due to the change of the valuation of such financial assets, the Group’s financial performance will be adversely affected.

The Group may not be able to fulfil its obligation in respect of contract liabilities, which might have impact on its cash position.

Contract liabilities of the Group represents advances received by it from customers for unsatisfied or partially satisfied service contracts. As at 31 December 2018, 2019 and 2020, the Group’s contract liabilities, amounted to RMB57.5 million, RMB63.3 million and RMB87.0 million, respectively. Please refer to the paragraph headed “Management Discussion and Analysis – Contract Liabilities” for further details. There is no assurance that the Group will be able to fulfil its obligations in respect of the contract liabilities and were made to refund to customers the services fees received by it, the Group’s cash and/or liquidity position may be materially and adversely affected.

LITIGATION AND LEGAL COMPLIANCE

As at the Latest Practicable Date, to the best knowledge of the Directors, no material litigation or arbitration proceedings pending or threatened against any member of the Group or any of the Directors that could have a material adverse effect on the Group’s business, financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, the Group (i) had complied with laws and regulations in all material respects for its business; and (ii) had not been subject to any disciplinary action or investigation by regulators in respect of serious or potentially serious breach of or material non-compliance with any GEM Listing Rules.

The Group had not been subject to any disciplinary action, investigation, regulatory inspection or enquiries by any regulatory authorities in the PRC since the GEM Listing and up to the Latest Practicable Date.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Summary of the consolidated statement of profit or loss and other comprehensive income of the Group

	Year ended 31 December		
	2018	2019	2020
	<i>audited</i> <i>(restated)</i> ^{Note} RMB'000	<i>audited</i> <i>(restated)</i> ^{Note} RMB'000	<i>audited</i> RMB'000
Revenue	173,627	261,529	211,954
Cost of sales	<u>(90,657)</u>	<u>(119,614)</u>	<u>(111,271)</u>
Gross profit	82,970	141,915	100,683
Other income and gains	4,922	5,212	4,626
Selling and distribution expenses	(15,953)	(16,547)	(14,904)
Administrative and other operating expenses	(37,090)	(52,019)	(56,314)
Impairment loss on accounts and other receivables, net of reversal	<u>(1,705)</u>	<u>(85)</u>	<u>(585)</u>
Profit before taxation	33,144	78,476	33,506
Income tax expense	<u>(3,629)</u>	<u>(10,290)</u>	<u>(6,909)</u>
Profit for the year	<u><u>29,515</u></u>	<u><u>68,186</u></u>	<u><u>26,597</u></u>
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	<u>698</u>	<u>2,845</u>	<u>1,724</u>
Total comprehensive income for the year	<u><u>30,213</u></u>	<u><u>71,031</u></u>	<u><u>28,321</u></u>

Summary of the consolidated statement of profit or loss and other comprehensive income of the Group (Continued)

	Year ended 31 December		
	2018	2019	2020
	<i>audited</i>	<i>audited</i>	<i>audited</i>
	<i>(restated)</i> ^{Note}	<i>(restated)</i> ^{Note}	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit (loss) for the year attributable to:			
Owner of the Company	24,936	62,799	21,224
Non-controlling interests	4,579	5,387	5,373
	<u>29,515</u>	<u>68,186</u>	<u>26,597</u>
Total comprehensive income (expense) for the year attributable to:			
Owner of the Company	25,400	64,691	22,169
Non-controlling interests	4,813	6,340	6,152
	<u>30,213</u>	<u>71,031</u>	<u>28,321</u>
Earnings per share (RMB cents):			
Basic	<u>3.6</u>	<u>8.97</u>	<u>3.03</u>
Diluted	<u>3.6</u>	<u>8.97</u>	<u>3.03</u>

Note:

The consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2018 and 2019 was restated as a result of adoption of merger accounting in respect of acquisition of Guangdong CCID.

Revenue

The Group's revenue for the Track Record Period was substantially generated from (i) management and strategy consultancy services, (ii) information engineering supervision services, and (iii) market research services. The following table below sets forth a breakdown of the Group's revenue recorded in these operating segments.

	Year ended 31 December					
	2018		2019		2020	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
	<i>audited</i>	revenue	<i>audited</i>	revenue	<i>audited</i>	revenue
	<i>(restated)</i>		<i>(restated)</i>		<i>(restated)</i>	
	<i>(RMB' 000)</i>	%	<i>(RMB' 000)</i>	%	<i>(RMB' 000)</i>	%
Management and strategic consultancy services	85,116	49.0	136,539	52.2	103,372	48.8
Market research services	10,383	6.0	21,336	8.2	26,440	12.5
Information engineering supervision services	76,100	43.8	89,442	34.2	76,083	35.9
Others <i>(Note 1)</i>	2,028	1.2	14,212	5.4	6,059	2.8
Total	173,627	100	261,529	100	211,954	100

Note 1: Mainly include membership services for standard market reports and data information management services of the Group.

The following table below sets forth a breakdown of the Group's revenue by project-based model or subscription model.

	Year ended 31 December					
	2018		2019		2020	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
	<i>audited</i>	revenue	<i>audited</i>	revenue	<i>audited</i>	revenue
<i>(restated)</i>		<i>(restated)</i>		<i>(restated)</i>		
<i>(RMB' 000)</i>	<i>%</i>	<i>(RMB' 000)</i>	<i>%</i>	<i>(RMB' 000)</i>	<i>%</i>	
Project-based model	173,112	99.7	258,693	98.9	208,943	98.6
Subscription model	515	0.3	2,836	1.1	3,011	1.4
Total	173,627	100.0	261,529	100.0	211,954	100.0

The Group's revenue for the year ended 31 December 2020 amounted to approximately RMB212.0 million, representing a decrease of approximately 19.0% as compared with that of approximately RMB261.5 million for the year ended 31 December 2019. The decrease in revenue was primarily due to the quarantine and inspection measures against the COVID-19 pandemic adopted in various cities. Among these operating segments, business expansion and project implementation of the Group's management and strategy consultancy were most adversely affected. As a result of the lock-down and work from home arrangements in the first half of 2020, a number of projects at completion stage had experienced delay for inspection and acceptance, leading to a deferred recognition of revenue from this segment.

The Group's revenue for the year ended 31 December 2019 amounted to approximately RMB261.5 million, representing an increase of approximately 50.6% as compared with that of approximately RMB173.6 million for the year ended 31 December 2018. The revenue from each business segment increased from 2018 to 2019, among which the revenue from management and strategic consultancy services, market research services and information supervision services increased by approximately 60.4%, 105.5% and 17.5%, respectively. In general, the increase in revenue was due to enhancement of service capacity and expansion of customer base driven by the digital transformation of the Group's consulting services with the core of "CCID brain for industries and its improved service system with high added value which consolidates the whole value chain of the industry consultancy services including planning, attracting investment, operating, marketing and technology developing. More specifically, for the management and strategy consultancy services, the amount of service orders increased from 246 to 342 and the average service fee recognized as revenue increased from approximately RMB346,000 to RMB399,000. For the market research services, the average service fee recognized as revenue increased from approximately RMB102,000 to RMB251,000, while the amount of service orders decreased from 102 to 85. For the information supervision services, the amount of service orders increased from 275 to 382, while the average service fee recognized as revenue decreased from approximately RMB277,000 to RMB234,000.

Cost of Sales

The Group's cost of sales and services for the years ended 31 December 2018, 2019 and 2020 was approximately RMB90.7 million, RMB119.6 million and RMB111.3 million, respectively. The following table sets forth information relating to the Group's cost of sales by segment for the periods indicated:

	Year ended 31 December					
	2018		2019		2020	
	Costs and expenses <i>audited</i> <i>(restated)</i> <i>(RMB'000)</i>	% of total costs and expenses %	Costs and expenses <i>audited</i> <i>(restated)</i> <i>(RMB'000)</i>	% of total costs and expenses %	Costs and expenses <i>audited</i> <i>(RMB'000)</i>	% of total costs and expenses %
Provision of management and strategic consultancy services	47,565	52.5	68,577	57.4	49,501	44.5
Provision of market research services	4,206	4.6	6,121	5.1	13,332	12.0
Provision of information engineering supervision services	36,994	40.8	38,543	32.2	44,808	40.3
Others	1,892	2.1	6,373	5.3	3,630	3.2
Total	90,657	100	119,614	100	111,271	100

The Group's cost of sales decreased by approximately 7.0% from approximately RMB119.6 million for the year ended 31 December 2019 to approximately RMB111.3 million for the year ended 31 December 2020, which was in line with the decrease in the revenue for the year resulted from the spread of COVID-19 pandemic.

The Group's cost of sales increased by approximately 31.9% from approximately RMB90.7 million in 2018 to approximately RMB119.6 million in 2019, which was in line with the business growth. The increase of cost of sales was primarily due to the increase in (i) the cost of the Group's research staff and (ii) expenses incurred in projects, such as travel expenses, third-party experts fee, etc. The reasons for which the revenue increased faster than cost of sales for the same period were that (i) the number of the research staff increased slower than the number of projects for the same period, leading to the effect that on average each staff were staffed for more projects compared with staff allocation for the periods with less projects, resulting in less staff cost and high profit margin. In other words, the overall working capacity and efficiency of the Group's research staff increased, and (ii) the Group also controlled the increase of expenses incurred in management and strategic consultancy projects, such as travel expenses.

Gross Profit and Gross Profit Margin

The following table sets out the breakdown of the Group's gross profit and gross profit margin for the years ended 31 December 2018, 2019 and 2020.

	Year ended 31 December					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<i>(restated)</i> RMB'000	%	<i>(restated)</i> RMB'000	%	RMB'000	%
Management and strategy consultancy services	37,551	44.1	67,962	49.8	53,871	52.1
Market research services	6,177	59.5	15,215	71.3	13,108	49.6
Information engineering supervision services	39,106	51.4	50,899	56.9	31,275	41.1
Others	136	6.7	7,839	55.2	2,429	40.1
Total	82,970	47.8	141,915	54.3	100,683	47.5

For the year ended 31 December 2020, the Group recorded gross profit of approximately RMB100.7 million, representing a decrease of approximately 29.1% as compared with that of approximately RMB141.9 million for the year ended 31 December 2019. The Group's gross profit for management and strategy consultancy services decreased by approximately 20.7% from approximately RMB68.0 million for the year ended 31 December 2019 to RMB53.9 million for the year ended 31 December 2020. The Group's gross profit for information engineering supervision services decreased by approximately 38.6% from approximately RMB50.9 million for the year ended 31 December 2019 to RMB31.3 million for the year ended 31 December 2020. The Group's gross profit for market research services decreased from approximately RMB15.2 million for the year ended 31 December 2019 to approximately RMB13.1 million. These decreases in gross profit primarily due to the impact of the spread of COVID-19 pandemic as discussed above.

For the year ended 31 December 2019, the Group recorded gross profit of approximately RMB141.9 million, representing a significant increase of approximately 71.0% as compared with that for the year ended 31 December 2018. The Group's gross profit for management and strategy consultancy services increased by approximately 81.0% from approximately RMB37.6 million for the year ended 31 December 2018 to RMB68.0 million for the year ended 31 December 2019. The Group's gross profit for market research services increased by approximately 146.3% from approximately RMB6.2 million for the year ended 31 December 2018 to approximately RMB15.2 million for the year ended 31 December 2019. The Group's gross profit for information engineering supervision services increased by approximately 30.2% from approximately RMB39.1 million for the year ended 31 December 2018 to approximately RMB50.9 million for the year ended 31 December 2019. These increases in gross profit were in line with the corresponding increases in revenue from each business segment.

The Group's overall gross profit margin increase from approximately 47.8% for the year ended 31 December 2018 to approximately 54.3% for the year ended 31 December 2019. The gross profit margin of management and strategy consultancy services increased from approximately 44.1% for the year ended 31 December 2018 to approximately 49.8% for the year ended 31 December 2019. The gross profit margin of market research services increased from approximately 59.5% for the year ended 31 December 2018 to approximately 71.3% for the year ended 31 December 2019, which was primarily due to the increased overall working capacity and efficiency of the research staff. Even though around twice revenue was recognized from market research services in 2019 as compared with that in 2018, the related staff cost incurred in market research services in 2019, instead of increasing, decreased due to (i) the number of market research projects undertaken in 2019 was less than that of 2018 while the average size and contract value were larger than that of 2018, (ii) the average number of researchers staffed in those projects, regardless of its size, remained relatively stable as researchers had capacity to fulfill additional workload even in a larger-scale project. The gross profit margin of information engineering supervision services for the two years ended 31 December 2018 and 2019 was approximately 51.4% and 56.9%, respectively, and such growth in gross profit margin was primarily due to the increased overall working capacity and efficiency of staff.

The Group's gross profit margin decreased from approximately 54.3% for the year ended 31 December 2019 to approximately 47.5% for the year ended 31 December 2020, which was primarily due to the impact of the spread of COVID-19 pandemic as discussed above. The gross profit margin of management and strategy consultancy services remained relatively stable at around 50%. The gross profit margin of the market research services decreased from approximately 71.3% for the year ended 31 December 2019 to approximately 49.6% for the year ended 31 December 2020, primarily due to (i) the impact of the spread of COVID-19 pandemic; and (ii) the increase of the staff cost incurred in market research services. The gross profit margin of information engineering supervision services for the year ended 31 December 2019 decreased from approximately 56.9% to approximately 41.1% for the year ended 31 December 2020, which was primarily due to the impact of the spread of COVID-19 pandemic. The spread of COVID-19 pandemic resulted in the lock-down and work from home arrangements and thus a number of projects at completion stage experienced delay for inspection and acceptance, leading to a deferred recognition of revenue.

Selling and Distribution Expenses

The Group's selling and distribution expenses remained relatively stable in the amount of approximately RMB16.0 million and RMB16.5 million for the years ended 31 December 2018 and 2019 respectively. The reason for which the selling and distribution expenses for the year ended 31 December 2019, when compared with that for the year ended 31 December 2018, did not increase in line with the 50.6% increase of revenue for the same period was that (i) the Group improved its organisation of the sales department and field sales territories to reduce selling costs, and (ii) the Group canceled three sales representative offices.

The Group's selling and distribution expenses decreased by approximately 9.9% from approximately RMB16.5 million for the year ended 31 December 2019 to approximately RMB14.9 million for the year ended 31 December 2020, which was in line with the decrease in revenue. The reason for which the Group's selling and distribution expenses decreased slower than its revenue for the year was that during the year, the Group was still actively making efforts to develop its business so as to mitigate the impact of the spread of COVID-19 pandemic.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately 40.3% from approximately RMB37.1 million for the year ended 31 December 2018 to RMB52.0 million for the year ended 31 December 2019. The increase was primarily due to increase in (i) the salary for the management and research personnel, (ii) administrative expenses incurred from research and development of digital transformation of the Group's business, and (iii) administrative expenses incurred from research and development of "CCID brain for industries".

The Group's administrative and other operating expenses increased by approximately 8.3% from approximately RMB52.0 million for the year ended 31 December 2019 to approximately RMB56.3 million for the year ended 31 December 2020. This increase was primarily due to the increase in the costs of research and development of the Group.

Income Tax

Pursuant to the Income Tax Law of the PRC, the members of the Group (except the Company and CCID Supervision) are subject to a corporate income tax rate of 25%. As the Company and CCID Supervision are high and new technology enterprises registered in the Beijing New Technology Enterprise Development Zone (北京市高新技術企業開發試驗區), pursuant to the Income Tax Law of the PRC, they are subject to a corporate income tax rate of 15%. The income tax expenses of the Group for the years ended 31 December 2018 and 2019 amount to approximately RMB3.6 million and RMB10.3 million, respectively, which is in line with the increase in gross profit. The income tax expenses for the year ended 31 December 2020 decreased by approximately 32.9% from RMB10.3 million for the year ended 31 December 2019 to RMB6.9 million, which is in line with the decrease in the gross profit for this year.

Profit for the Year

For the year ended 31 December 2020, the Group recorded profit of approximately RMB26.6 million, representing a significant decrease of approximately 61.0% as compared with that of approximately RMB68.2 million for the year ended 31 December 2019. The decrease was primarily due to the quarantine and inspection measures against the COVID-19 pandemic introduced in various cities, resulting in delay in projects implementation and completion.

For the year ended 31 December 2019, the Group recorded profit for the year and total comprehensive income of approximately RMB68.2 million and RMB71.0 million, respectively, representing a significant increase of approximately 131.0% and 135.1%, respectively, as compared with that of approximately RMB29.5 million and RMB30.2 million, respectively, for the year ended 31 December 2018. Such increase was primarily due to the increase in revenue for the same period as discussed in the paragraph headed “Revenue” above.

Summary of the consolidated statement of financial position of the Group

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
	(restated) ^{Note}	(restated) ^{Note}	
	audited	audited	audited
Non-current assets			
Property, plant and equipment	17,430	17,867	16,137
Intangible asset	14,681	14,681	14,681
Financial asset at FVTOCI	4,749	8,311	12,015
Pledged bank deposits	–	482	1,336
Deferred tax assets	5,781	2,965	1,016
	<u>42,641</u>	<u>44,306</u>	<u>45,185</u>
Current assets			
Accounts receivables	18,400	32,701	27,137
Prepayments, deposits and other receivables	11,638	9,335	11,689
Financial assets at FVTPL	30,188	35,122	45,087
Tax recoverable	655	1,841	2,607
Pledged bank deposits	–	1,575	1,862
Amount due from a related party	–	–	1,000
Cash and cash equivalents	168,647	233,021	263,723
	<u>229,528</u>	<u>313,595</u>	<u>353,105</u>

**Summary of the consolidated statement of financial position of the Group
(Continued)**

	As at 31 December		
	2018 <i>RMB'000</i> <i>(restated)</i> ^{Note} <i>audited</i>	2019 <i>RMB'000</i> <i>(restated)</i> ^{Note} <i>audited</i>	2020 <i>RMB'000</i> <i>audited</i>
Current liabilities			
Accounts payables	4,271	2,394	1,661
Accruals and other payables	30,752	46,285	50,384
Dividend payable	–	–	–
Contract liabilities	57,536	63,302	85,100
Amounts due to related parties	5,251	3,408	4,471
Income tax payable	2,969	5,146	997
	<u>100,779</u>	<u>120,535</u>	<u>142,613</u>
Net current assets	<u>128,749</u>	<u>193,060</u>	<u>210,492</u>
Net assets	<u>171,390</u>	<u>237,366</u>	<u>255,677</u>
Equity			
Share capital	70,000	70,000	70,000
Reserves	76,646	136,282	126,251
Total equity attributable to owners of the Company	146,646	206,282	196,251
Non-controlling interests	24,744	31,084	59,426
Total equity	<u><u>171,390</u></u>	<u><u>237,366</u></u>	<u><u>255,677</u></u>

Note:

The consolidated statement of financial position as at 31 December 2018 and 2019 was restated as a result of adoption of merger accounting in respect of acquisition of Guangdong CCID.

Financial Asset at FVTOCI

The Group's financial asset at FVTOCI refers to the 19.9% equity interest held by CCID Supervision in Beijing CCID Exhibition Co., Ltd. for medium to long-term strategic investment, the value of which was determined by the independent valuer using the non-public input data with reference to the fair value as at the end of relevant year. As at 31 December 2019, the Group's financial assets at FVTOCI amounted to approximately RMB8.3 million, representing an increase of approximately 75.0% as compared to 31 December 2018. As at 31 December 2020, the Group's financial assets at FVTOCI amounted approximately RMB12.0 million, representing an increase of approximately 44.6% as compared to 31 December 2019, which is primarily due to (i) the increase in the value of Beijing CCID Exhibition Co., Ltd., and (ii) the Company's investment in Wuhan Jiangxia CCID Strategic Emerging Industry Investment Fund Partnership (Limited Partnership)* (武漢江夏賽迪戰略新興產業股權投資基金合夥企業(有限合夥)) as disclosed in the announcement of the Company dated 25 November 2020.

Accounts Receivables

The Group's accounts receivables amounted to approximately RMB18.4 million, RMB32.7 million and RMB27.1 million as at 31 December 2018, 2019 and 2020, respectively. The increase in the accounts receivables from 31 December 2018 to 31 December 2019 was in line with the increase of revenue in 2019. As at 31 December 2020, the Group's accounts receivables decreased by approximately 17.0% to approximately RMB27.1 million, which was in line with the decrease of revenue for the year ended 31 December 2020. As at the Latest Practicable Date, 16.0% of the accounts receivables as at 31 December 2020, i.e. approximately RMB4.3 million, has been settled. It was explained that governmental bodies generally need more time in settling their accounts receivables in the first quarter of each year which was mainly because (i) the number of working days are reduced by the prolonged period of Chinese New Year Holiday; and (ii) their budget were normally subject to new budget approval by NPC & CPPCC National Committee annual sessions in the first quarter which caused the relatively low percentage of the subsequent settlement for accounts receivables.

The average trade receivable turnover days (representing the average of the opening and closing balances of trade receivables for the relevant period, divided by revenue for the same period and multiplied by the number of days in that period) of the Group remained relatively stable at approximately 36 days for the two years ended 31 December 2018 and 2019.

The average trade receivable turnover days of the Group was approximately 52 days for the year ended 31 December 2020. The increase in turnover days was mainly due to delay in customer's payment caused by the spread of COVID-19 pandemic.

Prepayments, Deposits and Other Receivables

The Group's prepayments, deposits and other receivables increased by approximately 25.2% from approximately RMB9.3 million as at 31 December 2019 to approximately RMB11.7 million as at 31 December 2020, which was primarily due to the increase of other receivable regarding performance bond for an information engineering supervision project.

The Group's prepayments, deposits and other receivables decreased by approximately 19.8% from approximately RMB11.6 million as at 31 December 2018 to approximately RMB9.3 million as at 31 December 2019, which was primarily due to the decrease of other receivables in the amount of approximately RMB4.0 million.

Financial Assets at FVTPL

As at 31 December 2017, the Group held short term investments in the amount of approximately RMB70.2 million. At the date of initial application of HKFRS 9, Financial Instruments, on 1 January 2018, these investments were reclassified from short term investments to financial assets at FVTPL. As at 31 December 2019, the Group's financial assets at FVTPL amounted to approximately RMB35.1 million, representing an increase of approximately 16.3% from approximately RMB30.2 million as at 31 December 2018, which is due to (i) the expiration of term of wealth management products in the amount of RMB30 million subscribed by the Group on 22 October 2018, and (ii) the Group's subscription of wealth management product in the amount of RMB35 million on 14 November 2019. As at 31 December 2020, the Group's financial assets at FVTPL amounted to approximately RMB45.1 million, representing an increase of approximately 28.4%, which is due to the Group's subscription of asset portfolio wealth management product in the amount of RMB45.0 million on 29 December 2020, the details of which has been disclosed in the announcement of the Company dated 29 December 2020, and (ii) the expiration of term of wealth management products in the amount of RMB35 million subscribed by the Group on 15 November 2019. The impairment assessment on the Group's financial assets at FVTPL is not applicable because principal-preserved and income-guaranteed wealth management products are financial assets at fair value through profit or loss and thus does not need to be impaired according to HKFRS 9.

The Group's investments are generally made primarily for the purposes of achieving reasonably higher return on its excess cash than regular bank deposits in the short term. Investment decisions are made after due and careful consideration of a number of factors, including market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential losses of such investment. Ms. Hu Yun, the financial controller of the Company assesses the cash flow, operational needs and capital expenditure with her over 20 years' accounting and financial management experience before making a proposal of investing in wealth management products to the senior management of the Group. The Group only considers purchasing investment products when its cash flows exceed operational needs.

The Group reasonably utilizes its idle capital to subscribe for the wealth management products to earn higher return than current deposit interest without affecting its normal operations while contemplating its long term business plans. The performance of the wealth management product has been closely and effectively monitored by the Group, and the Group has not experienced any losses on the current wealth management products subscribed by the Group as at the Latest Practicable Date.

Liquidity and Financial Resources

The Group's primary financial resources were cash flows generated from the operating activities. As at 31 December 2018, 2019 and 2020, the Group held cash and cash equivalents of approximately RMB168.6 million, RMB233.0 million and RMB263.7 million, respectively. The consecutive increase in the Group's cash and cash equivalents was primarily due to increased cash inflows driven by the Group's developing business.

Accruals and Other Payables

The Group's accruals and other payables as at 31 December 2018, 2019 and 2020 amounted to approximately RMB30.8 million, RMB46.3 million and RMB50.4 million, respectively. The consecutive increase in accruals and other payables from 31 December 2018 to 31 December 2020 was primarily due to increase of payroll and welfare payables, accrued expenses and tax payable.

Contract Liabilities

Contract liabilities represents advances received from customer for unsatisfied or partially satisfied service contracts. The contract liabilities increased by approximately 10.0% from approximately RMB57.5 million as at 31 December 2018 to approximately RMB63.3 million as at 31 December 2019, which is primarily due to the increase in advances received from customer. Then the contract liabilities further increased to RMB85.1 million as at 31 December 2020, mainly due to the continuous increase in the Group's customer base and the postponement of projects under COVID-19 pandemic.

Amount due from a related party

As at 31 December 2020, the amount due from a related party was approximately RMB1 million, which was trade in nature and will be settled prior to the Transfer of Listing.

Key Financial Ratios

The table below sets forth the Group's major financial ratios as at the dates or for the periods indicated:

	Year ended/As at 31 December		
	2018	2019	2020
Gross profit margin	47.8%	54.3%	47.5%
Return on equity	18.4%	33.4%	10.8%
Return on total assets	12.0%	21.6%	7.0%
Current ratio	2.3	2.6	2.5
Gearing ratio	60.5%	56.5%	61.8%

Gross profit margin is gross profit divided by revenue for each financial year and multiplied by 100%. The Group's gross profit margin for 2018, 2019 and 2020 was approximately 47.8%, 54.3% and 47.5%, respectively. The increase from 2018 to 2019 was primarily due to (i) the number of the research staff increased slower than the number of projects for the same period, leading to the effect that on average each staff were staffed for more projects compared with staff allocation for the periods with less projects, resulting in less staff cost and high profit margin. In other words, the overall working capacity and efficiency of the Group's research staff increased, and (ii) the Group also controlled the increase of expenses incurred in management and strategic consultancy projects, such as travel expenses.

Return on equity is profit for the year divided by average shareholders' equity and multiplied by 100%. The Group's return on equity for the years ended 31 December 2018, 2019 and 2020 was approximately 18.4%, 33.4% and 10.8%. The increase from 2018 to 2019 was primarily due to the higher rate of increase of the profit for the year, as compared to that of the average shareholders' equity. The decrease of the return on equity from approximately 33.4% for the year of 2019 to approximately 10.8% for the year of 2020 was primary due to (i) decrease in the Group's profit for the year of 2020, and (ii) increase in the Company's average shareholders' equity.

Return on total assets is profit for the year divided by average total assets and multiplied by 100%. The decrease of the return on total assets from approximately 21.6% for the year of 2019 to approximately 7.0% for the year of 2020 was primary due to (i) significant decrease in profit for the year of 2020, and (ii) increase in the average total assets of the Company. The Group's return on total assets increased from approximately 12.0% in 2018 to approximately 21.6% in 2019, primarily due to the higher rate of increase of the profit for the year of approximately 131.0%, as compared to that of the average total assets of 28.0%.

Current ratio is current assets at the end of each financial period divided by current liabilities at the end of each financial period. The Group's current ratio was approximately 2.3, 2.6 and 2.5 as at 31 December 2018, 2019 and 2020, respectively. Such fluctuations were primarily due to the different rate of changes between the current liabilities and the current assets.

Gearing ratio is calculated by total liabilities less amounts due to related parties and plus proposed final dividend then divided by total equity minus proposed final dividend. The Group's gearing ratio as at 31 December 2018, 2019 and 2020 was approximately 60.5%, 56.5% and 61.8%, respectively.

Cash Flows

The Group's cash and cash equivalents were RMB168.6 million, RMB233.0 million and 263.7 million as at 31 December 2018, 2019 and 2020, respectively. The following table sets forth the Group's cash flows for the years indicated:

	For the year ended 31 December		
	2018 <i>(audited)</i> <i>(restated)</i> RMB'000	2019 <i>(audited)</i> <i>(restated)</i> RMB'000	2020 <i>(audited)</i> <i>(restated)</i> RMB'000
Profit before tax	33,144	78,476	33,506
Operating cash flow before movements in working capital	31,009	75,102	31,844
Changes in working capital	24,198	6,612	(16,188)
Income tax paid	(6,068)	(7,200)	(10,175)
Net cash generated from operating activities	49,859	74,514	5,481
Net cash (used in)/generated from investing activities	42,617	(4,978)	34,434
Net cash used in financing activities	(13,360)	(5,162)	(9,213)
Net (decrease)/increase in cash and cash equivalents	79,116	64,374	30,702

Net cash generated from operating activities

For the year ended 31 December 2020, the Group recorded net cash generated from operating activities of approximately RMB5.5 million, which primarily consisted of cash generated from operations of approximately RMB15.7 million offset by income tax paid of approximately RMB10.2 million. The Group's cash generated from operations primarily reflects the profit before income tax of approximately RMB33.5 million, adjusted by the items mainly including (i) depreciation of property, plant and equipment of approximately RMB2.0 million, which was offset by investment income arising from financial assets at fair value through profit or loss of approximately RMB2.6 million; and (ii) working capital adjustment, mainly including decrease in accounts receivables of approximately RMB5.4 million, increase in accruals and other payables of approximately RMB4.1 million, and increase in contract liabilities of approximately RMB21.8 million, which were partially offset by increase in prepayment deposits and other receivable of approximately RMB2.7 million and increase in financial assets at fair value through profit or loss of RMB45.0 million.

For the year ended 31 December 2019, the Group recorded net cash generated from operating activities of approximately RMB74.5 million, which primarily consisted of cash generated from operations of approximately RMB81.7 million offset by income tax paid of approximately RMB7.2 million. The Group's cash generated from operations primarily reflects the profit before income tax of approximately RMB78.5 million, adjusted by the items mainly including (i) depreciation of property, plant and equipment of approximately RMB1.3 million, which was offset by interest income from bank deposits of approximately RMB2.1 million, investment income arising from financial assets at fair value through profit or loss of approximately RMB1.7 million, and government grant of approximately RMB1.0 million; and (ii) working capital adjustment, mainly including decrease in prepayment deposits and other receivable of approximately RMB2.3 million, increase in accruals and other payables of approximately RMB15.5 million, and increase in contract liabilities of approximately RMB5.8 million, which were partially offset by increase in accounts receivables of approximately RMB14.4 million and decrease in accounts payables of approximately RMB1.9 million.

For the year ended 31 December 2018, the Group recorded net cash generated from operating activities of approximately RMB49.9 million, which primarily consisted of cash generated from operations of approximately RMB55.9 million offset by income tax paid of approximately RMB6.1 million. The Group's cash generated from operations primarily reflects the profit before income tax of approximately RMB33.1 million, adjusted by the items mainly including (i) depreciation of property, plant and equipment of approximately RMB1.6 million, which were offset by interest income from bank deposits of approximately RMB2.2 million, investment income arising from financial assets at fair value through profit or loss of approximately RMB1.2 million; and (ii) working capital adjustment, mainly including increase in accruals and other payables of approximately RMB7.6 million, increase in accounts payables of approximately RMB3.1 million and increase in contract liabilities of approximately RMB18.2 million, which were partially offset by increase in accounts receivables of approximately RMB2.8 million and increase in prepayment deposits and other receivables of approximately RMB1.3 million.

Net cash generated from/(used in) investing activities

For the year ended 31 December 2020, the Group recorded net cash generated from investing activities of approximately of RMB34.4 million, which was primarily due to proceeds from redemption of financial assets at fair value through profit or loss of RMB80.0 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB45.0 million.

For the year ended 31 December 2019, the Group recorded net cash used in investing activities of approximately of RMB5.0 million, which was primarily due to purchase of financial assets at fair value through profit or loss of RMB99.0 million, partially offset by proceeds from redemption of financial assets at fair value through profit or loss of RMB94.0 million.

For the year ended 31 December 2018, the Group recorded net cash generated from investing activities of approximately RMB42.6 million, which was primarily due to proceeds from sale of financial assets of approximately RMB40 million and interest received of approximately RMB2.2 million, partially offset by payments to acquire property, plant and equipment of approximately RMB1.1 million.

Net cash flows used in financing activities

For the year ended 31 December 2020, the Group recorded net cash used in financing activities of approximately RMB9.2 million, which represented the dividends paid during the year of approximately RMB10.0 million, which was offset by advance from a fellow subsidiary of RMB0.15 million.

For the year ended 31 December 2019, the Group recorded net cash used in financing activities of approximately RMB5.2 million which primarily represented the dividends paid during the year of approximately RMB5.0 million and repayment to immediate holding company of approximately RMB3.9 million, which were offset by advance from immediate holding company of approximately RMB2.8 million.

For the year ended 31 December 2018, the Group recorded net cash used in financing activities of approximately RMB13.4 million which represented the dividends paid during the year of approximately RMB13.4 million.

Dividend

For the years ended 31 December 2018 and 2019, the Company declared and paid dividends in the amount of RMB5.0 million and RMB10.0 million (all tax inclusive), respectively.

The Board proposed the payment of a final dividend of RMB1.53 cents (2019: RMB1.43 cents) per share for the year ended 31 December 2020, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 11 June 2021 (Friday).

BANK ACCOUNT AND CASH MANAGEMENT POLICY

The Company has a bank account and cash management system to manage the cash inflows and outflows of its subsidiaries in their ordinary course of business in accordance with PRC laws and regulations. The Company has established a cash management policy to monitor the work process of its subsidiaries, including but not limited to, requiring the approval of opening bank account and cash payments from the Company's headquarter, setting the upper cash limit on hand for the Company's subsidiaries, setting deadlines for depositing their cash received in the bank accounts, taking stock of the bank accounts and checking the cash balances daily as well as reconciling the accounts weekly to lower the risks associated with cash management.

The Company also encourages its subsidiaries to settle their transactions through bank transfers to enhance the safety of funds management. The Company has detailed cash management policy to regulate its cash management and bank deposits management to ensure security and the reasonable use of its cash. Details of the Company's cash management policy are set out as follows:

Cash flow transactions	Cash handling policies and internal control measures
Receipt of service fees from customers	The Company will verify that the cash collected is the correct amount and submit report to its online management system on a daily basis.
Payments made to suppliers	Such payment shall be submitted by related personnel in writing and pre-approved by the responsible supervising personnel according to the authority assigned to them by the Company's internal manual. Once approved, the relevant payments shall be wired through online bank accounts by internal accountants of the Company's subsidiaries.
Cash transfers from the bank accounts of the Company's subsidiaries to the Company's centralized bank account	The Company transfers the cash deposited in the bank accounts of its subsidiaries to its centralized bank accounts through a bank-corporation direct transfer channel.
Cash transfers from the Company's centralized bank account to its subsidiaries	The Company sets a cash level for the bank accounts of its subsidiaries and adjust the cash level as necessary and appropriate to facilitate the business operation of its subsidiaries. In the event that the actual cash levels at the bank accounts of its subsidiaries fall below the pre-determined cash level, the Company transfers cash from the Company's centralized bank account to the bank accounts of its subsidiaries to supplement the shortfall for the Company and/or its subsidiaries' regular operation.
Cash inventory and deposits	The Company's subsidiaries are required to reconcile and check bank balances on a daily basis. The Company's headquarter conducts bank balance and deposit check on a weekly basis and, where there is any inconsistency, requires the Company's subsidiaries to investigate and provide explanation and take punitive measures accordingly.

Treasury Management

The Group may subscribe low-risk or principal-guaranteed wealth management products when and as appropriate. The Group's investments are generally made primarily for the purposes of achieving reasonably higher return on its excess cash than regular bank deposits in the short term. Investment decisions are made after due and careful consideration of a number of factors, including market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential losses of such investment. Ms. Hu Yun, the financial controller of the Company assesses the cash flow, operational needs and capital expenditure with her over 20 years' accounting and financial management experience before making a proposal of investing in wealth management products to the senior management of the Group. The Group only considers purchasing investment products when its cash flows exceed operational needs.

The Group reasonably utilizes its idle capital to subscribe for the wealth management products to earn higher return than current deposit interest without affecting its normal operations while contemplating its long term business plans. The performance of the wealth management product has been closely and effectively monitored by the Group.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account current cash and cash equivalents and the cash generated from the Group's operation, the Group has sufficient working capital for its requirements for at least the next 12 months from the date of this announcement.

NO MATERIAL ADVERSE CHANGE

The Directors confirmed that subsequent to 31 December 2020 and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group and there have been no trends or development which may have a material adverse impact on the Group's business operations or financial performance.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the following persons 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 the Shares

Name	Capacity	Number and class of Shares ¹	Approximate percentage in the same class of Shares	Approximate percentage of issued capital of the Company
CCID ²	Interest of controlled corporation	491,000,000 (L) Domestic Shares	100%	70.14%
Research Centre ²	Beneficial owner	392,610,000 (L) Domestic Shares	79.96%	56.09%
CCID Riyue ²	Beneficial owner	98,390,000 (L) Domestic Shares	20.04%	14.06%
Lenovo Manufacturing Limited	Beneficial owner	20,000,000 (L) H Shares	9.57%	2.86%
Legend Holdings (BVI) Limited ³	Interest of controlled corporation	20,000,000 (L) H Shares	9.57%	2.86%
Lenovo Group Limited ³	Interest of controlled corporation	20,000,000 (L) H Shares	9.57%	2.86%

Notes:

1. The letter “L” denotes the substantial shareholder’s long position in the Shares.
2. CCID, through Research Centre (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly owned by CCID) is deemed to be interested in 491,000,000 Domestic Shares of the Company comprising the 392,610,000 Domestic Shares directly held by Research Center and the 98,390,000 Domestic Shares directly held by CCID Riyue.
3. Lenovo Manufacturing Limited, a wholly-owned subsidiary of Legend Holdings (BVI) Limited, directly holds 20,000,000 H Shares. Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Lenovo Group Limited.

Save as disclosed above, as at the Latest Practicable Date, there was no other person had interests and short position in shares and underlying shares of the Company required to be kept in the register pursuant to Section 336 of the SFO.

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

As at the Latest Practicable Date, none of the Directors, Supervisors 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 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.

BIOGRAPHICAL DETAILS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The biographical information of each current Director as at the date of this announcement is as follows.

Executive Directors

Xia Lin (夏琳), aged 54, is the executive Director and chairlady of the Board. Ms. Xia has over 20 years of experience in financial management, capital operation and corporate management. Ms. Xia has been a chief investment advisor of CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院(集團)有限公司) since May 2020, and the chairlady of the board and general manager of CCID Tiandi Investment Management Company Limited* (賽迪天地投資管理有限公司) since November 2018. Previously, Ms. Xia worked for China Metallurgical Import and Export Corporation, Shougang Branch* (中國冶金進出口公司首鋼分公司), Iveco Margirus Beijing Representative Office* (德國馬基路斯公司北京代表處), CTA Makro Commercial Co., Ltd.* (中貿聯萬客隆商業有限公司) and B&Q China. From April 2005 to October 2013, she served as the deputy general manager of several departments at Huida Asset Management Ltd. Co. (匯達資產託管有限公司), including Finance Department, Asset Disposal Department I and Asset Disposal Department III. During the same tenure, she was also a director and deputy chief accountant of Nanning Phoenix Paper Industry Limited* (南寧鳳凰紙業有限公司). From 30 August 2006 to 12 November 2009, she served as a director of Beijing CCID Media Investments Co. Ltd. (北京賽迪傳媒投資股份有限公司, currently known as Nan Hua Bio-medicine Co., Ltd.* (南華生物醫藥股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 000504)). From November 2009 to April 2011, Ms. Xia served as a deputy general manager of Beijing CCID Media Investments Co., Ltd. From October 2013 to August 2016, Ms. Xia served as a vice president of Beijing Pan-Asian Flying Banner Technology Limited* (北京泛亞飛旗科技投資有限公司). From November 2016 to January 2018, Ms. Xia has been the general manager at Finance Center (財務中心) of CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院(集團)有限公司). From February 2018 to January 2019, Ms. Xia served as a vice general manager and general manager at Finance Centre of CCID Academy for Industry and Information Technology Limited. Ms. Xia served as a supervisor of the Company from 25 November 2017 to 20 May 2019, and has been appointed as the executive Director of the Company with effect from 25 November 2020. She is a U.S. Certified Management Accountant granted by the Institute of Certified Management Accountants in June 2017. Ms. Xia graduated from Wuhan University (武漢大學) with a bachelor's degree in economics, and the Central University of Nationalities (中央民族大學) with a master's degree in June 2001.

Qin Hailin (秦海林), aged 42, has been re-designated as an executive Director from a non-executive Director with effect from 7 December 2020, and has been appointed as the general manager of the Company with effect from 8 May 2020. Mr. Qin served as a non-executive Director from 12 June 2020 to 6 December 2020. Mr. Qin has been a general manager of CCID Academy of Industry and Information Technology Limited* (賽迪工業和信息化研究院(集團)有限公司) since April 2020. From July 2011 to April 2020, Mr. Qin served as the general manager of CCID AlmayivA Information Technology (Shanghai) Co., Ltd.* (賽迪埃脈韋瓦信息技術(上海)有限公司), the deputy president of Institute of Finance (財經研究所) (responsible for operation) and director of Industrial Economics Institute* (工業經濟研究所) of China Centre for Information Industry Development* (中國電子信息產業發展研究院). From August 2014 to August 2015, Mr. Qin served as a member of the party group and deputy director of the Economic and Information Technology Commission in Hengyang of Hunan Province (湖南省衡陽市經濟與信息科技委員會). From July 2007 to June 2011, Mr. Qin served as the Company's analyst, department manager, business director, assistant general manager, vice president and general manager of the Shanghai branch. Mr. Qin graduated with a doctoral degree of economics from Jilin University (吉林大學) in July 2007. Mr. Qin is a senior economist entitled to the State Council's special allowance.

Independent non-executive Directors

Guo Xinping (郭新平), aged 57, was appointed as an independent non-executive Director with effect from 25 May 2002, and was re-elected on 25 November 2020. Mr. Guo has over 20 years of experience in the field of enterprise operation and finance. Mr. Guo has been the vice-chairman of the board of Yonyou Network Technology Co., Ltd. (用友網絡科技股份有限公司, formerly known as Yonyou Software Co., Ltd. (用友軟件股份有限公司) and a company listed on the Shanghai Stock Exchange (stock code: 600588)) since May 2002, the chairman of the supervisory committee of Chanjet Information Technology Company Limited (暢捷通信息技術股份有限公司, a company listed on the Stock Exchange (stock code: 1588)) since September 2011, and an independent director of Glodon Software Company Limited (廣聯達軟件股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 002410)) from April 2008 to April 2014 and since April 2017. Mr. Guo has worked in the Fiscal and Taxation Reform Department of Ministry of Finance (財政部財稅體制改革司) from August 1985 to June 1989. He was the general manager and chief finance officer of Yonyou Software Co. Ltd. (用友軟件股份有限公司) from December 1999 to April 2002 and from April 2007 to April 2010, respectively, and an independent director of Tus-Sound Environmental Resources Company Limited (啟迪桑德環境資源股份有限公司, currently known as Sound Environmental Technology Development Company Limited (啟迪環境科技發展股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000826)) from July 2009 to October 2015. Mr. Guo graduated from Hubei Institute of Finance and Economics (湖北財經學院) (currently known as Zhongnan University of Finance and Economics (中南財經政法大學)) with a bachelor's degree in July 1985 and from Hong Kong University of Science and Technology with an EMBA degree in November 2007. He is a senior accountant recognized by the Personnel Department of Hubei Province in January 1998.

Mr. Guo Xinping has not engaged in any executive management of the Group. Taking into consideration of his independent work in previous years, the Board considers Mr. Guo Xinping to be independent under the GEM Listing Rules despite the fact that he has served the Company for more than nine years.

Li Xuemei (李雪梅), aged 52, was appointed as an independent non-executive Director with effect from 25 November 2011, and was re-elected on 25 November 2020. Ms. Li has been working in School of Economics and Management of Beijing Jiaotong University (北京交通大學經濟管理學院) since December 1995, and has been a professor and PhD supervisor since October 2010. She has also been served as a managing director of China Association of International Business Negotiation* (中國管理現代化研究會國際商務談判專業委員會) since July 2010, and a director of the Beijing Big Data Association* (北京大數據協會) and the Beijing Applied Statistics Association* (北京應用統計學會). Ms. Li has been engaged in teaching and scientific research for a long time, presided over and participated in more than 50 scientific research projects of Ministry of Science and Technology (科技部), National Natural Science Foundation of China (中國國家自然科學基金委員會), Ministry of Railways (鐵道部), Beijing Municipal Science and Technology Commission (北京市科學技術委員會), Beijing Municipal Education Commission (北京市教育委員會) and many enterprises. Her research results won the second prize of Science and Technology of the China Railway Society (中國鐵道學會) in 2014. Ms. Li worked as a visiting scholar at University of Nevada, Reno from August 2014 to December 2014, and a visiting professor at Dartmouth College from December 2014 to September 2015. Ms. Li graduated from Heilongjiang University with a bachelor of science degree in July 1989, Harbin University of Civil Engineering and Architecture (now incorporated into Harbin Institute of Technology) with a master degree in engineering in May 1995, and Beijing Jiaotong University with a doctorate degree in management in October 2007.

Chen Yung-cheng (陳永正), aged 64, was appointed as an independent non-executive Director with effect from 25 November 2020. Mr. Chen has accumulated more than three decades of experiences in telecommunications, media and technology (“TMT”) and corporate management in multinational corporations. Mr. Chen has been the vice president of Suirui Technology Limited* (隨銳科技股份有限公司, a company listed on the National Equities Exchange and Quotations (stock code: 835990)) since February 2019, an independent non-executive director of BeiGene, Ltd. (a company listed on the Stock Exchange (stock code: 06160)) since February 2016, and a non-executive director of Asia Pacific Telecom Co., Ltd. (a company listed on the Taiwan Stock Exchange (stock code: 3682)) since August 2016. Previously, Mr. Chen held various senior positions at various corporations, including the president of Motorola Solutions (China) Co., Ltd. (摩托羅拉系統(中國)有限公司), the president of Alibaba Health Information Technology Limited (阿里健康信息技術有限公司, formerly known as 21CN CyberNet Corporation Limited, a company listed on the Stock Exchange (stock code: 0241)), the president of Greater China Region of Microsoft, and NBA China, a partner of GL Capital Group and chairman of CSL Holding Limited. In addition, Mr. Chen served as the independent director of Guiyang Longmaster Information & Technology Company Limited (貴陽朗瑪信息技術股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 300288)) from October 2010 to October 2013, the president of Telstra International Group from November 2012 to December 2015, chairman of Autohome Inc. (a

company listed on the New York Stock Exchange (stock code: ATHM)) from 2012 to May 2016, an independent director of Qingdao Haier Company Limited* (青島海爾股份有限公司, currently known as Haier Smart Home Company Limited, 海爾智家股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600690)) from September 2014 to 31 May 2016, the general manager of Asia Pacific Telecom Co., Ltd. from August 2016 to January 2017, and the chairman of Foxconn Industrial Internet Co., Ltd. (富士康工業互聯網股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 601138)) from January 2018 to October 2018. Mr. Chen obtained an EMBA degree from the University of Chicago in June 1991, and a bachelor's degree from National Chiao Tung University in June 1978.

Hu Bin (胡斌), aged 39, was appointed as an independent non-executive Director with effect from 23 December 2020. Mr. Hu is a senior economist and associate professor. Mr. Hu has been the chairman of Xinjin Investment Holdings Limited* (信金投資控股有限公司) since July 2019. He was a member of the executive committee of CSC Financial Co., Ltd. (中信建投證券股份有限公司) and chief executive officer of China Securities (International) Finance Holding Company Limited (中信建投國際金融控股有限公司) from January 2016 to July 2019. He was a managing director and management team member of CSC Financial Co., Ltd. from June 2014 to January 2016. He was a senior manager in General Office of CITIC Group (中信集團辦公廳資深主管) from January 2010 to June 2014. He was a vice president of capital markets department of CITIC Securities Company Limited* (中信證券股份有限公司) from September 2006 to January 2010. He was a trader in the treasury department of Hua Xia Bank Headquarters from September 2004 to September 2006.

Mr. Hu obtained a Master of Investment of Business School of University of Birmingham in UK in September 2004, Bachelor of Business Management and Finance of School of Business of Edinburgh Napier University of UK in September 2003 as well as Bachelor of Economics of Department of Finance of Shandong University of Finance and Economics in July 2002.

Save as disclosed above, as at the date of this announcement, each of the Directors (i) has not held any other position within the Group and has not held any directorships in any other listed companies in Hong Kong or overseas in the last three years; and (ii) does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO. Each of the Directors has no relationships with any other Directors, Supervisors, members of senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information in relation to each of the Directors which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse board to the quality of its performance. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the board. The nomination committee of the Company will be always supervising the implementation of the board diversity policy to safeguards its effectiveness. The board diversity policy aims to contain policies to achieve the diversity of board members. In designing the constitution of the Board, the Company has taken into consideration various measurable factors for board diversity, including but not limited to sex, age, length of service, knowledge, and professional and industrial backgrounds.

As of the date of this announcement, the Board is comprised of six directors, among which, three are independent non-executive directors who are responsible for enhancing the administrative procedures through stringent review and monitoring. The board enjoys a high level of diversity, regardless of sex, age, culture and education backgrounds, professional experiences, skills, knowledge, and length of services.

SUPERVISORS

The biographical information of each current member of the Supervisors as at the date of this announcement is as follows:

Gong Ping (龔平), aged 43, served as the supervisor of the Company from June 2017 to November 2017, and he has been appointed as a supervisor of the Company with effect from 20 May 2019. Mr. Gong has been the general manager of the Finance Center under CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院(集團)有限公司) since February 2019, and has been a deputy general manager of CCID Academy for Industry and Information Technology Limited* since April 2020. Joining CCID Group in 2009, Mr. Gong served as the manager of the Finance Department under Beijing CCID Media Investments Co. Ltd. (北京賽迪傳媒投資股份有限公司 currently known as Nanhua Bio-medicine Co., Ltd.* (南華生物醫藥股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000504)) from May 2009 to February 2010, and he served as a deputy head of the Finance Department under China Centre of Information Industry Development from January 2015 to October 2016. Mr. Gong previously was the standing deputy general manager of the Finance Center under CCID Academy for Industry and Information Technology Limited from November 2016 to January 2019. Mr. Gong holds various qualifications, including senior accountant and certified public accountant granted by Ministry of Industry and Information Technology of the PRC (中華人民共和國工業與信息化部) in January 2017 and Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in January 2011, respectively. Mr. Gong obtained an MBA degree from Beijing Institute of Technology in June 2012.

Jia Yinghui (賈映輝), aged 36, has been appointed as a supervisor with effect from 25 November 2020. He has been a director and senior deputy general manager of CCID Group Co. since April 2020. Since September 2020, he has concurrently been a deputy secretary of the Youth League Committee of the agency directly under the Ministry of Industry and Information Technology. From December 2012 to April 2020, Mr. Jia served as a deputy director of the Personnel Department (人事處副處長) and Secretary of the Youth League Committee (團委書記) of CCID. From July 2009 to December 2012, Mr. Jia served as a researcher in the Industrial Policy Research Institute of CCID, and a cadre of the Personnel Department. During this period, Mr. Jia worked in the Department of Policies and Regulations (政策法規司) and the Department of Personnel (人事教育司) and Education of the Ministry of Industry and Information Technology on secondment for three years. Mr. Jia was granted by Ministry of Industry and Information Technology as senior economist in December 2018. Mr. Jia graduated from Liaoning Normal University with a master degree of science in June 2009.

Lian Jing (廉晶), aged 49, was elected as an employee representative supervisor at the employee representative meeting November 2020. Ms. Lian has more than 20 years of work experience. Ms. Lian has been a director of the general office and a supervisor of CCID (Shanghai) Advanced Manufacturing Research Center Co., Ltd. (賽迪(上海)先進製造業研究院有限公司), a subsidiary of the Company, since March 2018. She has been the director of the general office since she joined the Company on 12 June 2016. Ms. Lian graduated from California State University East Bay with a master's degree in business administration economics and foreign trade in June 2006.

Save as disclosed above, as at the date of this announcement, each of the Supervisors (i) has not held any other position within the Group and has not held any directorships in any other listed companies in Hong Kong or overseas in the last three years; and (ii) does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO. Each of the Supervisors has no relationships with any other Directors, Supervisors, members of senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information in relation to each of the Supervisors which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT

The biographical information of each current member of senior management of the Company as at the date of this announcement is as follows:

Wen Fang (文芳), aged 41, has been a deputy general manager of the Company since 16 March 2016. Ms. Wen joined the Company on 30 June 2004, and has served as the deputy general manager, the general manager and the chief business executive of computer and software department under the Computer Industry Research Center (計算機產業研究中心), the deputy general manager of the Company, the general manager of Beijing CCID City Strategy Consulting Co., Ltd. (北京賽迪方略城市經濟顧問有限公司) (now known as Beijing CCID County Strategy Economic Consulting Co., Ltd. (北京賽迪方略縣域經濟顧問有限公司)), and the president of the Research Institute of Industrial Economics (工業經濟研究所) and a deputy director of the Technological Development Department (科技發展處) of CCID, with 15 years of experience in the research of electronic information, software, industry planning and urban economy. Ms. Wen graduated from the Beijing Jiaotong University with a master's degree in May 2004.

Song Yu (宋宇), aged 48, has been a deputy general manager of the Company since 25 June 2013. Ms. Song joined the Company on 1 September 2002, and has served as a deputy general manager of Semiconductor Industry Research Center (半導體產業研究中心), business group research director, with over 17 years of experience in the industrial research of electronic information, semiconductors and Internet of Things. Ms. Song graduated from Peking University (北京大學) with a bachelor's degree in July 1996.

Li Ke (李珂), aged 43, has been a deputy general manager of the Company since 22 September 2011. Mr. Li joined the Company on 1 May 2003. He has served as a general manager of the Semiconductor Industry Research Center, and the director of semiconductors and consumer electronics business group, with over 17 years of experience in industrial research of semiconductors, optoelectronics and Internet of things. Mr. Li graduated from Beijing Institute of Technology (北京理工大學) with a bachelor's degree in July 1999.

Fu Changwen (付長文), aged 40, has been a deputy general manager of the Company since 10 January 2014 and the secretary of the Board since 25 November 2008. He is the general manager of Beijing CCID County Strategy Consulting Co., Ltd. (北京賽迪方略縣域經濟顧問有限公司). Mr. Fu joined the Company on 8 July 2004. He has served in the investment consulting business department, strategy consulting business department and investment management department, with over 16 years of experience in industrial study, strategy consulting and corporate governance. Mr. Fu graduated from the Renmin University of China (中國人民大學) with a master's degree in economics in June 2004.

Lv Ping (呂萍), aged 42, has been a deputy general manager of the Company since 16 March 2016. Ms. Lv has more than 15 years of experience in market research, industry planning and government consultancy. Ms. Lv joined the Company on 22 June 2004, and has served as the deputy general manager of the Development Zone Consulting Center (開發區諮詢中心), and the deputy general manager of the Electronic Information Industry Research Center (電子信息產業研究中心). She served as the deputy president of the World Industrial Research Institute (世界工業研究所) (as an alternate to the president) from February 2012 to January 2015, and a deputy director of the Technological Department (科技處) of CCID from January 2015 to March 2016. Ms. Lv graduated from Peking University with a master's degree in law in June 2004. She is a senior economist.

Dong Kai (董凱), aged 34, has been a deputy general manager of the Company since his joining the Company on 8 August 2018. He has 9 years of experience in intelligent manufacturing, intelligent equipment and industrial internet. He served as deputy director and secretary of the Youth League Committee of the Soft Science Division of CCID from March 2013 to August 2018 and from September 2014 to August 2018, respectively. Mr. Dong graduated from the University of British Columbia (UBC) with a master's degree in November 2009.

Zhao Weidong (趙衛東), aged 49, has been a deputy general manager of the Company since his joining the Company on 15 March 2019, with more than twenty years of experiences in startup innovation, strategic management, internationalization development, corporate and public service systems, industry planning, and investment and financing. Mr. Zhao has been the general manager of Beijing CCID Capital Consulting Co., Ltd. (北京賽迪經智投資顧問有限公司) since July 2020. Prior to that, he was an associate professor at the Administration and Management Institute, Ministry of Agriculture and Rural Affairs (農業部鄉鎮企業管理幹部學院, also known as Agricultural Management Institute of Ministry of Agriculture (農業部農業管理學院)) from August 1995 to July 2003. He also served as an acting deputy director at the SME Research Institute of China Center of Information Industry Development Research Institute (中國電子信息產業發展研究院中小企業研究所) from May 2013 to March 2019. Mr. Zhao obtained a doctorate degree in management science from Renmin University of China in June 2011.

Hu Yun (胡雲), aged 47, has been the financial controller of the Company since 14 June 2017. Ms. Hu has accumulated 20 years of experience in audit, internal control consultation and financial management. Ms. Hu joined the CCID Group on 29 October 2007 and respectively served at the Company and Beijing CCID Media Investment Co., Ltd. (北京賽迪傳媒投資股份有限公司). Ms. Hu was a supervisor of the Company from 25 November 2014 to 13 June 2017 and was appointed as the financial controller of the Company since 13 June 2017. From January 2011 to June 2017, she served as financial controller of China Software Testing Center (中國軟件評測中心). She worked at various accounting firms during 2001 to 2007, and was responsible for annual audit, internal control consultation and financial training affairs for large state-owned enterprises. Ms. Hu graduated from the school of business of the Hubei University (湖北大學) with a bachelor's degree in economics in July 1995. She is a senior accountant, and taught in Hubei University School of Business from July 1995 to November 2000.

Save as disclosed above, as at the date of this announcement, each of the members of senior management of the Company has not held any other position within the Group and has not held any directorships in any other listed companies in Hong Kong or overseas in the last three years. Each of the members of senior management of the Company has no relationships with any other Directors, Supervisors, members of senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information in relation to each of the members of senior management of the Company which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

COMPANY SECRETARY

Ms. Chan Yin Wah (陳燕華) (“**Ms. Chan**”), aged 45, is our company secretary and an authorized representative. She joined the Company in March 2012. Ms. Chan is the associate director of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). Ms. Chan holds a bachelor’s degree in economics and a master’s degree in professional accounting. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Track Record Period and up to the date of this announcement, (i) Mr. An Guangyou (安光有) and Mr. Han Fuling (韓複齡) respectively retired as the non-executive Director and an independent non-executive Director of the Company on 25 November 2017 due to re-assignment; (ii) Mr. Zhao Zeming (趙澤明) retired as executive Director and chairman, Mr. Luo Junrui (駱俊瑞) retired as non-executive Director and Mr. Xia Yinan (夏逸楠) retired as independent non-executive Director on 20 May 2019 due to re-assignment; and (iii) Mr. Sun Huifeng (孫會峰) resigned as the general manager of the Company with effect from 8 May 2020 and a non-executive Director with effect from 12 June 2020, due to his commitment in his own business which requires more of his time and dedication. As confirmed by each of them, there is no disagreement between each of them and the Board, nor is there any matter in relation to their retirement or resignation that needs to be brought to the attention of the Shareholders. For details of such changes of Directors, please refer to the announcements of the Company dated 9 October 2017, 24 November 2017, 24 March 2019, 20 May 2019, 8 May 2020 and 12 June 2020.

During the Track Record Period and up to the date of this announcement, (i) Mr. Gong Ping (龔平) retired as a supervisor on 25 November 2017 due to re-assignment and was re-appointed as a supervisor on 20 May 2019; and (ii) Ms. Xia Lin (夏琳) retired as the shareholders' representative supervisor of the Company on 20 May 2019 due to re-assignment. As confirmed by each of them, there is no disagreement between each of them and the supervisory committee of the Company, nor is there any other matter in relation to their retirement that needs to be brought to the attention of the Shareholders. For details of such changes of Supervisors, please refer to the announcements of the Company dated 9 October 2017, 24 November 2017, 24 March 2019 and 20 May 2019.

During the Track Record Period and up to the date of this announcement, Ms. Xing Ting (邢婷) resigned as a deputy general manager of the Company in July 2020 due to reasons of personal development and to pursue other career opportunities. Ms. Xing Ting has confirmed that she had no disagreement with the Board and there were no matters in relation to her resignation that needed to be brought to the attention of Shareholders.

As disclosed in the announcements of the Company dated 6 November 2020 and 25 November 2020, Ms. Chen Ying retired as a Supervisor with effect from 25 November 2020. Ms. Chen has confirmed that there is no disagreement between her and the Board and the Supervisory Committee, nor is there any matter in relation to her retirement that needs to be brought to the attention of the Shareholders.

Despite the above changes, the Directors are of the view that the majority of the core management team of the Company who are most relevant and responsible for the track record results remained unchanged during the Track Record Period and up to the date of the announcement, and will continue to serve on the Board or senior management of the Group.

EMPLOYEES

As at the Latest Practicable Date, the breakdown of the Group's employees by principal functions is set out below:

Function	As at the Latest Practicable Date
Research	161
Technical	122
Management	45
Sales	30
Marketing	11
	<hr/>
Total	369
	<hr/> <hr/>

CONTROLLING SHAREHOLDERS

As at the date of this announcement, (i) Research Center, which is controlled and supervised by CCID, directly holds 392,610,000 Domestic Shares, and (ii) CCID Riyue, which is wholly owned by CCID, directly holds 98,390,000 Domestic Shares. Therefore, CCID, Research Center and CCID Riyue, being the Controlling Shareholders, are together interested in 491,000,000 Domestic Shares, representing approximately 70.14% of the issued share capital of the Company. CCID is a research institution directly under the control and supervision of Ministry of Information Industry of the PRC.

Financial Independence

The Group has an independent financial system and makes financial decisions according to its own business needs. There is no financial assistance, guarantee and/or security provided by the Controlling Shareholders and their respective associates to the Group during the Track Record Period and up to the Latest Practicable Date. The Directors believe that the Company is capable of obtaining financing from third parties without reliance on the Controlling Shareholders.

During the Track Record Period, the Company entered into certain continuing connected transactions with CCID, which are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules. Please refer to the section headed “Connected Transactions and Continuing Connected Transactions” in the Director’s Report and the notes for the related parties transaction to the consolidated financial statements contained in the annual reports of the Company for the Track Record Period.

Competing Business

As at the Latest Practicable Date, none of the Directors or Controlling Shareholders or their respective close associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rules 8.10(1) and 8.10(2) of the Main Board Listing Rules.

Prior to its GEM Listing, each of the Controlling Shareholders issued a non-competition undertaking (the “**Original Non-competition Undertaking**”) in favour of the Group. For details of the terms of the Original Non-competition Undertakings, please refer to the Prospectus. Given that the Group’s has diversified its business since its GEM Listing, to avoid any potential competition between the business of the Controlling Shareholders and the Group, on 29 April 2020, each of the Controlling Shareholders entered into a new non-competition agreement in favor of the Group (the “**New Non-Competition Agreement**”) to replace the Original Non-competition Undertakings upon the Transfer of Listing. Pursuant to the New Non-Competition Agreement, each of the Controlling Shareholders irrevocably undertakes to the

Group that it will not and will procure its close associates (except the Group) not to, directly or indirectly (whether in the capacity of principal or agent, whether for its own benefit or jointly with or on behalf of any person, firm or company, whether within or outside China), commence, engage in, participate in or acquire any business which competes or may compete directly or indirectly with the business of the Group (the “**Restricted Business**”) or own any rights or interests in such business within the period (the “**Restricted Period**”) commencing from the date of the Transfer of Listing and ending on the following dates (whichever is earlier):

- (1) the date when the H Shares cease to be listed on the Stock Exchange; and
- (2) the date when each of the Controlling Shareholders ceases to be the controlling shareholder of the Company.

On the basis that the protection under the Original Non-competition Undertaking on the part of the Company will not be undermined and in order to (i) allow some flexibility in the New Business Opportunities (as defined below) and (ii) guarantee the Company’s information rights, the following arrangements are newly incorporated into the New No-Competition Agreement:

1. Referral of New Business Opportunities. Under the New Non-competition Agreement, the Controlling Shareholders should and will procure its associates (except any member of the Group) to offer new business opportunities (the “**New Business Opportunities**”) related to the Restricted Business to the Company first when the New Business Opportunities become available to them. The Controlling Shareholders and/or their respective associates can only take up the New Business Opportunities only when (i) receiving the Company’s notice to reject relevant New Business Opportunities; or (ii) not receiving relevant notice from the Company within the agreed period. Subject to the terms and conditions, the Company is also granted (i) a call option and (ii) a pre-emptive right to purchase the interests of the Controlling Shareholders in any business resulting from the New Business Opportunities retained by the Controlling Shareholders. As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, there is no potential New Business Opportunities referred or being considered by the Controlling Shareholders.

2. Provision of information. Under the New Non-competition Agreement, the Controlling Shareholders should provide the Company with (i) relevant corporate and financial information in relation to the New Business Opportunities required by the Company and its auditors from time to time; (ii) all information necessary for the review of the compliance status and enforcement of the New Non-competition Agreement; and (iii) a confirmation on annual basis, for inclusion by the Company in its annual report, as to their compliance with the New Non-competition Agreement.
3. Excluded circumstance. Under the New Non-competition Agreement, each of the Controlling Shareholders and/or their subsidiaries are entitled to engage in the Restricted Business directly or indirectly through the ownership of equity interest in listed companies other than the Group, if each of the Controlling Shareholders and/or their subsidiaries (except any member of the Group) hold in aggregate not more than 10% of the issued share capital of relevant class of shares of such listed company, and each of the Controlling Shareholders and/or their subsidiaries (except any member of the Group) has no right to appoint the majority of directors of such company or participate in the management of such listed company.

WAIVER FROM STRICT COMPLIANCE WITH THE MAIN BOARD LISTING RULES

Management Presence

The Company has sought a waiver from strict compliance with Rules 8.12 and 19A.15 of the Main Board Listing Rules in relation to the Transfer of Listing.

Pursuant to Rule 8.12 of the Main Board Listing Rules, a new applicant for primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by the Stock Exchange in its discretion.

The Company applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rules 8.12 and 19A.15 of the Main Board Listing Rules and the Stock Exchange has granted a waiver from strict compliance with Rules 8.12 and 19A.15 of the Main Board Listing Rules based on the following reasons and grounds:

1. most of the Group's business operations are managed and conducted in the PRC and the Group's principal place of business and major assets is located in the PRC;
2. most of the members of the Group's senior management are, and expect to continue to be, based primarily in the PRC;

3. in order to comply strictly with the requirements under Rule 8.12 of the Main Board Listing Rules, the Company would have to (i) appoint at least two additional executive Directors or (ii) relocate the executive Directors to Hong Kong. The Directors consider that it would be practically difficult and not commercially feasible for the Company to implement such arrangement, and it is not in the best interests of the Company and the Shareholders as a whole (i) to incur extra administrative expenses for the additional appointment or (ii) to reduce the Company's management efficiency by relocating the executive Directors to Hong Kong that is not where the Company's principal place of operation is located. Furthermore, if the executive Director is not able to be physically present at the location where the Group's daily operations and management take place, she may not be able to fully and/or promptly attend to the daily business operation of the Group nor appreciate the circumstances affecting the business operations and development of the Group from time to time. As a result, such arrangement may adversely affect the executive Director's ability to make business judgement on a fully informed basis and in the interest of the Group as a whole; and
4. the Company does not have, nor does it expect that in the foreseeable future that the Company will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Main Board Listing Rules.

The following measures will continue to be implemented to maintain regular and effective communication with the Stock Exchange:

1. Ms. Chan Yin Wah (陳燕華) (“**Ms. Chan**”), one of the Company's authorized representatives, is ordinarily resident in Hong Kong and will act as the Company's principal communication channel with the Stock Exchange. Ms. Chan will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Ms. Chan and Ms. Xia Lin (夏琳), another authorized representative of the Company, will also be readily contactable by telephone, facsimile or e-mail. Each of the authorized representatives has been duly authorized to communicate on behalf of the Company with the Stock Exchange. The Company will inform the Stock Exchange promptly in respect of any change in its authorized representatives;
2. both authorized representatives have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of the Board for any matter. To enhance communication between the Stock Exchange and the authorized representatives or the Directors, all the Directors have provided his or her mobile phone number, office phone number, e-mail address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

3. all Directors who are not ordinarily resident in Hong Kong have confirmed that, subject to the travel restrictions or other control measures adopted, they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange in Hong Kong upon reasonable notice; and
4. each Director has confirmed that in the event that he or she expects to travel or be out of office, he or she will provide the phone number of the place of his or her accommodation or other means of communication to the Company's authorized representatives.

In light of the above arrangements, the Company believes that all members of the Board can be promptly informed of any matters raised by the Stock Exchange and that there is an effective communication channel with the Stock Exchange.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the Stock Exchange's website at www.hkexnews.hk, the GEM website at www.hkgem.com and the Company's website at www.ccidconsulting.com:

- (a) the Articles of Association;
- (b) the annual report of the Company (including the Directors' report) for the financial year ended 31 December 2020;
- (c) the interim report of the Company for the six months ended 30 June 2020;
- (d) the third quarterly report of the Company for the three months and nine months both ended 30 September 2020;
- (e) each of the circulars to the Shareholders issued by the Company in the immediately preceding full financial year and up to the date of this announcement; and
- (f) each of the announcements and other corporate communications made by the Company as required under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Articles” or “Articles of Association”	the articles of association of the Company prevailing from time to time
“associate(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Board”	the board of Directors
“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the operation procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCID”	China Center of Information Industry Development* (中國電子信息產業發展研究院), the ultimate controlling shareholder of the Company
“CCID Brain”	Beijing CCID Industry Brain Technology Co., Ltd.* (北京賽迪產業大腦科技有限公司), a non-wholly owned subsidiary of the Company
“CCID Design”	CCID Exhibition Industry and Information Engineering Design Center Co., Ltd.* (北京賽迪工業和信息化工程設計中心有限公司), a non-wholly owned subsidiary of the Company
“CCID Group Co.”	CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院(集團)有限公司), a company ultimately controlled by CCID
“CCID Riyue”	Beijing CCID Riyue Investment Co., Ltd.* (北京賽迪日月投資有限公司), a substantial shareholder of the Company

“CCID Supervision”	Beijing CCID Information Engineering Supervision Limited* (北京賽迪工業和信息化工程監理中心有限公司), a non-wholly owned subsidiary of the Company
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“close associate(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Company”	CCID Consulting Company Limited* (賽迪顧問股份有限公司), a joint stock limited liability company established in the PRC whose H Shares are currently listed on GEM (stock code: 08235)
“Controlling Shareholders”	has the meaning ascribed to it under the Main Board Listing Rules and in the context of the Company and for the purpose of this announcement, means CCID, Research Center and CCID Riyue
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company which are subscribed for in Renminbi
“Frost & Sullivan”	Frost & Sullivan Limited, an independent market research agency
“FVTOCI”	fair value through other comprehensive income
“FVTPL”	fair value through profit and loss
“GEM”	GEM of the Stock Exchange
“GEM Listing”	The listing of the H Shares on GEM since 12 December 2002

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“Guangdong CCID”	Guangdong CCID Industrial and Information Research Center Co., Ltd.* (廣東賽迪工業和信息化研究院有限公司), a wholly owned subsidiary of the Company
“HK\$” or “Hong Kong dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign invested share(s) of nominal value of RMB0.10 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in HK\$
“Latest Practicable Date”	30 April 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement
“Listing Date”	12 December 2002
“Listing Rules”	collectively, the Main Board Listing Rules and the GEM Listing Rules
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market), which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 29 November 2002
“Research Center”	China Software Testing Center (Research Center of Ministry of Industry and Information Technology Software and Integrated Circuit Promotion) (中國軟件評測中心(工業和信息化部軟件與集成電路促進中心)), previously known as Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (China Software Testing Center) * (工業和信息化部計算機與微電子發展研究中心(中國軟件評測中心)), a substantial shareholder of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571 under Laws of Hong Kong), as amended or supplemented from time to time
“Shareholders”	holder(s) of the Shares, including holders of the Domestic Shares and the H Shares, unless specified otherwise
“Share Option Scheme”	the share option scheme of the Company adopted on 20 November 2002 which has not become effective as of the date of this announcement
“Shares”	share(s) of the Company, including Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Supervisor(s)”	supervisor(s) of the Company

“Track Record Period”	the three years ended 31 December 2020
“Transfer of Listing”	the proposed transfer of the listing of the H Shares from GEM to the Main Board
“%”	per cent

By Order of the Board
CCID Consulting Company Limited*
Xia Lin
Chairman

Beijing, the PRC, 6 May 2021

As at the date of this announcement, the Board comprises two executive Directors namely Ms. Xia Lin and Mr. Qin Hailin and four independent non-executive Directors namely Mr. Guo Xinping, Ms. Li Xuemei, Mr. Chen Yung-cheng and Mr. Hu Bin.

* *For identification purposes only*

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements page for at least 7 days from the date of its publication and on the “Investor Relations page of the Company’s website at www.ccidconsulting.com.