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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CCID Consulting Company Limited* (the "Company"), you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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CCID Consulting

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: 08235)

www.ccidconsulting.com

- (1) DISCLOSEABLE AND CONNECTED TRANSACTIONS:
CAPITAL INCREASE IN CCID DESIGN
(2) PROPOSED TRANSFER OF LISTING
FROM GEM TO THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED;
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
(4) GRANTING OF THE RELEVANT AUTHORISATION TO THE BOARD;
AND
(5) NOTICES OF THE EXTRAORDINARY GENERAL MEETING
AND THE CLASS MEETINGS**

Financial Adviser to the Company



Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders



Terms used in this cover page shall have the same meaning as those defined in the section headed "Definitions" in this circular.

A letter from the board is set out on pages 5 to 21 of this circular. The notice of the EGM is set out on pages 167 to 169 of this circular. The notice of the H Share Class Meeting is set out on pages 173 to 175 of this circular. The notice of the Domestic Share Class Meeting is set out on pages 170 to 172 of this circular.

Any Shareholder(s) entitled to attend and vote at the EGM, the H Share Class Meeting and the Domestic Share Class Meeting are entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder. In the event that a Shareholder appoints more than one proxy to attend the EGM, the H Share Class Meeting and the Domestic Share Class Meeting, such proxies may only exercise their voting rights on a poll.

If you intend to appoint a proxy to attend the EGM and/or the H Share Class Meeting and/or the Domestic Share Class Meeting, please complete the proxy form(s) according to the instructions printed thereon and return the same by hand or by post to the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for Domestic Shares) or the Company's H share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shares), not less than 24 hours before the time for holding the EGM, the H Share Class Meeting and the Domestic Share Class Meeting or not less than 24 hours before the time appointed for the holding of any adjournment thereof or not less than 24 hours before the time appointed for taking the poll.

Completion and return of the proxy form(s) will not preclude holders of the H Share(s) and holders of the Domestic Share(s) from attending and voting in person at the EGM and/or the H Share Class Meeting and/or the Domestic Share Class Meeting or any adjournment thereof should they so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting and on the "Investor Relations" page of the Company's website at www.ccidconsulting.com.

* For identification purposes only

4 September 2020

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 circular 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 circular misleading.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the 100% equity interest in Guangdong CCID as contemplated under the Capital Increase Agreement
“Articles” or “Articles of Association”	the articles of association of the Company
“Articles Amendments”	the proposed amendments to the Articles to, among other things, comply with the relevant requirements of the Main Board Listing Rules and the relevant rules and regulations in Hong Kong and the PRC, which will become effective upon the date of listing of and commencement of dealings in the H Shares on the Main Board
“Authorisation to the Board”	the proposed granting of authorisation to the Board and/or persons authorised by the Board to take any actions as they may consider necessary, desirable and expedient in relation to the Transfer of Listing and the Articles Amendments
“Board”	the board of Directors
“Capital Increase”	the capital increase in CCID Design to be made by CCID Group Co. as contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into among the Company, CCID Design, CCID Group Co. and Guangdong CCID on 20 July 2020
“CCID”	China Center of Information Industry Development* (中國電子信息產業發展研究院)
“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)
“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)
“CCID Riyue”	Beijing CCID Riyue Investment Co., Ltd (北京賽迪日月投資有限公司)
“Class Meetings”	the Domestic Share Class Meeting and the H Share Class Meeting
“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: 8235)

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“connected person(s)”	shall have the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Deemed Disposal”	the reduction of the Company’s equity interest in CCID Design by approximately 35.63% upon completion of the Capital Increase
“Director(s)”	the director(s) of the Company
“Domestic Share Class Meeting”	the 2020 second domestic share class meeting of the Company to be held on 23 September 2020 at 2:00 p.m. (immediately after the EGM)
“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
“Domestic Shareholder(s)”	holder(s) of the Domestic Share(s)
“EGM”	the extraordinary general meeting of the Company to be held at 2:00 p.m. on 23 September 2020
“Enlarged Group”	the Group together with Guangdong CCID upon the completion of the Capital Increase
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended from time to time)
“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)
“H Share Class Meeting”	the 2020 second H share class meeting of the Company to be held at 2:00 p.m. on 23 September 2020 (immediately after the Domestic Share Class Meeting)

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“H Share Registrar”	Tricor Tengis Limited, the Hong Kong H share registrar and transfer office of the Company, at 54/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“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\$
“H Shareholder(s)”	holder(s) of H Share(s)
“HK\$” or “HK Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company (comprising all the independent non-executive Directors) established to advise the Independent Shareholders in respect of entering into the Capital Increase Agreement
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Capital Increase Agreement and the transactions contemplated Thereunder
“Independent Shareholders”	all Shareholders other than Research Center and CCID Riyue
“Independent Valuer”	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司)
“Latest Practicable Date”	27 August 2020, being the latest practicable date for ascertaining certain information in this circular
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange which is responsible for the Main Board listing matters
“Listing Date”	12 December 2002
“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

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“MIIT“	Ministry of Industry and Information Technology of the PRC, which is previously known as Ministry of Information Industry of the PRC
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Capital Increase Agreement, including the Company, CCID Design, CCID Group Co., and Guangdong CCID; each a “Party”
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Research Center”	Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development* (工業和信息化部計算機與微電子發展研究中心)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Share(s) of the Company, including the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Transfer of Listing”	the proposed transfer of listing of the H Shares from GEM to the Main Board pursuant to Chapter 9A of and Appendix 28 to the Main Board Listing Rules
“Valuation Benchmark Date”	31 May 2020
“% ”	per cent

CCID Consulting

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: 08235)

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Executive Director:

Ms. Xia Lin

Non-executive Director:

Mr. Qin Hailin

Independent non-executive Directors:

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Ms. Li Xuemei

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40/F, Sunlight Tower

248 Queen's Road East

Wanchai

Hong Kong

4 September 2020

To the Shareholders

Dear Sir/Madam,

- (1) DISCLOSEABLE AND CONNECTED TRANSACTIONS:
CAPITAL INCREASE IN CCID DESIGN
(2) PROPOSED TRANSFER OF LISTING
FROM GEM TO THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED;
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LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcement of the Company dated 20 July 2020 regarding the Capital Increase in CCID Design, which constituted a non-exempt connected transaction of the Company under Chapter 20 of the GEM Listing Rules and a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and the announcement of the Company dated 20 July 2020, whereby the Board announced that it approved, among others, the Transfer of Listing and the Articles Amendments.

The purpose of this circular is to provide you with information regarding, among other things, details of (i) the proposed Capital Increase in CCID Design, (ii) the Transfer of Listing, (iii) the Articles Amendments, (iv) the granting of the Authorisation to the Board, and (v) the notices of the EGM and the Class Meetings. The proposal of item (i) is to be approved by the Independent Shareholders by way of ordinary resolution at the EGM. The proposals of items (ii) to (iv) are to be approved by Shareholders by way of special resolutions at each of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting, respectively.

2. CAPITAL INCREASE IN CCID DESIGN

The Capital Increase Agreement

Principal terms of the Capital Increase Agreement are set out below.

- Date: 20 July 2020
- Parties: (1) the Company,
(2) CCID Design,
(3) CCID Group Co., and
(4) Guangdong CCID

Transaction Structure of the Capital Increase

Pursuant to the Capital Increase Agreement, CCID Group Co. agreed to make a capital contribution in the amount equivalent to approximately RMB53,710,000 (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.

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Upon completion of the Capital Increase, (i) Guangdong CCID will be a wholly-owned subsidiary of CCID Design, (ii) the Company's interest in CCID Design will decrease from 95% to approximately 59.37%, and (iii) CCID Group Co.'s interest in CCID Design will increase from 5% to approximately 40.63%. CCID Design will continue to be a subsidiary of the Company.

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 the Valuation Benchmark Date, being approximately RMB53,710,000 and RMB89,500,000, respectively, which is conducted by the Independent Valuer engaged by the Company, and (ii) after arm's length negotiation among the Parties. The valuation of Guangdong CCID and CCID Design has been reviewed and approved by MIIT, the competent authority, on 29 July 2020 and no further adjustment to the valuation and consideration will be made.

The Independent Valuer adopted, among others, the income approach in estimating the value of Guangdong CCID and CCID Design as at the Valuation Benchmark Date. Please refer to the paragraph headed "Major Assumptions and Basis Adopted in the Valuation" for the major assumptions adopted in the valuation. The full text of the valuation reports of CCID Design and Guangdong CCID is contained in Appendix I to this circular. SHINEWING (HK) CPA Limited, the Company's reporting accountant, has reported on the arithmetical accuracy of the calculations of the discounted cash flow forecast contained in the valuation report. The full text of the reports from SHINEWING (HK) CPA Limited is contained in Appendix II to this circular. Huatai Financial Holdings (Hong Kong) Limited, the Company's financial adviser, has confirmed that the profit forecast was made by the Board after due and careful enquiry. The full text of the letters from Huatai Financial Holdings (Hong Kong) Limited is contained in Appendix III to this circular.

Profit or Loss Arrangement during the Transition Period

During the period commencing from the Valuation Benchmark Date to the closing date of the Capital Increase, (i) the profit or loss of Guangdong CCID incurred in the aforementioned period shall be borne by CCID Design; and (ii) the profit or loss of CCID Design incurred in the aforementioned period shall be borne by CCID Group Co. and the Company in proportion to their respective shareholding in CCID Design after completion of the Capital Increase. Accordingly, based on the aforesaid profit or loss arrangement during the transition period, the consideration under the Capital Increase Agreement will not be adjusted by any changes in profit or loss of either Guangdong CCID or CCID Design after the Valuation Benchmark Date.

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Conditions Precedent

The completion of the Capital Increase is conditional upon the fulfilment of the following conditions precedent:

- (i) the Capital Increase Agreement having been duly executed by the Parties;
- (ii) the approval of the Capital Increase by the shareholders of CCID Design, CCID Group Co. and Guangdong CCID, respectively;
- (iii) the Independent Shareholders' approval in respect of the Capital Increase having been obtained at the EGM;
- (iv) the approval in respect of the valuation of Guangdong CCID and CCID Design having been obtained from the MIIT, the competent government authority;
- (v) there being no competent government, judiciary, or legislative body prohibiting one or more Parties from carrying out the Capital Increase or requiring one or more Parties to stop carrying out the Capital Increase; and
- (vi) the representations and warranties made by each Party remaining true, accurate, complete and not misleading in all material respects, and the undertakings and covenants made by each Party having been duly fulfilled.

As at the Latest Practicable Date, except the condition (iii), all the above conditions have been satisfied.

Profit Guarantee

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. CCID Design is entitled to appoint an auditor to conduct an auditing and issue an auditor's report for Guangdong CCID for the year ending 31 December 2020. In the event that the net profit of Guangdong CCID is less than RMB6 million, CCID Group Co. shall pay the shortfall cash amount to Guangdong CCID on a dollar for dollar basis within 30 days upon issuance of the abovementioned auditor's report.

In the event that the net profit of Guangdong CCID for the year ending 31 December 2020 falls short of RMB6 million, the Company will comply with the disclosure requirements under Rule 20.61 of the GEM Listing Rules.

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Reasons for and Benefits of the Capital Increase

Guangdong CCID is principally engaged in industry spatial management services including planning, operation, management and attracting investments for industrial parks in Guangdong province with a long history of operation and a stable and strong working relationship with local government and corporate customers. 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 management and operation 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 Capital Increase, 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 Effect of the Capital Increase

Upon completion of the Capital Increase, the Company's equity interest in CCID Design will be reduced from 95% to 59.37% and CCID Design will continue to be a non wholly-owned subsidiary of the Company. Accordingly, the financial results and financial positions of CCID Design will continue to be consolidated in the consolidated financial statements of the Company. CCID Group Co. agreed to make a capital contribution to CCID Design by way of injection of the 100% equity interest in Guangdong CCID, and Guangdong CCID will become a wholly-owned subsidiary of CCID Design and thus a non-wholly owned subsidiary of the Company, and CCID Group Co.'s equity interest in CCID Design will be increased from 5% to 40.63%.

Assuming that the completion of the Capital Increase had taken place on 31 May 2020, for illustration purpose only, taking into account (i) carrying amount of non-controlling interest to be deemed disposed of in CCID Design amounted to approximately RMB19,405,000 and (ii) difference between (a) carrying amount of

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100% equity interest in Guangdong CCID amounted to approximately RMB2,835,000 and (b) increase in the registered capital of CCID Design amounted to RMB30,000,000, the Group will expect to accrue a loss before tax of approximately RMB46,570,000 in related relation to the Capital Increase. The Capital Increase constitutes a business combination under common control as the Group and Guangdong CCID are both under the control of CCID Group Co. before and after the Capital Increase. According to Accounting Guideline 5 “Merger Accounting for Common Control Combinations”, the Capital Increase will be accounted for as an equity transaction. This will not result in the recognition of any gain or loss in the Company’s financial results but a debit to merger reserve in its consolidated statement of changes in equity upon the completion of the Capital Increase.

Immediately upon the completion of the Capital Increase, the consolidated assets and the non-controlling interests of the Company will be increased before taking into account the relating expenses as incurred in connection with the transaction.

Major Assumptions and Basis Adopted in the Valuations of Guangdong CCID and CCID Design

According to the valuation reports prepared by the Independent Valuer in respect of Guangdong CCID and CCID Design, the valuations are based on a set of premises and assumptions. The major assumptions and premises of the valuations are as follows:

(I) General Assumptions

1. Transaction Assumption

It is assumed that all assets to be appraised are in the trading process, and the appraisal is based on the simulated market including the trading conditions of the assets to be appraised by the valuer.

2. Open-market Assumption

It is assumed that both parties of the transaction in respect of the assets traded or to be traded in the market are equal and have opportunities and time to get adequate market information so as to make rational judgments on the function, usage and trading price of the assets.

3. Going-concern Assets Assumption

It is assumed that the appraised assets will continue to operate according to the current purposes, manner, size, frequency and environment, or on the basis of certain changes.

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(II) Specific Assumptions

1. It is assumed that the external economic environment remains unchanged and the current national macroeconomy does not change significantly from that as at the Valuation Benchmark Date.
2. It is assumed that social and economic environment, as well as the policies in relation to the imposed tax and the tax rate, etc. of the enterprise do not change significantly.
3. It is assumed that the future management of the company is diligent and will maintain the existing management model.
4. The appraisal is conducted only based on existing business capacity on the Valuation Benchmark Date, taking into consideration neither the potential expansion of business capacity as a result of various conditions in the future, including management, business strategies and additional investment nor potential changes in production and operation in the future.
5. The assets are only appraised on the actual stock as at the Valuation Benchmark Date and the current market capitalization of relevant assets is based on the effective domestic price as at the Valuation Benchmark Date.
6. It is assumed that the basic information and financial information provided by the principal and the appraised companies is true, accurate and complete.
7. The scope of the appraisal is based on the application for appraisal provided by the principal and the appraised company, without consideration of the contingent assets or contingent liabilities beyond the list provided by the principal and the appraised company.
8. The impact of inflation is ruled out in the estimation of the parameters values in the appraisal.

For more detailed basis in valuation, please see sections headed “Basis of Valuation” in Appendix I-A and Appendix I-B.

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Key Data and Estimates Involved in the Valuation

For information about the key data and estimates used in the valuation, please refer to sections headed “Calculation method, key data and estimates of the income approach” in Appendix I-A and Appendix I-B.

Information on the Parties Involved

The Company

The principal business of the Company is provision of management and strategy consultancy, market consultancy, data information management and information engineering supervision services.

CCID Design

CCID Design is a company incorporated under the laws of the PRC. As at the date of the Capital Increase Agreement, CCID Design is held as to 95% and 5% by the Company and CCID Group Co., respectively. CCID Design is principally engaged in information technology services, data processing services and software services.

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

	Year ended 31 December 2019 audited <i>RMB</i>	As at 31 December 2018 unaudited <i>RMB</i>
Revenue	96,908,177	68,057,654
Profits before taxation	18,954,871	14,870,853
Profits after taxation	15,867,140	12,472,998
Net assets	88,439,457	72,222,508

CCID Group Co.

CCID Group Co. is a company incorporated under the laws of the PRC. As at the date of the Capital Increase Agreement, it is a company ultimately controlled by CCID. CCID Group Co. is principally engaged in information technology services, data processing services and software services.

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CCID

CCID is a research institution principally engaged in decision-making consulting, management consulting, project supervision, media dissemination and information technology services. Established as a legal person by, and under the supervision of MIIT, MIIT is the sponsor of CCID.

Guangdong CCID

Guangdong CCID, a wholly-owned subsidiary of CCID Group Co., is a company incorporated under the laws of the PRC. It is principally engaged in industry spatial management services including planning, operation, management and attracting investments for industrial parks in Guangdong province. Guangdong CCID was established in November 2014 with an initial registered capital of RMB5 million, which was held by CCID Group Co. and an independent third party as to 80% and 20%, respectively. In December 2019, CCID Group Co. acquired the 20% equity interest in Guangdong CCID from the independent third party at a consideration of approximately RMB710,000 (the “**2019 Transfer**”), since completion of which, Guangdong CCID has become a wholly-owned subsidiary of CCID Group Co.

Having taken into account the factors as disclosed in the paragraphs headed “—Reasons for and Benefits of the Capital Increase” above, CCID, the ultimate controlling shareholder of Company, and CCID Group Co., decided to facilitate the transactions under the Capital Increase Agreement to achieve a great synergy effect for the Group.

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 31 December 2019 <i>RMB</i>	As at 31 December 2018 <i>RMB</i>
Revenue	20,709,504	6,259,943
Profit/(Loss) before taxation	4,834,143	(5,402,973)
Profit/(Loss) after taxation	3,611,768	(4,077,590)
Net assets/(net liabilities)	2,472,061	(1,139,707)

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Even though there is a gap between the consideration of the 2019 Transfer and the valuation of Guangdong CCID under the Acquisition, the Directors are of the view that the valuation of Guangdong CCID under the Acquisition is fair and reasonable having taking into account the following factors:

- (i) The consideration of the 2019 Transfer was based on the valuation of Guangdong CCID with the valuation benchmark date being 31 December 2018 which only reflected Guangdong CCID's business and financial performance in 2018. Guangdong CCID only recorded a revenue and net loss of RMB6.26 million and RMB4.08 million, respectively, for the year of 2018, and the implied PE ratio was a negative number. Guangdong CCID adjusted to its current business model since 2019 and has substantially improved its profitability which justifies an increase of its valuation. The implied PE ratio of the Acquisition is 14.87x, which is a fair multiple with reference to the following comparable companies.

Comparable companies	Market capitalization ^(Note 1) RMB million	Profit attributable to shareholders of the comparable companies ^(Note 1) RMB million	2019 PE ^(Note 1)
Jiangsu Zhongshe Group Co Ltd (stock code: 2883.SZ)	2,357	65.24	36.13X
Shenzhen Institute of Building Research Co Ltd (stock code: 300675.SZ)	2,433	36.62	66.44X
Shenzhen New Land Tool Planning & Architectural Design Co Ltd (stock code: 300778.SZ)	3,481	107.54	32.37X
Average			44.98x
Maximum			66.44x
Minimum			32.37x

Note:

- PE of the comparable companies were calculated based on their respective market capitalization as of 20 July 2020 sourced from Wind Information Financial Terminal and the profit attributable to shareholders of the comparable companies as extracted from their respective 2019 annual reports.

The Board believes that the consideration with implied PE ratio of the Acquisition at 14.87x is a fair multiple primarily due to the facts that (i) the implied PE ratio of the Acquisition is set below both the average and minimum of the 2019 PE ratio of the comparable companies which is

LETTER FROM THE BOARD

approximately 44.98x and 32.37x respectively, (ii) Guangdong CCID is a private company whilst the comparable companies are listed companies with liquidity premium on their listing status; (iii) the comparable companies are PRC-based companies with similar line of business as Guangdong CCID, (iv) the methodologies adopted by the Independent Valuer for the valuation of Guangdong CCID is fair and reasonable; and (v) the result of valuation has been approved by the MIIT.

- (ii) As the income approach was adopted, the valuation of Guangdong CCID also took into account certain material business contracts entered into between Guangdong CCID and its customers in 2020 and the expected revenue to be derived therefrom, which were not available or considered in determination of the consideration of the 2019 Transfer.
- (iii) CCID Group Co. only acquired 20% minority interests in Guangdong CCID in the 2019 Transfer and no controlling premium was involved, which is different from the Acquisition.

Listing Rules Implications

The income approach adopted by the Independent Valuer in the valuation of Guangdong CCID and CCID Design constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules and this circular is therefore subject to the requirements under paragraph 29(2) of Appendix 1, Part B to the GEM Listing Rules in relation to profit forecast.

Upon completion of the Capital Increase, the Company's interest in CCID Design will be diluted from 95% as at the date of the Capital Increase Agreement to approximately 59.37% of the enlarged registered capital of CCID Design. Therefore, the Capital Increase results in a deemed disposal, under Rule 19.29 of the GEM Listing Rules, by the Company of its 35.63% equity interest in CCID Design. Further, as a result of the Capital Increase, CCID Design (which will remain as a subsidiary of the Company) will acquire 100% of Guangdong CCID, and thus the Capital Increase also constitutes an acquisition by the Group. As the Capital Increase involves both the Deemed Disposal and the Acquisition, pursuant to Rule 19.24 of the GEM Listing Rules, it will be classified by reference to the larger of the Deemed Disposal or the Acquisition.

As at the Latest Practicable Date, CCID Group Co. is a company ultimately controlled by CCID, the controlling shareholder of the Company which indirectly holds 491,000,000 domestic shares of the Company through Research Center and CCID Riyue, representing approximately 70.14% of the issued share capital of the Company. Therefore, CCID Group Co. is a connected person of the Company. Being a wholly-owned subsidiary of CCID Group Co., Guangdong CCID is an associate of CCID, and thus also a connected person of the Company. Therefore, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute connected transactions of the Company.

LETTER FROM THE BOARD

As the highest applicable percentage ratio calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Deemed Disposal exceeds 5% but is below 25% and the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is below 25%, the Capital Increase constitutes (i) a non-exempt connected transaction of the Company under Chapter 20 of the GEM Listing Rules; and (ii) a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

General

An EGM will be convened by the Company for the purposes of considering and, if thought fit, approving the Capital Increase Agreement and the transactions contemplated thereunder. Save for Research Center (which is interested in approximately 56.09% of the issued shares of the Company) and CCID Riyue (which is interested in approximately 14.06% of the issued shares of the Company), to the best of the Directors' knowledge, none of the Shareholders is required to abstain from voting on the relevant resolutions regarding entering into the Capital Increase Agreement at the EGM.

Among the Directors, (i) Ms. Xia Lin is the chief investment officer of CCID Group Co., and (ii) Mr. Qin Hailin is the general manager of CCID Group Co., and accordingly they are considered to have material interests in the transactions contemplated under the Capital Increase Agreement. Ms. Xia Lin and Mr. Qin Hailin had abstained from voting on the resolution in respect of the Capital Increase Agreement at the board meeting. Save as disclosed above, none of the Directors is required to abstain or had abstained from voting on the board resolutions approving the entering into of the Capital Increase Agreement pursuant to the Articles of Association and the GEM Listing Rules.

An Independent Board Committee, comprising three independent non-executive Directors, has been established to advise the Independent Shareholders on whether the terms of the Capital Increase Agreement and the transactions contemplated thereunder are fair and reasonable, whether entering into the Capital Increase Agreement is in the interests of the Company and the Shareholders as a whole, and how to vote at the EGM in respect of entering into the Capital Increase Agreement. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 22 to 23 of this circular. Maxa Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 50 of this circular.

LETTER FROM THE BOARD

3. PROPOSED TRANSFER OF LISTING

Reasons for the Transfer of Listing

The H shares of the Company have been listed and traded on GEM since the Listing Date. The Company is principally engaged in management and strategic consultancy, market consultancy, data information management and information engineering supervision and other 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 long-term value to the Shareholders.

The Transfer of Listing will not involve the issue of any new Shares by the Company.

No Change in Principal Business

Since the Listing Date and up to the Latest Practicable Date, there has been no change in the principal business of the Company. For the avoidance of doubt, the proposed Capital Increase would not lead to change in the principal business of the Company. As at the Latest Practicable Date, the Board does not contemplate any material change in the nature of the business activities of the Company following the Transfer of Listing.

No Change in Control

Since the Listing Date and up to the Latest Practicable Date, CCID, through Research Center and CCID Riyue, held 491,000,000 Shares, representing approximately 70.14% of the entire issued share capital of the Company. Accordingly, for the purpose of the Main Board Listing Rules and the GEM Listing Rules, CCID is the ultimate controlling shareholder of the Company.

The Company confirmed that there has been no change in control of the Company since the Listing Date and up to the Latest Practicable Date.

LETTER FROM THE BOARD

Requirements under the PRC Regulations

According to the existing Articles and the relevant PRC laws and regulations, Shareholders' approval is required for the Articles Amendments, the Transfer of Listing and the granting of Authorization to the Board. Subject to the Shareholders' approval at each of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting in respect of the Transfer of Listing and the granting of Authorization to the Board, the Company will make a formal application to the Stock Exchange in relation to the Transfer of Listing.

Conditions of the Transfer of Listing

The Transfer of Listing is subject to, among other things, the following conditions:

- (i) the Company's fulfillment of all the applicable listing requirements on the Main Board as stipulated in the Main Board Listing Rules and the relevant rules and regulations in Hong Kong and the PRC;
- (ii) the obtaining of the Shareholders' approvals at each of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting in respect of the Transfer of Listing and the Articles Amendments; and
- (iii) the granting of the approval by the Listing Committee for the listing of and permission to deal in the existing H Shares on the Main Board.

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

4. PROPOSED ARTICLES AMENDMENTS

The Articles Amendments will, among others, give the effect in complying with the requirements of the Main Board Listing Rules and the relevant regulations in the PRC and Hong Kong. A special resolution in relation to the Articles Amendments will be proposed at the EGM, the Domestic Share Class Meeting and the H Share Class Meeting respectively for approval. Subject to the passing of the special resolution at the EGM, the Domestic Share Class Meeting and the H Share Class Meeting respectively, and the approvals from the relevant government authorities (if any), the Articles Amendments will come into effect upon the listing of and commencement of dealing in H Shares on the Main Board. If the Company does not proceed with the Transfer of Listing, the Articles Amendments will not come into effect and the existing Articles will continue to be in full force.

Details of the Articles Amendments are set out in Appendix IV to this circular.

LETTER FROM THE BOARD

5. PROPOSED AUTHORISATION TO THE BOARD

In order to facilitate the Transfer of Listing and Articles Amendments, it is proposed that the Board and/or persons authorised by the Board be granted authorisation to take any actions that they may consider necessary, desirable and expedient in relation to the Transfer of Listing and the Articles Amendments.

A special resolution in relation to the Authorisation to the Board will be proposed at the EGM, the Domestic Share Class Meeting and the H Share Class Meeting respectively for approval.

Please refer to Appendix V to this circular for details of the Authorisation to the Board.

6. EGM, CLASS MEETINGS AND PROXY ARRANGEMENT

The Company will convene the EGM and the Class Meetings consecutively from 2:00 p.m. on 23 September 2020 at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC, for the purpose of considering and, if thought fit, approving by the Shareholders on the resolutions in respect of the matters set out in the notices of the EGM and the Class Meetings, respectively.

The notice of the EGM is set out on pages 167 to 169 of this circular. The notice of the H Share Class Meeting is set out on pages 173 to 175 of this circular. The notice of the Domestic Share Class Meeting is set out on pages 170 to 172 of this circular.

The reply slips applicable for the EGM and the Class Meetings are attached to this circular for the purpose of informing the Company whether you will be attending (in person or by proxy) the EGM and/or the Class Meetings. You are reminded to complete and sign the relevant reply slips (if you are entitled to attend the EGM and/or the Class Meetings) and return the signed slip to the Company's H share registrar, Tricor Tengis Limited (in the case of holders of H Shares) or the Company's principal place of business in PRC (in the case of holders of Domestic Shares) on or before 17 September 2020 in accordance with the instructions printed thereon.

The proxy forms for use at the EGM and the Class Meetings are also enclosed with this circular. If you intend to present by proxy to attend the EGM and/or the Class Meetings, you are requested to complete and sign the proxy forms in accordance with the instructions printed thereon and return them as soon as possible to the Company's principal place of business in PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, PRC (in the case of holders of Domestic Shares), or the Company's H Share registrar, Tricor Tengis limited (in the case of holders of H Shares) at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 24 hours before the time appointed for holding the EGM and/or the Class Meetings or not later than 24 hours before the time appointed for holding any adjourned thereof.

LETTER FROM THE BOARD

7. VOTING BY WAY OF POLL

In accordance with the requirements of Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, pursuant to Article 67 of the Articles of Association, the chairman of the EGM and the Class Meetings will demand a poll for the purpose of voting on all the resolutions set out in the notices of EGM and the Class Meetings.

On a poll conducted at such meeting, Shareholders (including proxies) entitled to two or more votes are not required to cast all their votes for or against a resolution or to abstain from voting on a resolution by not casting any of their votes. Save for Research Center (which is interested in approximately 56.09% of the issued shares of the Company) and CCID Riyue (which is interested in approximately 14.06% of the shares capital of the Company) who are required to abstain from voting on the relevant resolutions regarding entering into the Capital Increase Agreement at the EGM, no other Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM and the Class Meetings. Voting results will be uploaded onto the website of the Company (www.ccidconsulting.com) and the website of GEM (www.hkgem.com) after the EGM and the Class Meetings.

8. CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders who are entitled to attend and vote at the EGM and the Class Meetings, the register of all Shareholders will be closed from 21 September 2020 to 23 September 2020, both days inclusive, during which period no transfer of the Shares will be effected. In order to qualify for attending the EGM and the Class Meetings, all transfer documents of the Shares accompanied by the relevant share certificate(s) must be lodged to the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for the Domestic Shares) or the Company's H share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the H Shares), not later than 4:30 p.m. on 18 September 2020 for registration.

Shareholders whose names appear on the register of members of the Company at the close of business on 18 September 2020 will be entitled to attend and vote at the EGM and the Class Meetings.

9. RECOMMENDATION

The Directors believe that all resolutions set out in the notices of the EGM and the Class Meetings to be considered and approved by the Shareholders are in the interests of the Group and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM and the Class Meetings.

LETTER FROM THE BOARD

10. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from the Independent Financial Adviser; and (iii) the Appendices contained in this circular.

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

* *For identification purposes only*

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: 08235)

www.ccidconsulting.com

4 September 2020

To the Independent Shareholders

Dear Sirs or Madams,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
CAPITAL INCREASE IN CCID DESIGN**

We refer to the circular of the Company dated 4 September 2020 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the GEM Listing Rules, we have been appointed to advise the Independent Shareholders as to whether the terms of the Capital Increase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of, and the reasons for, the Capital Increase Agreement and the transactions contemplated thereunder are contained in the letter from the Board set out on pages 5 to 21 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms and conditions of the Capital Increase Agreement and the transactions contemplated thereunder, the interests of the Independent Shareholders and the opinion from Maxa Capital Limited, we are of the view that, the Capital Increase Agreement is entered into on normal commercial terms and while the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the terms and conditions thereof are fair and reasonable and in the interests of the Company and its Shareholders in a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Capital Increase Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee of
CCID Consulting Company Limited*

Mr. Guo Xinping
*Independent non-executive
Director*

Ms. Li Xuemei
*Independent non-executive
Director*

Mr. Chen Yung-cheng
*Independent non-executive
Director*

* *For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Maxa Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in respect of the terms of the Capital Increase Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

4 September 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS: CAPITAL INCREASE IN CCID DESIGN

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Capital Increase Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 4 September 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 20 July 2020 (the “**Announcement**”). As set out in the Announcement, on 20 July 2020, the Company, CCID Design, CCID Group Co. and Guangdong CCID entered into the Capital Increase Agreement, pursuant to which, CCID Group Co. agreed to make a capital contribution in the amount equivalent to approximately RMB53,710,000 (subject to adjustment), 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 paid-up capital of CCID Design will be increased from RMB50 million as at the date of the Capital Increase Agreement to approximately RMB80 million.

Upon completion of the Capital Increase, (i) Guangdong CCID will be a wholly-owned subsidiary of CCID Design, (ii) the Company’s interest in CCID Design will decrease from 95% to approximately 59.37%, and (iii) CCID Group Co.’s interest in CCID Design will increase from 5% to approximately 40.63%. CCID Design will continue to be a subsidiary of the Company.

LISTING RULES IMPLICATION

Upon completion of the Capital Increase, the Company's interest in CCID Design will be diluted from 95% as at the date of the Capital Increase Agreement to 59.37% of the enlarged paid-up capital of CCID Design. Therefore, the Capital Increase results in a deemed disposal, under Rule 19.29 of the GEM Listing Rules, by the Company of its 35.63% equity interest in CCID Design. Further, as a result of the Capital Increase, CCID Design (which will remain as a subsidiary of the Company) will acquire 100% of Guangdong CCID, and thus the Capital Increase also constitutes an acquisition by the Group. As the Capital Increase involves both the Deemed Disposal and the Acquisition, pursuant to Rule 19.24 of the GEM Listing Rules, it will be classified by reference to the larger of the Deemed Disposal or the Acquisition.

As at the Latest Practicable Date, CCID Group Co. is a company ultimately controlled by CCID, the controlling shareholder of the Company, which indirectly holds 491,000,000 domestic shares of the Company through Research Center and CCID Riyue, representing approximately 70.14% of the issued share capital of the Company. Therefore, CCID Group Co. is a connected person of the Company. Being a wholly-owned subsidiary of CCID Group Co., Guangdong CCID is an associate of CCID, and thus also a connected person of the Company. Therefore, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute connected transactions of the Company.

As the highest applicable percentage ratio calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Deemed Disposal exceeds 5% but is below 25% and the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is below 25%, the Capital Increase constitutes (i) a non-exempt connected transaction of the Company under Chapter 20 of the GEM Listing Rules; and (ii) a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

The EGM will be convened by the Company for the purposes of considering and approving the Capital Increase Agreement and the transactions contemplated thereunder. Save for Research Center (which is interested in approximately 56.09% of the issued shares of the Company) and CCID Riyue (which is interested in approximately 14.06% of the issued shares of the Company), to the best of the Directors' knowledge, none of the Shareholders is required to abstain from voting on the relevant resolutions regarding entering into of the Capital Increase Agreement at the EGM.

The Independent Board Committee, comprising of all of the independent non-executive Directors, namely Mr. Guo Xinping, Ms. Li Xuemei and Mr. Chen Yung-cheng, has been established to advise the Independent Shareholders as to whether the terms of the Capital Increase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to approve the Capital Increase Agreement and the transactions contemplated thereunder. We, Maxa

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Capital Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company and any of their respective associates that could reasonably be regarded as relevant to our independence and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Capital Increase Agreement and the transactions contemplated thereunder. Save for our appointment as the Independent Financial Adviser, there was no other engagement between the Company and us in the past two years. Apart from the normal advisory fee payable to us in connection with this appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have reviewed, *inter alia*, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representation and opinions expressed by the Company, its advisers, the Directors and the Management. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group, CCID, CCID Group Co. and Guangdong CCID.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1 Background information of the Group

The principal business of the Company is the provision of management and strategy consultancy, market consultancy, data information management and information engineering supervision services.

Set out below is a summary of the audited consolidated financial results of the Group for the three years ended 31 December 2019 as extracted from the annual reports of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) and the year ended 31 December 2018 (the “**2018 Annual Report**”):

	For the year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Revenue	134,546	167,367	240,819
<i>Segment revenue:</i>			
— Management and strategy consultancy services	65,827	78,856	115,829
— Market consultancy services	15,910	10,383	21,336
— Information engineering supervision services	49,361	76,100	89,442
— Others	3,448	2,028	14,212
Gross profit	64,455	84,891	130,975
Profit for the year	18,970	33,604	64,574

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As per the table above, the Group’s revenue increased from approximately RMB134.5 million for the year ended 31 December 2017 to approximately RMB240.8 million for the year ended 31 December 2019, representing a compound annual growth rate (“CAGR”) of approximately 33.8%. The management and strategy consultancy services segment (the “MSCS Segment”) was the major business segment of the Group which accounted for approximately 48.9%, 47.1% and 48.1% of the Group’s total revenue for each of the three years ended 31 December 2019, respectively. The MSCS Segment provides services involving the application and implementation of enterprise management information digitalisation, which incorporate the functions of business process re-engineering, enterprise resource planning, customer relationship management, supply chain management, call centre and other electronic business pattern designs, marketing, brand name promotion, public relationship and advertising. The revenue from the MSCS Segment increased from approximately RMB65.8 million for the year ended 31 December 2017 to approximately RMB115.8 million for the year ended 31 December 2019, representing a CAGR of approximately 32.6%. The information engineering supervision services segment is the Group’s second largest business segment in terms of revenue, which accounted for approximately 36.7%, 45.5% and 37.1% of the Group’s total revenue for each of the three years ended 31 December 2019, respectively.

The Group’s net profit increased from approximately RMB19.0 million for the year ended 31 December 2017 to approximately RMB64.6 million for the year ended 31 December 2019, representing a CAGR of approximately 84.5%. The increase in net profit was mainly attributable to the increase in revenue as mentioned above and the Group’s continued implementation of the “Consulting+” strategy to enhance its competitiveness.

	As at 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Cash and cash equivalents	86,148	160,693	214,840
Current assets	182,195	220,770	292,964
Total assets	220,147	262,076	337,154
Current liabilities	70,588	89,514	102,228
Total equity	149,559	172,562	234,926

As at 31 December 2019, the Group had total assets of approximately RMB337.2 million of which comprised mainly of (i) cash and cash equivalents of approximately RMB214.8 million; (ii) financial assets at fair value through profit or loss of approximately RMB35.1 million; and (iii) accounts receivables of approximately RMB32.5 million. As at 31 December 2019, the Group’s total liabilities amounted to approximately RMB102.2 million, which mainly comprised of (i) contract liabilities of approximately RMB50.3 million; and (ii) accruals and other payables of approximately RMB42.1 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's current ratio as at 31 December 2019 was approximately 2.9, which is calculated as the current assets over the current liabilities.

2 Background information of CCID Design

CCID Design is a company incorporated under the laws of the PRC. As at the date of the Capital Increase Agreement, CCID Design is held as to 95% and 5% by the Company and CCID Group Co., respectively. CCID Design is principally engaged in information technology services, data processing services and software services.

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

	For the year ended/As at	
	31 December 2019	31 December 2018
	RMB'000	RMB'000
Revenue	96,908	68,058
Profits before taxation	18,955	14,871
Profits after taxation	15,867	12,473
Net assets	88,439	72,223

As set out from the table above, CCID Design's revenue increased from approximately RMB68.1 million for the year ended 31 December 2018 to approximately RMB96.9 million for the year ended 31 December 2019. Its profits after taxation also increased from approximately RMB12.5 million for the year ended 31 December 2018 to approximately RMB15.9 million for the year ended 31 December 2019. CCID Design's net assets position increased by 22.5% to approximately RMB88.4 million as at 31 December 2019. As advised by the Management, the increase in revenue and profits was due to a strong uptake in providing data processing consultancy services to government bodies and mid to large sized institutions during the period mentioned above.

3 Background information of Guangdong CCID

Guangdong CCID, a wholly-owned subsidiary of CCID Group Co., is a company incorporated under the laws of the PRC. It is principally engaged in industry spatial management services including planning, operation, management and attracting investments for industrial parks in Guangdong Province. Guangdong CCID was established by CCID Group Co. and an independent third party in November 2014 with an initial registered capital of RMB5 million, which was held by CCID Group Co. and an independent third party as to 80% and 20%, respectively. In December 2019, CCID Group Co. acquired the 20% equity interest in Guangdong CCID from the independent third party at a consideration of approximately RMB710,000, since completion of which, Guangdong CCID has become a wholly-owned subsidiary of CCID Group Co. since December 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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:

	For the year ended/As at	
	31 December 2019 RMB'000	31 December 2018 RMB'000
Revenue	20,710	6,260
Profit/(loss) before taxation	4,834	(5,403)
Profit/(loss) after taxation	3,612	(4,078)
Net assets/(net liabilities)	2,472	(1,140)

As set out from the table above, Guangdong CCID's revenue increased from approximately RMB6.3 million for the year ended 31 December 2018 to RMB20.7 million for the year ended 31 December 2019. Guangdong CCID's operating results improved from loss after taxation of approximately RMB4.1 million for the year ended 31 December 2018 to profit after taxation of RMB3.6 million for the year ended 31 December 2019. As advised by the Management, the increase was due to a strong uptake in providing industry spatial management projects as its number of projects secured had increased significantly during the year ended 31 December 2019.

4 Reasons for and benefits of the Capital Increase Agreement

As disclosed in the Letter from the Board, Guangdong CCID is principally engaged in industry spatial management services, this includes planning, operation, management and attracting investments for industrial parks in Guangdong Province. With a long history of operation in the region, Guangdong CCID has established stable and strong working relationships with the local for government and corporate customers. 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 the 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 management and operation 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 consultancy industry within the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area").

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Upon the completion of the Capital Increase, 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 Greater Bay Area, thus improving the financial performance of the Group and further contributing to a potential appreciation on the Company's market capitalisation.

Favorable macroeconomic backdrop

(a) Industry level

According to a research report which focuses on the on-going development and government policies in relation to industrial parks in the PRC published in 2019 by a research firm based in the PRC, there were more than 3,000 industrial parks in the PRC region at the end of March 2019. Guangdong Province ranked first in terms of the number of industrial parks where approximately 14.4% of the total number of industrial parks in the PRC region were located in the Guangdong Province, which means more than 400 industrial parks in the Guangdong Province, indicative of Guangdong Province's frontier role in the industry spatial management industry, leading growth in the PRC region. As the four cities namely Hong Kong, Macao, Shenzhen and Guangzhou have been cited as major economic hubs in the Greater Bay Area ever since its creation, socio-development on key industries in the four major hubs such as financial services, tourism, trade, gaming, information technology services and renewable energy have been strategically promoted at full strength. In consideration of Guangdong Province being the most active province in terms of the number of industrial parks, Guangdong CCID's principal business location being the Guangdong Province, in addition with the complexity of industries described above, the Company, upon completion of the Acquisition, will be able to utilise this favourable industry trend as a tailwind to increase its presence among the development of industrial parks in the future.

(b) Regional level

According to a research published by The Hong Kong Trade Development Council, the Greater Bay Area is the fourth largest economic zone after New York Metropolitan Area, San Francisco Bay Area and Tokyo Bay Area in terms of per-capita GDP. The Greater Bay Area brought in approximately USD1,679.3 billion in terms of GDP in 2019, representing a year-on-year growth of 4.4%. In 2019, the State Council of the PRC published the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區發展規劃綱要), which signified a new milestone in the development of the Greater Bay Area, to further expand the scope of innovation-driven development and to further emphasize

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on promoting socio-economic development. In 2019, Guangzhou, the capital of the Guangdong Province, individually contributed approximately 20.4% of the total GDP registered in the Greater Bay Area, equivalent to approximately USD345.5 billion, which made Guangzhou the third highest contributing region in the Greater Bay Area, just behind Hong Kong and Shenzhen.

As disclosed in the 2019 Annual Report, the Group will continue to implement the “Consulting +” strategy, and center on providing comprehensive industrial innovation services, particularly placing emphasis on key industry parks, industrial players, and investment institutions. The Company has also formulated the market expansion strategies in key regions. With Guangdong CCID having in-depth regional expertise with focus on industrial spatial management and consulting services, Guangdong CCID has built strong relationships with government bodies and institutions in the Guangdong Province. We considered that the Acquisition is in line with the Group’s strategy by providing comprehensive services to industrial park clientele. In addition, leveraging on Guangdong CCID’s business network, upon completion of the Acquisition, the Group will gain a strong foothold in the Greater Bay Area and will be able to provide a wider range of services. Coupled with favorable government policies accelerating the development in the Greater Bay Area, the Company will be able to diversify its revenue stream through the provision of industrial spatial management services, further strengthen its competitiveness as the go-to consultancy firm in the Greater Bay Area.

Synergy in creating a comprehensive value chain

The Acquisition will enable the Company to increase its market share of consultancy services in the Greater Bay Area. We were advised by the Management that synergy is expected to be created with Guangdong CCID and the Group’s other business segments, particularly with the Group’s geographical coverage in the Greater Bay Area. Guangdong CCID’s business is an extension of the Group’s existing value chain and will broaden its portfolio of services. Through the sharing of business intelligence, database, client and human resources, the Company can further enhance its brand awareness as well as competitive in terms of its consultancy services in the Greater Bay Area.

Having considered the factors set out above, we concurred with the Directors’ view that the Capital Increase is in the interest of the Company and the Shareholders as a whole.

5 Principle terms of the Capital Increase Agreement

The principal terms of the Capital Increase Agreement are set out below:

- Date: 20 July 2020
- Parties: (1) the Company,
(2) CCID Design,
(3) CCID Group Co., and
(4) Guangdong CCID

Transaction Structure of the Capital Increase

Pursuant to the Capital Increase Agreement, CCID Group Co. agreed to make a capital contribution in the amount equivalent to approximately RMB53,710,000 (subject to adjustment), 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 paid-up capital of CCID Design will be increased from RMB50 million as at the date of the Capital Increase Agreement to approximately RMB80 million.

Upon completion of the Capital Increase, (i) Guangdong CCID will be wholly owned by CCID Design and become a subsidiary of the Company, (ii) the Company's interest in CCID Design will decrease from 95% to approximately 59.37%, and (iii) CCID Group Co.'s interest in CCID Design will increase from 5% to approximately 40.63%. CCID Design will continue to be a subsidiary of the Company.

As set out in the sub-section headed "6 Basis of consideration", 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 (the "**Valuation Benchmark Date**"), being approximately RMB53,710,000 and RMB89,500,000, respectively, and (ii) after arm's length negotiation among the Parties. The valuation of Guangdong CCID and CCID Design has been reviewed and approved by MIIT, the competent authority, on 29 July 2020 and no further adjustment to the valuation and consideration will be made.

Profit or loss arrangement during the transition period

During the period commencing from the Valuation Benchmark Date to the closing date of the Capital Increase, (i) the profit or loss of Guangdong CCID incurred in the aforementioned period (the “**Transition Period**”) shall be borne by CCID Design; and (ii) the profit or loss of CCID Design incurred in the aforementioned period shall be borne by CCID Group Co. and the Company in proportion to their respective shareholding in CCID Design after completion of the Capital Increase. Accordingly, based on the aforesaid profit or loss arrangement during the transition period, the consideration under the Capital Increase Agreement will not be adjusted by any changes in profit or loss of either Guangdong CCID or CCID Design after the Valuation Benchmark Date.

We were advised by the Management that none of Guangdong CCID or CCID Design had declared any cash dividend or distribution subsequent to the Valuation Benchmark Date and up to the Latest Practicable Date. Given that upon the completion of the Capital Increase, Guangdong CCID will become a wholly-owned subsidiary of CCID Design and CCID Design will continue to be a subsidiary of the Group, we considered that the abovementioned arrangement during the Transition Period is fair and reasonable as both the Group and CCID Group Co. will share the profit or loss of CCID Design in proportion to their respective equity interests.

Conditions Precedent

The completion of the Capital Increase is conditional upon the fulfilment of the following conditions precedent:

- (i) the Capital Increase Agreement having been duly executed by the Parties;
- (ii) the approval of the Capital Increase by the shareholders of CCID Design, CCID Group Co. and Guangdong CCID, respectively;
- (iii) the Independent Shareholders’ approval in respect of the Capital Increase having been obtained at the EGM;
- (iv) the approval in respect of the valuation of Guangdong CCID and CCID Design having been obtained from MIIT, the competent government authority;
- (v) there being no competent government, judiciary, or legislative body prohibiting one or more Parties from carrying out the Capital Increase or requiring one or more Parties to stop carrying out the Capital Increase; and
- (vi) the representations and warranties made by each Party remaining true, accurate, complete and not misleading in all material respects, and the undertakings and covenants made by each Party having been duly fulfilled.

Profit Guarantee

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. CCID Design is entitled to appoint an auditor to conduct an auditing and issue an auditor's report for Guangdong CCID for the year ending 31 December 2020. In the event that the net profit of Guangdong CCID is less than RMB6 million, CCID Group Co. shall pay the shortfall cash amount to Guangdong CCID (the "**Profit Guarantee**") on a dollar for dollar basis within 30 days upon issuance of the abovementioned auditor's report.

We had reviewed Guangdong CCID's management accounts for the five months ended 31 May 2020 and noted that Guangdong CCID recorded operating loss. As advised by the Management, the outbreak of the novel coronavirus (COVID-19) in the first half of 2020 and the quarantine measures implemented in a number of cities in the PRC had adversely affect the business operation of Guangdong CCID. However, the Management advised that Guangdong CCID's business operation has fully resumed and will continue to implement its strategy to focus on business opportunities in the Greater Bay Area. We had reviewed the amount of service contracts on hand from Guangdong CCID and discussed with the Management on the progress of the projects. Also, Guangdong CCID is actively negotiating with potential clients to secure new projects in the second half of 2020. On the assumption that there will be no material change in the business environment and/or industry outlook in relation to Guangdong CCID, we considered that the amount of service contracts on hand provides a reasonable estimate of the revenue to be recognized by Guangdong CCID for the year ending 31 December 2020. On this basis, we considered that (i) the Profit Guarantee is justifiable and demonstrates the level of confidence of Guangdong CCID's profitability for the year ending 31 December 2020; and (ii) the Profit Guarantee and the compensation mechanism together will provide safeguard to the Company in the event that Guangdong CCID's financial performance fall below expectation within the prescribed period.

In the event that the net profit of Guangdong CCID for the year ending 31 December 2020 falls short of RMB6 million, the Company will comply with the disclosure requirements under Rule 20.61 of the GEM Listing Rules.

6 Basis of consideration

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 the Valuation Benchmark Date, being approximately RMB53.7 million and RMB89.5 million, respectively, which is conducted by the China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司) (the “**Independent Valuer**”) engaged by the Company, and (ii) after arm’s length negotiation among the Parties. The valuation of Guangdong CCID and CCID Design has been reviewed and approved by MIIT, the competent authority, on 29 July 2020.

According to the valuation report of Guangdong CCID prepared by the Independent Valuer (the “**GC Valuation Report**”), the appraised value of the entire equity value of Guangdong CCID as of 31 May 2020 was RMB53,710,000. On the other hand, according to the valuation report of CCID Design prepared by the Independent Valuer (the “**CD Valuation Report**”), the appraised value of the entire equity value of CCID Design as of 31 May 2020 was RMB89,500,000. Based on our discussion with the Independent Valuer, the valuation reports had been prepared according to all relevant regulation and standards that are required to be complied by an Independent Valuer.

Please refer to the Letter from the Board regarding the assumptions adopted in the valuations of Guangdong CCID and CCID Design.

In order to assess the expertise and independent of the Independent Valuer, we obtained and reviewed (i) the engagement letter of the Independent Valuer; (ii) the Independent Valuer’s relevant qualification and experience. For due diligence purpose, we conducted telephone discussion with the team members of the Independent Valuer to understand its previous experiences on valuation projects and its works performed on the valuations as well as the steps and measures taken by the Independent Valuer in conducting the valuations. We checked from the website of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “**SASAC**”) and noted that the Independent Valuer is on the SASAC’s recognized list of valuation companies. The Independent Valuer also confirmed that it is independent from the Company, CCID Design, CCID Group Co. and Guangdong CCID. In view of the above, we considered that the Independent Valuer is qualified and possesses relevant experience in conducting the valuation of Guangdong CCID and CCID Design.

6.1 Valuation of Guangdong CCID

Valuation methodologies

We discussed with the Independent Valuer and noted that it has considered three generally accepted valuation approaches, namely the market approach, asset approach and income approach in arriving at the valuation of Guangdong CCID. As advised by the Independent Valuer, the discounted cash flow method under the income approach was adopted to derive a present fair value from the future value of Guangdong CCID’s business. This method eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including

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intrinsic and extrinsic uncertainties in relation to the Guangdong CCID's business. The evaluation of the appropriate valuation methodology was assessed according to each valuation methodology's compatibility with the business nature of the subject. As the Independent Valuer did not identify any past comparable transactions in the appropriate stock markets, market approach is not considered an appropriate valuation methodology in evaluating the equity value of Guangdong CCID. When asset approach is taken into consideration, together with the fact that Guangdong CCID is principally engaged in industry spatial management services, the business nature is not heavily asset based but the intrinsic value of the business is weighted towards intellectual property and human capital which often can be hard to measure objectively. In light of the above, asset approach is not considered as an appropriate valuation methodology in evaluating the equity value of Guangdong CCID.

In assessing whether the market approach is appropriate for evaluating Guangdong CCID, we had conducted independent search for comparable transactions made by companies listed on the Stock Exchange in the last 24 months before the Valuation Benchmark Date. Based on our research conducted on a best effort basis, we were unable to identify any comparable market transactions.

Regarding the cost approach, we had reviewed the financial information of Guangdong CCID as of 31 December 2019 and noted that majority of its assets was bank balance and cash which accounted for over 80% of its total assets. In view of Guangdong CCID's business nature as well as its assets composition, we considered that the cost approach is not appropriate as it cannot fully capture the future earning potential of Guangdong CCID.

As discussed above, we considered that both the market approach and cost approach is not the most appropriate methods to arrive at a meaningful valuation result of Guangdong CCID given the asset-light business model of Guangdong CCID and lack of comparable market transactions. Therefore, we concurred with the view of Independent Valuer that the income approach is commonly used and an appropriate method for evaluating the equity value of Guangdong CCID.

Review of the GC Valuation Report

We discussed with the Independent Valuer about the key bases and assumptions adopted for the valuation. A list of key information reviewed, major assumptions and considerations made by the Independent Valuer are set out in the GC Valuation Report. We also noted that SHINEWING (HK) CPA Limited, the auditor of the Company, has issued an opinion letter on accounting policies and calculations of the discounted cash flow forecasted contained in the GC Valuation Report.

(i) Cash flow forecast

In regards to the cash flow forecast of Guangdong CCID, we reviewed and noted that the forecast is prepared based on a number of key assumptions, including but not limited to revenue, expenses, working capital projections and capital expenditure requirements which span from the second half of 2020 to 2025.

In terms of revenue, Guangdong CCID is expected to have moderate growth during the forecast period which is based on the existing operating scale as well as Guangdong CCID's capability to secure more projects in the Great Bay Area given the favourable industry and economic environment mentioned in the sub-section headed "4 Reasons for and benefits of the Capital Increase Agreement" above. For due diligence purpose, we had obtained the list of service contracts on hand from Guangdong CCID and discussed with the Management to understand revenue cycle of the projects. Based on our review of the service contracts obtained on a sampling basis and discussion with the Management, we understand that the tenure of the projects usually ranged from 6 to 12 months. Therefore, the amount of services contracts secured by Guangdong CCID provided for, to a reasonable extent, an estimate of revenue to be recognized by Guangdong CCID for the 2020 and 2021 financial year. In addition, we had reviewed the list of potential projects that are currently under negotiation and assessed the expected amount of revenue to be generated should these projects be secured by Guangdong CCID. For the financial year 2022 to 2025, we noted that Guangdong CCID's revenue will increase at less than 10% per annum. We had enquired with the Independent Valuer and understand that, given the business nature of Guangdong CCID and the uncertainty of future projects to be secured, a more conservative revenue growth assumption was adopted.

The estimation of cost and capital expenditure requirements are mainly based on, among other things (a) historical cost of services and operating expenses; and (b) fluctuations in various expenses due to an estimated increase in research and consultancy services activities during the forecast period. In light of the business nature of Guangdong CCID and based on our review Guangdong CCID's cost structure from the historical financial information, we noted that staff expenses are the key expenditure to be incurred for its operation. During the forecast period, the growth rate of the cost of services is expected to slightly outpace the revenue growth rate. We discussed with the Management and noted that the higher growth rate of the cost of services during the forecast period is expected to be attributed to the Company's business strategy to further expand Guangdong CCID's capacity in providing the industrial spatial management services and increase its market share in the Greater Bay Area upon the completion of the Acquisition. We had also compared the gross profit margins and profit margins during the forecast period against the historical financial information and noted that they are generally in line with the historical trend. As at the Valuation Benchmark Date, it is estimated that there will not be any material capital expenditure for Guangdong CCID throughout the forecast period.

Independent Shareholders should note that the cash flow forecast has been primarily constructed based on the views with respect to business, economic, financial, industry trend and other conditions as of the Valuation Benchmark Date. Bases and assumptions adopted in the cashflow forecast are subject to on-going changes which may affect the underlying projections of the valuations.

(ii) Discount rate

The discount rate (i.e. the Weighted Average Cost of Capital) ("WACC") used by the Independent Valuer comprises the weighted cost of equity and the weighted cost of debt (after tax). The cost of equity component is determined based on the Capital Asset Pricing Model ("CAPM"), a commonly used model adopted in discounted cash flow valuation. In computing the cost of equity and the discount rate to be applied, the Independent Valuer has made reference to various factors including (i) risk-free rate and expected market return in China as at the Valuation Benchmark Date; (ii) the "beta" which is a measure of the volatility, or systematic risk of selected comparable companies; and (iii) company specific risk adjustment.

We discussed with the Independent Valuer, obtained and reviewed underlying supporting documents, calculations and bases adopted by the Independent Valuer in deriving the discount rates. For the risk-free rate, we noted that the Independent Valuer had arrived at such rate using the average bond yield of the treasury bonds with a duration ranging from 10 to 50 years issued by The People's Bank of China (the "Treasury Bonds") within the past five years immediately before the Valuation Benchmark Date. We had cross checked and verified the bond yield of the Treasury Bonds through The People's Bank of China's official website and Wind database. As to the expected market rate of return, it was calculated by the Independent Valuer using the average rate of return of the Shanghai Composite Index since 1992. Based on the information available on the Wind database, we had calculated the average rate of return of the Shanghai Composite Index for the past 20 years and compared against the expected market rate of return used by Independent Valuer; and no material discrepancies were noted. Regarding the beta calculation, the Independent Valuer had selected eight comparable companies listed on Shenzhen Stock Exchange and Shanghai Stock Exchange which are engaged in the provision of consultancy services. The Independent Valuer considered that these selected comparable companies are similar to Guangdong CCID in terms of business nature. We had checked the principal activities and verified the beta of such selected comparable companies through Wind database. On the above basis, we considered that the basis adopted by the Independent Valuer is generally in line with the data obtained through our independent search.

Having considered that above factors, we concurred with the Independent Valuer's view that it is appropriate to adopt the income approach for the valuation of Guangdong CCID and the discount rates adopted throughout the forecast period are reasonable for the purpose of the valuation.

Evaluation of the consideration of the Acquisition

The consideration of the Acquisition was determined after negotiations between the parties on an arm's length basis and taking into account various factors, including, among other things, the valuation of the 100% equity interest in Guangdong CCID as at the Valuation Benchmark Date of RMB53,710,000 as assessed by the Independent Valuer using the income approach. We understand from the Independent Valuer that, in determining the appraised value, it has taken into account, among others, the discounted cash flow of Guangdong CCID and its interest bearing liabilities. In assessing the fairness of the consideration of the Acquisition, we considered it is appropriate to refer to the above-mentioned independent valuation of the 100% equity interest in Guangdong CCID. We considered that the methodologies adopted by the Independent Valuer are appropriate.

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In assessing the fairness and reasonableness of the consideration of the Acquisition, we had also considered performing the price to earnings (“P/E”) and the price-to-book (“P/B”) analysis with respect to Guangdong CCID. As mentioned in the sub-section headed “3 Background information of Guangdong CCID” of this letter, Guangdong CCID is principally engaged in industry spatial management services including planning, operation, management and attracting investments for industrial park. The consulting service industry usually adopts an asset-light business model and primarily generates its profit through intellectual property and human capital. Therefore, we considered that P/B analysis is not the most appropriate methodology to assess the consideration of the Acquisition. Given Guangdong CCID was profit-making for the year ended 31 December 2019, we proceed with our analysis on P/E ratio, which is considered to be one of the common valuation multiples used to assess the reasonableness of a business entity’s value.

On best effort basis, we did not identify any comparable companies listed on the Stock Exchange. Accordingly, we conducted a search for companies listed on Shenzhen Stock Exchange and Shanghai Stock Exchange and identified a population of three companies listed on the Shenzhen Stock Exchange which are engaged in similar lines of business of Guangdong CCID (the “**Acquisition Comparable Companies**”). Based on their latest published annual reports available as at the date immediately prior to the Latest Practicable Date, the Acquisition Comparable Companies are principally engaged in providing consultancy and city planning services. We noted that both the market capitalisation and scale of operations of the Acquisition Comparable Companies are substantially larger than that of the Guangdong CCID. However, all the Acquisition Comparable Companies’ major business operation are located in the PRC, which we considered to be relevant to Guangdong CCID in term of geographic coverage and therefore are exposed to similar economic, business and regulatory environment. In addition, the business model and nature of business of Acquisition Comparable Companies are similar to Guangdong CCID. While we acknowledged that the Acquisition Comparable Companies are not closely comparable to Guangdong CCID in term of scale of operation, we considered that the business model, risk exposure and business nature are also relevant factors in determining the valuation of a business entity. On this basis, we considered that the Acquisition Comparable Companies are fair and reasonable for the P/E analysis purpose.

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The Acquisition Comparable Companies set out below represent an exhaustive list of companies comparable to Guangdong CCID:

Acquisition Comparable Companies	Principal Business Activities	Closing market capitalisation (Approximately RMB million) (Note 1)	Historical P/E (Approximately times) (Note 1)
Jiangsu Zhongshe Group Co Ltd (stock code: 002883.SZ)	principally engaged in planning consultation and survey design, engineering supervision, and project management	2,357	36.13
Shenzhen Institute of Building Research Co Ltd (stock code: 300675.SZ)	principally engaged in credibility service, EPC and project management, urban planning, and construction design	2,433	66.44
Shenzhen New Land Tool Planning & Architectural Design Co Ltd (stock code: 300778.SZ)	principally engaged in urban and rural planning, and engineering design	3,481	32.37
Average			44.98
Median			36.13
Maximum			66.44
Minimum			32.37
Guangdong CCID			14.88 (Note 2)

Notes:

1. P/E of the Acquisition Comparable Companies were calculated based on their respective market capitalisation as of 20 July 2020 sourced from Wind and the profit attributable to shareholders of the Acquisition Comparable Companies as extracted from their respective latest annual reports.
2. The implied P/E of Guangdong CCID was calculated based on the consideration of RMB53,710,000 and the profit attributable to the Shareholders of Guangdong CCID for the year ended 31 December 2019 of RMB3,611,768.

As illustrated above, the implied historical P/E of Guangdong CCID is below both the average and minimum of the historical P/E of the Acquisition Comparable Companies of approximately 44.98 times and 32.37 times respectively, which means that the Company will acquire Guangdong CCID below the P/E ratios of the Acquisition Comparable Companies. On this basis, and also taking into account that the methodologies adopted by the Independent Valuer for the valuation of the 100% equity interest in Guangdong CCID to be appropriate, we considered that the consideration for the Acquisition is fair and reasonable.

6.2 Valuation of CCID Design

Valuation methodologies

We discussed with the Independent Valuer and noted that it has considered three generally accepted valuation approaches, namely the market approach, asset approach and income approach in arriving at the valuation of CCID Design. As advised by the Independent Valuer, the discounted cash flow method under the income approach was adopted to derive a present fair value from the future value of CCID Design's business. This method eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the CCID Design's business. The evaluation of the appropriate valuation methodology was assessed according to each valuation methodology's compatibility with the business nature of the subject. As the Independent Valuer did not identify any past comparable transactions in the appropriate stock markets, market approach is not considered an appropriate valuation methodology in evaluating the equity value of CCID Design. When asset approach is taken into consideration, together with the fact that CCID Design is principally engaged in information services, data processing services and software services, the business nature is not heavily asset based but the intrinsic value of the business is weighted towards intellectual property and human capital which often can be hard to measure objectively. In light of the above, asset approach is not considered as an appropriate valuation methodology in evaluating the equity value of CCID Design.

In assessing whether the market approach is appropriate for evaluating CCID Design, we had conducted independent search for comparable transactions made by companies listed on the Stock Exchange in the last 24 months before the Valuation Benchmark Date. Based on our research conducted on a best effort basis, we were unable to identify any comparable market transactions.

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Regarding the cost approach, we had reviewed the financial information of CCID Design as of 31 December 2019 and noted that majority of its assets was bank balance and trade and other receivables. In view of CCID Design's business nature as well as its assets composition, we considered that the cost approach is not appropriate as it cannot fully capture the future earning potential of CCID Design.

As discussed above, we considered that both the market approach and cost approach is not the most appropriate methods to arrive at a meaningful valuation result of CCID Design given the asset-light business model of CCID Design and lack of comparable market transactions. Therefore, we concurred with the view of Independent Valuer that the income approach is commonly used and an appropriate method for evaluating the equity value of CCID Design.

Review of the Valuation Report

We discussed with the Independent Valuer about the key bases and assumptions adopted for the valuation. A list of key information reviewed, major assumptions and considerations made by the Independent Valuer are set out in the CD Valuation Report. We also noted that SHINEWING (HK) CPA Limited, the auditor of the Company, has issued an opinion letter on accounting policies and calculations of the discounted cash flow forecast contained in the CD Valuation Report.

(i) Cash flow forecast

In regards to the cash flow forecast of CCID Design, we reviewed and noted that the forecast is prepared based on a number of key assumptions, these key assumptions include but not limited to revenue, expenses, working capital projections and capital expenditure requirements which span from the second half of 2020 to 2025.

It is assumed that CCID Design is expected to have moderate growth in the revenue during the forecast period which is based on the past business performance where CCID Design has been actively emphasizing on providing data processing consultancy services to government bodies and mid to large sized institutions. For due diligence purpose, we had obtained the list of service contracts on hand from CCID Design and discussed with the Management to understand revenue cycle of the projects. Based on our review of the service contracts obtained on a sampling basis and discussion with the Management, we understand that the tenure of the projects usually ranged from 6 to 12 months. Therefore, the amount of services contracts secured by CCID Design provided for, to a reasonable extent, an estimate of revenue to be recognized by CCID Design for the 2020 and 2021 financial year. In addition, we had reviewed the list of potential projects that are currently under negotiation and assessed the expected amount of revenue to be generated should these projects be secured by CCID Design. For the financial year 2022 to 2025, we noted that CCID Design's revenue will increase at less than 10% per annum. We had enquired with the

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Independent Valuer and understand that, given the business nature of CCID Design and the uncertainty of future projects to be secured, a more conservative revenue growth assumption was adopted.

The estimation of cost and capital expenditure requirements are mainly based on, among other things, (a) historical cost of services and operating expenses; and (b) fluctuations in various expenses due to an estimated increase in research and consultancy services activities during the forecast period. In light of the business nature of CCID Design and based on our review CCID Design's cost structure from the historical financial information, we noted that staff expenses are the key expenditures to be incurred for its operation. During the forecast period, the cost of services is expected to increase steadily, which is considered to be in line with the expected increase in revenue. We had also compared the gross profit margins and profit margins during the forecast period against the historical financial information and noted that they are generally in line with the historical trend. As at the Valuation Date, it is estimated that there will not be any material capital expenditure for CCID Design throughout the forecast period.

Independent Shareholders should note that the cash flow forecast has been primarily constructed based on the views with respect to business, economic, financial, industry trend and other conditions as of the Valuation Date. Bases and assumptions adopted in the cashflow forecast are subject to on-going changes which may affect the underlying projections of the valuations.

(ii) Discount rate

The discount rate (i.e. WACC) used by the Independent Valuer comprises the weighted cost of equity and the weighted cost of debt (after tax). The cost of equity component is determined based on the CAPM, a commonly used model adopted in discounted cash flow valuation. In computing the cost of equity and the discount rate to be applied, the Independent Valuer has made reference to various factors including (i) risk-free rate and expected market return in China as at the Valuation Benchmark Date obtained from Wind; (ii) the "beta" which is a measure of the volatility, or systematic risk of selected comparable companies in comparison to the stock market; and (iii) company specific risk adjustment.

We discussed with the Independent Valuer, obtained and reviewed underlying supporting documents, calculations and basis adopted by the Independent Valuer in deriving the discount rates. For the risk-free rate, we noted that the Independent Valuer had arrived at such rate using the average bond yield of the Treasury Bonds within the past five years immediately before that Valuation Benchmark Date. We had cross checked and verified the bond yield of the Treasury Bonds through The People's Bank of China's official website and Wind database. As to the expected market rate of return, it was calculated by the Independent Valuer using the average rate of return of the Shanghai Composite Index since 1992. Based on the information available on the Wind database, we had calculated the average rate of return of the Shanghai Composite Index for the

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past 20 years and compared against the expected market rate of return used by Independent Valuer; and no material discrepancies were noted. Regarding the beta calculation, the Independent Valuer had selected eight comparable companies listed on Shenzhen Stock Exchange and Shanghai Stock Exchange which are engaged in the provision of consultancy services. The Independent Valuer considered that these selected comparable companies are similar to CCID Design in terms of business nature. We had checked the principal activities and verified the beta of such selected comparable companies through Wind database. On the above basis, we considered that the basis adopted by the Independent Valuer is generally in line with the data obtained through our independent search.

Having considered that above factors, we concurred with the Independent Valuer's view that it is appropriate to adopt the income approach for the valuation of CCID Design and the discount rates adopted throughout the forecast period are reasonable for the purpose of the valuation.

Evaluation of the consideration of the Deemed Disposal

The consideration of the Deemed Disposal was determined after negotiations between the parties on an arm's length basis and taking into account various factors, including, among other things, the fair market value of the 100% equity interest in CCID Design as at the Valuation Benchmark Date of RMB89,500,000 as assessed by the Independent Valuer using the income approach. We understand from the Independent Valuer that, in determining the appraised value, it has taken into account, among others, the discounted cash flow of CCID Design and its interest bearing liabilities. In assessing the fairness of the consideration of the Deemed Disposal we considered it is appropriate to refer to the above-mentioned independent valuation of the 100% equity interest in CCID Design. We considered that the methodologies adopted by the Independent Valuer are appropriate.

In assessing the fairness and reasonableness of the consideration of the Deemed Disposal, we have also considered performing P/E and P/B analysis with respect to CCID Design. As mentioned in the sub-section headed "2 Background information of CCID Design" of this letter, CCID Design is principally engaged in information technology services, data processing services and software services. The consulting service industry usually adopts an asset-light business model and primarily generates its profit through intellectual property and human capital. Therefore, we considered that P/B analysis is not the most appropriate methodology to assess the consideration of the Deemed Disposal. Given CCID Design was profit-making in the recent financial year, we proceed with our analysis on P/E ratio, which is considered to be one of the common valuation multiples used to assess the reasonableness of a business entity's value.

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Accordingly, we conducted a search for companies and identified a population of five companies listed on the Stock Exchange which are engaged in similar lines of business of CCID Design (the “**Deemed Disposal Comparable Companies**”). Based on their latest published annual reports available as at the date immediately prior to the Latest Practicable Date, the Deemed Disposal Comparable Companies are principally engaged in providing information technology and consultancy services. The Deemed Disposal Comparable Companies set out below represent an exhaustive list of companies comparable to CCID Design:

Deemed Disposal Comparable Companies	Principal Business Activities	Closing market capitalisation (Approximately HK\$ million) (Note 1)	Historical P/E (Approximately times) (Note 1)
Automated Systems Holdings Ltd (stock code: 771 HK)	principally engaged in integrated managed service business, and innovative solutions business, intelligent cybersecurity services business	753	8.07
Computer & Technologies Holdings Ltd (stock code: 46.HK)	principally engaged in application software, and solutions and integration services	551	9.86
Capinfo Company Ltd (stock code: 1075.HK)	principally engaged in software development and service, system integration, and data processing service	1,029	7.22
ICO Group Ltd (stock code: 1460.HK)	principally engaged in IT infrastructure solutions, provision of secondment services, and provision of maintenance and support services	237	3.38

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Deemed Disposal Comparable Companies	Principal Business Activities	Closing market capitalisation (Approximately HK\$ million) (Note 1)	Historical P/E (Approximately times) (Note 1)
Kinetix Systems Holdings Limited (stock code: 8606.HK)	principally engaged in IT infrastructure solutions, IT development solutions, and provision of maintenance and support services	77	49.20
Average			15.55
Median			8.07
Maximum			49.20
Minimum			3.38
CCID Design			7.99 (Note 2)

Notes:

1. P/E of the Deemed Disposal Comparable Companies were calculated based on their respective market capitalisation as of 20 July 2020 sourced from Wind and the profit attributable to shareholders of the Deemed Disposable Comparable Companies as extracted from their respective latest annual reports.
2. The implied P/E of CCID Design was calculated based on the consideration of RMB89,500,000 and the profit attributable to shareholders of CCID Design for the year ended 31 December 2019 of approximately RMB11.2 million.

As set out above, the implied historical P/E of CCID Design of 7.99 times is within range of the historical P/E of the Deemed Disposal Comparable Companies. On this basis, and also taking into account that the methodologies adopted by the Independent Valuer for the valuation of 100% equity interest in CCID Design to be appropriate, we considered that the consideration for the Deemed Disposal is fair and reasonable.

7 Financial effects of the Capital Increase and Deemed Disposal

Upon completion of the Capital Increase, the Company's equity interest in CCID Design will be reduced from 95% to 59.37% and CCID Design will continue to be a non wholly-owned subsidiary of the Company. Accordingly, the financial results and financial positions of CCID Design will continue to be consolidated in the consolidated financial statements of the Company. On the other hand, Guangdong CCID will become a wholly-owned subsidiary of CCID Design and its financial results will be consolidated into the financial statements of the Company.

7.1 Earnings

According to the 2019 Annual Report, the Group recorded revenue and profit after taxation of approximately RMB240.9 million and RMB64.6 million respectively for the year ended 31 December 2019; while based on the audited financial information of Guangdong CCID prepared in accordance with PRC generally accepted accounting principles, Guangdong CCID recorded revenue and profit after taxation of approximately RMB20.7 million and RMB3.6 million respectively for the year ended 31 December 2019. Therefore, the Acquisition is expected to broaden the revenue stream of the Group, while the effect of earnings to the Group will depend on the actual financial performance of Guangdong CCID.

As disclosed in the Letter from the Board, the effect caused by the Capital Increase will not result in loss of the Company's control over CCID Design. Therefore, the Capital Increase will be accounted for as an equity transaction and will not result in recognition of any gain or loss in the Company's financial results.

7.2 Net asset value

According to the 2019 Annual Report, the Group had total assets, total liabilities and net assets of approximately RMB337.2 million, RMB102.2 million and RMB234.9 million respectively as at 31 December 2019. As disclosed in the Letter from the Board, taking into account the (i) carrying amount of non-controlling interest to be deemed disposed of in CCID amounted to approximately RMB47.3 million and (ii) carrying amount of 100% equity interest in Guangdong CCID amounted to approximately RMB2.9 million, the Capital Increase is expected to result in a debit to the merger reserve in the Group's consolidated statements of changes in equity upon the completion.

7.3 Liquidity and working capital

According to the 2019 Annual Report, the Group had cash and cash equivalents of approximately RMB214.8 million as at 31 December 2019. Given that the Capital Increase is an equity transaction in nature and will not result in any exchange of cash consideration between the Parties, the liquidity and cash position of the Group will not be materially adversely affected by the Capital Increase.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the view that (i) the terms of the Capital Increase Agreement and the transactions contemplated thereunder, are on normal commercial and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Deemed Disposal and the Acquisition, though is not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders as well as the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Capital Increase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Sammy Leung
Managing Director

Mr. Sammy Leung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 8 years of experience in the corporate finance industry.

The following is the text of a valuation report, prepared for the purpose of incorporation in this document received from China United Assets Appraisal Group Co., Ltd., an independent valuer, in connection with its valuation.

APPENDIX I-A: ASSET VALUATION REPORT FROM CHINA UNITED ASSETS APPRAISAL GROUP CO., LTD. ON THE VALUATION OF TOTAL SHAREHOLDERS' EQUITY OF BEIJING CCID INDUSTRY AND INFORMATION ENGINEERING DESIGN CENTER CO., LTD. INVOLVED IN THE PROPOSED CAPITAL INCREASE IN BEIJING CCID INDUSTRY AND INFORMATION ENGINEERING DESIGN CENTER CO., LTD.

Terms defined in this appendix applies to this appendix only.

This asset valuation report is prepared in accordance with the PRC Asset Valuation Standards

**ASSET VALUATION REPORT
ON THE VALUATION OF TOTAL SHAREHOLDERS' EQUITY OF
BEIJING CCID INDUSTRY AND INFORMATION ENGINEERING DESIGN CENTER
CO., LTD. INVOLVED IN THE PROPOSED CAPITAL
INCREASE IN BEIJING CCID INDUSTRY AND
INFORMATION ENGINEERING DESIGN CENTER CO., LTD.**

Zhong Lian Ping Bao Zi [2020] No. 1526

(Volume 3, Book 1)

China United Assets Appraisal Group Co., Ltd.

20 July 2020

STATEMENT

1. This asset valuation report was prepared in accordance with the Basic Rules for asset valuation issued by the Ministry of Finance and the Practice Guidelines for asset valuation as well as the Code of Ethics for asset valuation issued by the China Appraisal Society.
2. The principal or other users of the asset valuation report should use the asset valuation report in accordance with the provisions of laws and administrative regulations and within the scopes as specified in the asset valuation report. We, the asset valuation institution and the professional asset valuers take no responsibility for any non-compliance of the above-mentioned requirements for the use of the asset valuation report by the principal or other users of the asset valuation report.

This asset valuation report shall only be used by the principal, other users of the asset valuation report stipulated in the asset valuation engagement contract, and users of the asset valuation report as required by laws and administrative regulations. Save for the above, any other institutions or individuals may not use the asset valuation report.

We and the asset valuers advise that users of the asset valuation report should correctly interpret and use the valuation conclusions, which are not equivalent to the realizable values of the valuation target and should not be considered as a guarantee for the realizable value of the valuation target.

3. The valuation conclusions shall take effect upon the condition of authenticity, legality and completeness of the information provided by the principal and other relevant parties. The list of assets and liabilities included in the scope of valuation, as well as the predictive financial information, ownership certificates and other materials required for the valuation, have been reported and confirmed with seals or other ways by the principal and the appraised entity.
4. We and the asset valuers have no existing or expected interests either in the valuation target as referred to in the asset valuation report, or in the relevant parties, and have no prejudice against the relevant parties.
5. The asset valuers have carried out on-site inspection on the valuation target in the asset valuation report and its assets involved; paid necessary attention to the legal titles of the valuation target and its assets involved; verified the information related to the legal titles of the valuation target and its assets involved; made proper disclosure in respect of the identified issues; and requested the principal and other relevant parties to remove title defects in order to fulfil the requirements for the issuance of an asset valuation report.

6. The analyses, judgements, and results in the asset valuation report issued by us, the Asset valuation institution is subject to the assumptions and limiting conditions in the asset valuation report. The users of the asset valuation report shall take into full account the assumptions, limiting conditions and special notes specified in the asset valuation report and their impact on the valuation conclusion.
7. We and its asset valuers comply with the laws, administrative regulations and asset valuation standards, adhere to the principles of independence, objectivity and impartiality, and assume the responsibility for the issued asset valuation report.

**ASSET VALUATION REPORT
ON THE VALUATION OF TOTAL SHAREHOLDERS' EQUITY OF
BEIJING CCID INDUSTRY AND INFORMATION ENGINEERING DESIGN CENTER
CO., LTD. INVOLVED IN THE PROPOSED CAPITAL
INCREASE IN BEIJING CCID INDUSTRY AND
INFORMATION ENGINEERING DESIGN CENTER CO., LTD.**

Zhong Lian Ping Bao Zi [2020] No. 1526

SUMMARY

China United Assets Appraisal Group Co., Ltd. was engaged by Beijing CCID Industry and Information Engineering Design Center Co., Ltd. to appraise the market value of the total shareholders' equity of Beijing CCID Industry and Information Engineering Design Center Co., Ltd. involved in the economic activity of the Proposed Capital Increase in Beijing CCID Industry and Information Engineering Design Center Co., Ltd. as at the Reference Date.

The valuation target was the value of the total shareholders' equity of Beijing CCID Industry and Information Engineering Design Center Co., Ltd., and the scope of valuation was all assets and relevant liabilities of Beijing CCID Industry and Information Engineering Design Center Co., Ltd., including current assets, non-current assets and relevant liabilities.

The Reference Date was 31 May 2020.

The type of the value for this valuation was the market value.

This valuation was conducted on the premise of continued use and open market. Taking into account the actual conditions of the valuation target and comprehensively considering various influence factors, we conducted an overall valuation over Beijing CCID Industry and Information Engineering Design Center Co., Ltd. by adopting the asset-based approach and income approach before checking and comparison. With the application presumption and satisfaction of the valuation purpose of the valuation methods taken into account, the valuation conclusions derived from the income approach is selected as the final valuation conclusion.

Based on the judgement by the equity interest holders and the management of the enterprise on the future development trend and the business plans, and upon conducting the valuation procedures, such as examination and verification, site inspection, market survey and confirmation, and determination of valuation, the valuation conclusion for the total shareholders' equity in Beijing CCID Industry and Information Engineering Design Center Co., Ltd. as at the Reference Date, i.e.31 May 2020, was arrived at as follows:

The book value and appraised value of the total shareholders' equity were RMB23,906,000 and RMB89,500,000 (rounded) respectively, representing a valuation appreciation of RMB65,594,000 or an appreciation rate of 274.38%.

For the application of the valuation conclusions, the users of this report are specially reminded to pay attention to the special issues and subsequent events of material importance as specified in this report.

According to the laws and regulations related to asset valuation, asset valuation reports involving valuation of business for legal compliance shall only be used upon the principal has performed the supervisory and administrative procedures regarding asset valuation as required by law and regulations. The valuation conclusions are effective from 31 May 2020 to 30 May 2021 for a term of one year.

The above content is extracted from the full text of the asset valuation report. For the detailed information and reasonable understanding of the valuation conclusions of this valuation, please refer to the full text of the asset valuation report.

**ASSET VALUATION REPORT
ON THE VALUATION OF TOTAL SHAREHOLDERS' EQUITY OF
BEIJING CCID INDUSTRY AND INFORMATION ENGINEERING DESIGN CENTER
CO., LTD. INVOLVED IN THE PROPOSED CAPITAL
INCREASE IN BEIJING CCID INDUSTRY AND
INFORMATION ENGINEERING DESIGN CENTER CO., LTD.**

Zhong Lian Ping Bao Zi [2020] No. 1526

Beijing CCID Industry and Information Engineering Design Center Co., Ltd.,

China United Assets Appraisal Group Co., Ltd. was engaged by the Company to appraise the market value of the total shareholders' equity of Beijing CCID Industry and Information Engineering Design Center Co., Ltd. involved in the economic activity of the Proposed Capital Increase in Beijing CCID Industry and Information Engineering Design Center Co., Ltd. as at the Reference Date, i.e. 31 May 2020, by way of adopting the asset-based approach and the income approach and carrying out necessary valuation procedures in accordance with the relevant laws, administrative regulations and asset valuation standards while adhering to the principles of independence, objectivity and impartiality. Details of the asset valuation are reported as follows:

I. THE PRINCIPAL, APPRAISED ENTITY AND OTHER USERS OF THE ASSET VALUATION REPORT

The principal and the appraised entity of this asset valuation are Beijing CCID Industry and Information Engineering Design Center Co., Ltd.

(I) Overview of the principal and the appraised entity

Name:	Beijing CCID Industry and Information Engineering Design Center Co., Ltd. ("CCID Design")
Type:	Limited liability company
Address:	9th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing
Legal representative:	Yu Xuan
Registered capital:	RMB50 million
Date of establishment:	1 August 2001
Duration of operation:	1 August 2001 to 31 July 2051
Unified social credit code:	91110108802657653P

Scope of business: engineering survey and design; technology intermediary services; technology promotion; computer system services; data processing; basic software services; application software services; engineering management services; and planning management (in which case, enterprises shall independently select business operations and carry out business activities according to laws; those business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited or restricted by the city's industrial policies shall be undertaken).

1. History and shareholding structure

Beijing CCID Industry and Information Engineering Design Center Co., Ltd., formerly known as CCID Data source Co., Ltd., was established for operation on 1 August 2001. It was registered with Beijing Administration for Industry and Commerce with an initial registered capital of RMB50 million.

Set forth below are the names of the Company's shareholders, their respective capital contribution and percentage of capital contribution according to the Capital Verification Report of the Registration of Business Operation (Jing Yan Yan Zi (2001) No. 5170) issued by Beijing Yanping Certified Public Accountants Company Limited:

No.	Name of shareholder	Paid-up capital (RMB'000)	Percentage of capital contribution
1	Electronic Information Center of Ministry of Information Industry	40,000.00	80.00%
2	CCID Information Consulting Company Limited* (賽迪資訊顧問有限公司)	10,000.00	20.00%
	Total	<u>50,000.00</u>	<u>100.00%</u>

At the general meeting held in October 2001, the Electronic Information Center of Ministry of Information Industry transferred its 80% equity interest in CCID Design (formerly known as CCID Data) to CCID Information Industry (Group) Co., Ltd.* (賽迪信息產業(集團)有限公司) with a capital contribution of RMB40 million. As a result, details of shareholders were as follows:

No.	Name of shareholder	Paid-up capital (RMB'000)	Percentage of capital contribution
1	CCID Information Industry (Group) Co., Ltd.	40,000.00	80.00%
2	CCID Information Consulting Company Limited* (賽迪資訊顧問有限公司)	10,000.00	20.00%
	Total	<u>50,000.00</u>	<u>100.00%</u>

At the general meeting held in November 2001, CCID Information Industry (Group) Co., Ltd. transferred its 75% equity interest in CCID Design (formerly known as CCID Data) to CCID Information Consulting Company Limited with a capital contribution of RMB37.5 million. As a result, details of shareholders were as follows:

No.	Name of shareholder	Paid-up capital (RMB'000)	Percentage of capital contribution
1	CCID Information Industry (Group) Co., Ltd.	2,500.00	5.00%
2	CCID Information Consulting Company Limited	<u>47,500.00</u>	<u>95.00%</u>
	Total	<u>50,000.00</u>	<u>100.00%</u>

On 6 November 2007, CCID Data Source Co., Ltd* (北京賽迪數據有限公司) was renamed as Beijing CCID Shiji Information Engineering Consulting Co., Ltd.

On 19 August 2013, Beijing CCID Shiji Information Engineering Consulting Co., Ltd. was renamed as Beijing CCID Information Engineering Design Co., Ltd.

On 3 April 2014, Beijing CCID Information Engineering Design Co., Ltd. was renamed as Beijing CCID 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).

Set forth below are the names of the Company's shareholders, their respective capital contribution and percentage of capital contribution as at the Reference Date:

No.	Name of shareholder	Capital contribution (RMB'000)	Shareholding percentage
1	CCID Consulting Company Limited (formerly known as CCID Information Consulting Company Limited)	47,500.00	95.00%
2	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) (formerly known as CCID Information Industry (Group) Co., Ltd.)	2,500.00	5.00%
	Total	<u>50,000.00</u>	<u>100.00%</u>

2. *Assets, financial and operating conditions*

(1) *Financial Statements of the Company*

As at the Reference Date, i.e. 31 May 2020, the Company had total assets of RMB31,196,200, liabilities of RMB7,290,100 and net assets of RMB23,906,000. The operating income shown on the financial statements of the parent company was RMB870,700 and net profit was -RMB1,687,800 for January to May 2020.

The following table sets forth the assets and financial position of Beijing CCID Industry and Information Engineering Design Center Co., Ltd. for the past three years:

**Table 1 Assets, Liabilities and Financial Position Shown
on the Financial Statements of the Company**

Units: RMB'000

Item	As at	As at	As at	As at
	31 December 2017	31 December 2018	31 December 2019	31 May 2020
Total assets	32,351.80	33,083.50	31,674.30	31,196.20
Liabilities	14,827.10	8,763.80	6,080.60	7,290.10
Net assets	17,524.70	24,319.70	25,593.80	23,906.00
				January to
Item	2017	2018	2019	May 2020
Operating income	3,526.00	3,305.60	5,450.50	870.70
Total profit	-298.20	6,795.00	527.30	-1,518.90
Net profit	-298.20	6,795.00	293.90	-1,687.80
Auditors	China AnruiPu Certified Public Accountants Co., Ltd.* (中國安瑞普會計師 事務所有限公司)		SHINEWING Certified Public Accountants LLP	

3. Critical accounting policies adopted by the Company

The Accounting Standards for Business Enterprises — General Standards issued by the Ministry of Finance on 15 February 2006 (Decree No. 33 of the Ministry of Finance, amended in July 2014).

(II) Basic Information of the Investment Target

The long-term equity investment included in the scope of this valuation involves a subsidiary, details of which are as follows:

Table 2 List of Long-term Equity Investments

Units: RMB

No.	Name of the investment target	Investment date	Agreed investment period	Shareholding percentage (%)	Investment cost	Book value
1	Beijing CCID Industry and Information Engineering Supervision Center Co. Ltd.	2003-05	Indefinite	70	7,000,000.00	16,594,454.39
	Total					16,594,454.39
	Less: Provision for impairment losses on long-term equity investments					—
	Net amount					16,594,454.39

Company name: Beijing CCID Industry and Information Engineering Supervision Center Co. Ltd.

Type: Other company limited by shares

Address: 14th Floor, 66 Zizhuyuan Road, Haidian District, Beijing

Legal Representative: Yu Xuan (于萱)

Registered capital: RMB10 million

Date of establishment: 13 May 2003

Duration of operation: 13 May 2003 to 12 May 2033

Unified social credit code: 911101087501336469

Scope of business: project management of construction in progress; engineering consultancy; computer system services (in which case, enterprises shall independently select business operations and carry out business activities according to laws; the business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited or restricted by the city's industrial policies shall be undertaken).

1. History and shareholding structure

Beijing CCID Industry and Information Engineering Supervision Center Co. Ltd. (formerly known as Beijing CCID Industry and Information Engineering Supervision Co., Ltd.) was established on 13 May 2003 with a registered capital of RMB5 million. Its shareholding structure is as follows:

Name of shareholder	Paid-up capital (RMB'000)	Percentage of capital contribution
China Centre of Information Industry Development	2,000.00	40.00%
China Software Testing Center (the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry)	<u>3,000.00</u>	<u>60.00%</u>
Total	<u><u>5,000.00</u></u>	<u><u>100.00%</u></u>

It was resolved at the general meeting on 5 December 2004 that the registered capital of “RMB5 million” increased to “RMB10 million”, and that the investors changed from “China Center of Information Industry Development” and “China Software Testing Center (the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry)” to “China Center of Information Industry Development, China Software Testing Center (the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry), and CCID Information Industry (Group) Co., Ltd”. Set forth below are details of the shareholding structure:

Name of shareholder	Paid-up capital	Percentage of capital contribution
China Center of Information Industry Development	RMB2 million	20.00%
China Software Testing Center (the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry)	RMB3 million	30.00%
CCID Information Industry (Group) Co., Ltd	<u>RMB5 million</u>	<u>50.00%</u>
Total	<u><u>RMB10 million</u></u>	<u><u>100.00%</u></u>

It was resolved at the general meeting on 25 December 2007 that the investors were approved to transfer the equity interest held by China Center of Information Industry Development in the Company to CCID Information Industry (Group) Co., Ltd, representing RMB2 million and accounting for 20% of the registered capital of the Company, and that China Center of Information Industry Development were approved to transfer the equity interest held by it in the Company to Beijing CCID Riyue Investment Co., Ltd., representing RMB3 million and accounting for 30% of the registered capital of the Company. Set forth below are details of the shareholding structure:

Name of shareholder	Paid-up capital	Percentage of capital contribution
CCID Information Industry (Group) Co., Ltd	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd.	<u>RMB3 million</u>	<u>30.00%</u>
Total	<u>RMB10 million</u>	<u>100.00%</u>

It was resolved at the general meeting on 7 August 2008 that the investors were approved to change from “CCID Information Industry (Group) Co., Ltd and Beijing CCID Riyue Investment Co., Ltd.” to “CCID Consulting Company Limited and Beijing CCID Riyue Investment Co., Ltd.” CCID Information Industry (Group) Co., Ltd. transferred the paid-up capital of RMB7 million contributed by Beijing CCID Information Engineering Supervision Co. Limited to CCID Consulting Company Limited. Set forth below are details of the shareholding structure:

Name of shareholder	Paid-up capital	Percentage of capital contribution
CCID Consulting Company Limited	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd	<u>RMB3 million</u>	<u>30.00%</u>
Total	<u>RMB10 million</u>	<u>100.00%</u>

It was resolved at the general meeting on 26 October 2010 that CCID Consulting Company Limited, the Shareholder of the Company, was approved to transfer the 70% equity interest held in the Company to Beijing CCID Shiji Information Engineering Consulting Co., Ltd., a subsidiary controlled by CCID Consulting. Set forth below are details of the shareholding structure:

Name of shareholder	Paid-up capital	Percentage of capital contribution
Beijing CCID Shiji Information Engineering Consulting Co., Ltd.	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd	<u>RMB3 million</u>	<u>30.00%</u>
Total	<u>RMB10 million</u>	<u>100.00%</u>

It was resolved at the general meeting on 20 March 2014 that Beijing CCID Information Engineering Supervision Limited was approved to change its name to Beijing CCID Information Engineering Supervision Co., Ltd, and that the shareholder of Beijing CCID Shiji Information Engineering Consulting Co., Ltd. changed its name to Beijing CCID Information Engineering Design Ltd* (北京賽迪信息工程設計有限公司). Set forth below are details of the shareholding structure:

Name of shareholder	Paid-up capital	Percentage of capital contribution
Beijing CCID Information Engineering Design Ltd* (北京賽迪信息工程設計有限公司)	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd	<u>RMB3 million</u>	<u>30.00%</u>
Total	<u>RMB10 million</u>	<u>100.00%</u>

It was resolved at the general meeting on 26 February 2015 that Beijing CCID Information Engineering Supervision Co., Ltd was approved to change its name to Beijing CCID Industry and Information Engineering Supervision Center Co. Ltd., and that the shareholder Beijing CCID Information Engineering Design Ltd* (北京賽迪信息工程設計有限公司) changed its name to Beijing CCID Industry and Information Engineering Design Center Co., Ltd. Set forth below are the names of the Company's shareholders, paid-up capital and percentage of capital contribution of the Company as at the Reference Date:

Name of shareholder	Paid-up capital	Percentage of capital contribution
Beijing CCID Industry and Information Engineering Design Center Co., Ltd.	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd	<u>RMB3 million</u>	<u>30.00%</u>
Total	<u>RMB10 million</u>	<u>100.00%</u>

(III) Relationship between the principal and appraised entity

Beijing CCID Industry and Information Engineering Design Center Co., Ltd. is both the principal and the appraised entity under this asset valuation.

(IV) Users of this valuation report

Users of this valuation report refer to the principal and related parties involved in this economic activity.

Save for further provisions under the national laws and regulations, no such institution or individual that is not confirmed by the valuer or the principal will become a user of this valuation report by simply obtaining the same.

II. PURPOSE OF VALUATION

In accordance with the Reply as to the Transfer of Listing by CCID Consulting Company Limited and Capital Contribution in Beijing CCID Industry and Information Engineering Design Center Co., Ltd.(9 July 2020), 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) will contribute capital to Beijing CCID Industry and Information Engineering Design Center Co., Ltd. by holding the 100% equity interest in Guangdong CCID Industrial and Information Research Co., Ltd.

This asset valuation aims to present the market value of the total shareholders' equity of Beijing CCID Industry and Information Engineering Design Center Co., Ltd. as at the Reference Date, which serves as a reference for valuation of the abovementioned economic activities.

III. TARGET AND SCOPE OF VALUATION

The valuation target is the total shareholders' equity of Beijing CCID Industry and Information Engineering Design Center Co., Ltd. The scope of valuation is comprised of all assets and related liabilities of Beijing CCID Industry and Information Engineering Design Center Co., Ltd. As at the Reference Date, the audited total book value of assets amounted to RMB31.1962 million, the total liabilities amounted to RMB7.2901 million, and the net assets amounted to RMB23.9060 million. Among which, current assets amounted to RMB13.8395 million, non-current assets amounted to RMB17.3566 million, current liabilities amounted to RMB7.2901 million, and non-current liabilities amounted to RMB0.00 million.

The data regarding the abovementioned assets and liabilities was extracted from the balance sheet as at 31 May 2020 audited by SHINEWING Certified Public Accountants LLP, based on which business valuation was conducted.

The entrusted valuation target and scope of valuation are consistent with the valuation target and scope of valuation involved in economic activities.

(1) Information on major assets

As of the Reference Date, the total assets were RMB31,196,200. The major assets include current assets, fixed assets, available-for-sale financial assets and long-term equity investments. As of the Reference Date, the major assets of the appraised entity are not secured or pledged.

This includes, among others,

1. Available-for-sale financial assets

Available-for-sale financial assets mainly refer to two equity investments held by the appraised entity.

2. Long-term equity investments

Long-term equity investments mainly refer to the equity investments by the appraised entity in Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd.

Table 3 List of book value and financial position of long-term equity investments

Unit: RMB'000

No.	Name of Investment Target	Date of investment	Agreed term of investment	Shareholding percentage (%)	Investment cost	Book value
1	Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd.	2003-05	Indefinite	70	70,000,000.00	165,944,543.9

(2) Types and quantities of off-balance sheet assets declared by the enterprise

As of the Reference Date (namely 31 May 2020), the off-balance sheet assets declared by the enterprise are three software copyrights, details of which are as follows:

No.	Copyright Owner	Name	Registration No.	Approval Date of Registration
1	Beijing CCID Shiji Information Engineering Consulting Co., Ltd.	CCID e-government general information service platform software V1.0 (賽迪電子政務綜合資訊服務平台軟體) (hereinafter referred to as CCIDGIP)	2008SR08603	2008-05-06
2	Beijing CCID Shiji Information Engineering Consulting Co., Ltd.	CCID Distributed Enterprise Competitive Intelligence System (賽迪分散式企業競爭情報系統) (hereinafter referred to as CCIDCIS.NetV1.0)	2008SR08602	2008-05-06
3	Beijing CCID Shiji Information Engineering Consulting Co., Ltd.	CCID Webye Internet Download Tool Software (賽迪網眼互聯網下載工具軟體) (hereinafter referred to as CCID Webye V1.0)	2008SR08601	2008-05-06

(3) Type, quantity and book value of assets involved in making reference to the conclusions of reports issued by other institutions

The book value of various assets and liabilities on Reference Date in this valuation report is the audit result of the standard *Audit Report on Beijing CCID Industry 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”) in 2019 and from January to May in 2020 (XYZH/2020BJA100495) without unqualified opinions issued by SHINEWING Certified Public Accountants LLP on 17 July 2020. The valuation is carried out after the audit of the enterprise.

Save for the above, there is no reference to the reports from other organizations.

IV. VALUE TYPE AND ITS DEFINITION

Based on the purpose of this valuation, the value type of this valuation is defined as market value.

Market value refers to the estimated amount of the value of normal and fair transactions of the valuation target on the Reference Date when the voluntary buyer and the voluntary seller act rationally without any coercion.

V. REFERENCE DATE

The benchmark date for the asset valuation of this project is 31 May 2020.

This benchmark date is determined by the principal taking into consideration the amount of assets, workload, estimated time required, compliance and other factors of the appraised entity.

VI. BASIS OF VALUATION

The basis of valuation on which this asset valuation was conducted mainly includes the basis of economic activity, the basis of laws and regulations, the basis of valuation criteria, the basis of asset ownership, as well as the pricing basis and other reference information, as follows:

(1) Basis of economic activity

The Reply as to the Transfer of Listing by CCID Consulting Company Limited and Capital Contribution in Beijing CCID Industry and Information Engineering Design Center Co., Ltd. (9 July 2020).

(2) Basis of laws and regulations

1. The Asset Valuation Law of the People's Republic of China (passed at the 21st session of the 12th Standing Committee of the National People's Congress on 2 July 2016);
2. The Company Law of the People's Republic of China (amended at the 6th session of the 13th Standing Committee of the National People's Congress on 26 October 2018);
3. The Property Law of the People's Republic of China (passed at the 5th session of the 10th Standing Committee of the National People's Congress on 16 March 2007);
4. The Enterprise State-owned Assets Law of the People's Republic of China (passed at the 5th session of the 11th Standing Committee of the National People's Congress on 28 October 2008);
5. The Enterprise Income Tax Law of the People's Republic of China (amended at the 7th session of the 13th Standing Committee of the National People's Congress on 29 December 2018);
6. The Securities Law of the People's Republic of China; (amended for the second time at the 15th session of the 13th Standing Committee of the National People's Congress on 28 December 2019);
7. The Implementation Rules of Interim Regulations on Value-Added Tax of the People's Republic of China (Order No. 691 of the State Council) (passed at the 191st executive meeting of the State Council on 30 October 2017);
8. The Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs);
9. The Administrative Measures for Valuation of State-owned Assets (Order No. 91 of the State Council in 1991);
10. The Interim Regulations for the Supervision and Administration of Enterprise State-Owned Assets (Order No. 378 of the State Council);
11. The Interim Measures for the Administration of Valuation of Enterprise State-owned Assets (Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) on 25 August 2005);
12. The Circular on Strengthening the Administration of Valuation of Enterprise State-owned Assets (SASAC Property [2006] No. 274);

13. Guidelines for the Filing for Recordation of the Valuation Projects of Enterprise State-owned Assets (Guo Zi Fa Chan Quan [2013] No. 64);
14. The Supervisory and Administrative Measures of the Transactions of Enterprise State-owned Assets) (Order No. 32 of SASAC and the Ministry of Finance);
15. The Circular in Relation to the Opinions on Reforming the Administration and Management of Appraisal of State-owned Assets and Strengthening the Supervision and Management of Asset Valuation (Guo Ban Fa [2001] No. 102); and
16. Other laws, regulations, rules, and systems related to the valuation.

(3) Basis of valuation criteria

1. Asset Valuation Standards — Basic Standards (Cai Zi [2017] No. 43);
2. Code of Ethics for Assets Assessment (CAS [2017] No. 30);
3. Asset Valuation Practicing Standards — Asset Valuation Procedures (CAS [2018] No. 36);
4. Asset Valuation Practicing Standards — Asset Valuation Methods (CAS [2019] No. 35);
5. Guidance on Value Type for Asset Valuation (CAS [2017] No. 47);
6. Asset Valuation Practicing Standards — Asset Valuation Report (CAS [2018] No. 35);
7. Asset Valuation Practicing Standards — Enterprise Value (CAS [2018] No. 38);
8. Asset Valuation Practicing Standards — Machinery Equipment (CAS [2017] No. 39);
9. The Guidelines for the Enterprise State-owned Asset Valuation Reports (CAS [2017] No. 42);
10. Asset Valuation Practicing Standards — Contract on Asset Valuation Entrustment (CAS [2017] No. 33);
11. Asset Valuation Practicing Standards — Asset Valuation Files (CAS [2018] No. 37);
12. Guidelines for Business Quality Control of Asset Valuation Institutions (CAS [2017] No. 46);

13. Guidance on Legal Ownership of Asset Valuation Object (CAS [2017] No. 48);
14. Practicing Standards for Asset Valuation — Engagement of Experts and Relevant Reports (CAS [2017] No. 35); and
15. Other standards related to the valuation.

(4) Basis of asset ownership

1. Equity Investment Agreement;
2. Purchase contracts or evidences of material assets;
3. Other reference information.

(5) Pricing basis

1. Information provided by the principal and other relevant parties in respect to the future profit forecast according to the law;
2. The loan prime rate (LPR) announced by the National Interbank Funding Center under the authorization by the People’s Bank of China on 20 May 2020;
3. Data from Price Information Database of China United Assets Appraisal Group Co., Ltd.;
4. Contracts and information of significant businesses; and
5. Other reference information.

(6) Other reference information

1. The *Audit Report on Beijing CCID Industry 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”) in 2019 and from January to May in 2020 (XYZH/2020BJA100495) issued by SHINEWING Certified Public Accountants LLP;
2. Wind Info Financial Terminal;
3. Valuation Methods and Specifications Using Income Approach (CMVS12100–2008);
4. Valuation Methods and Specifications Using Cost Approach (CMVS12200–2008);

5. Accounting Standards for Business Enterprises — General Standards (Decree No. 33 of the Ministry of Finance, announced by the Ministry of Finance on 15 February 2006 and amended in July 2014); and
6. Other reference information.

VII. VALUATION METHODS

(1) Introduction to valuation methods

In accordance with the Asset Valuation Practicing Standards — Enterprise Value (CAS [2018] No. 38) and the Asset Valuation Practicing Standards — Asset Valuation Methods (CAS [2019] No. 35), when performing any appraisal of enterprise value, the suitability of the three basic asset valuation methods, namely, the income approach, the market approach and the asset-based approach shall be analyzed based on the purpose of valuation, the valuation target, the type of the value, suitability requirements of valuation methods, quality and quantity of reference data adopted under the valuation methods.

The income approach for the valuation of an enterprise refers to the valuation method whereby the value of the valuation target is determined by capitalising or discounting the projected income. The professional asset valuers shall appropriately take into consideration the suitability of the income approach in reference to the business nature, asset size, historical operations, future profit forecast, and adequacy of information collected for assessment.

The market approach for the valuation of an enterprise refers to the valuation method whereby the value of the valuation target is determined by comparing the valuation target with comparable listed companies or comparable transaction cases. The professional asset valuers shall take into consideration the suitability of the market approach in reference to the adequacy and reliability of business operations and financial data, and comparable enterprises to collated.

The asset-based approach for the valuation of an enterprise refers to the valuation method whereby the value of the valuation target is determined by reasonable valuation of identifiable on- and off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised entity on the Reference Date.

(2) Election of valuation methods

The valuation is carried out for the purpose of the Proposed Capital Increase of CCID Industry and Information Engineering Design Center Co., Ltd.*

As the assets-based method reflects an enterprise's value by putting business acquisition and construction into perspective, and serves as the basis for enterprise operation, management and assessment after the economic activity, the assets-based method is used for this valuation.

As the appraised entity qualifies for the basis and requirements of continuance, while future profit and risks are predictable and quantifiable, and therefore the income method can be used for this valuation.

Prior to or subsequent to the Reference Date, no case involving equity transfer or acquisition comparable to that of the appraised entity is identified in the market, nor is any comparable listed company identified. Therefore, the conditions for valuation using the market approach are not available. In this regard, comparison of transaction cases under the market approach is not adopted in this valuation.

In conclusion, valuation using the asset-based approach and income approach is adopted in this valuation.

(3) Asset-based approach

The assets-based method is to take the investment amount required for rebuilding an enterprise or an independent profitable entity which is identical to the valuation target at the Reference Date as the basis for judging its overall assets value, that is, the method of calculating an enterprise's value by adding up the appraisal value of assets which are the various elements that constitute the enterprise and deducting the appraisal value of liabilities.

Set forth below are the valuation methods for various assets and liabilities:

1. Current assets

(1) Monetary capital

As regards monetary capital denominated in RMB, valuation is determined based on the verified book value. For monetary capital denominated in foreign currencies, valuation is determined based on the verified amount of the original currency multiplied by the exchange rate as at the Reference Date.

(2) Accounts receivables

For the assessment of accounts receivables, the valuer, on the basis of understanding and verifying the existence and completeness of accounts receivables as well as historical information and those obtained from on-site due diligence, analysed the amount, time and reason of the arrears, the recovery status of the accounts receivables, the funds, credit standing, operating and management status of the debtors, and made judgment of the recoverability of the accounts receivables.

For the purposes of analysing the recoverability of accounts receivables, the valuation loss of accounts receivables with reference to the business accounting method of provisions for bad debts is estimated, namely:

- 1) Receivables that are individually significant and are provided for bad debts on an individual basis

Basis and criteria for determining whether a receivable is individually significant	An individual receivable over RMB1 million is recognised as a significant receivable.
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Method of provision for receivables that are individually significant and are provided for bad debts on an individual basis	The receivables are tested for impairment on an individual basis. If there is objective evidence of impairment, provision for bad debts is made on the basis of the shortfall of its present value of the future cash flows from its carrying amount; if no evidence of impairment is shown in the test, provision for bad debts will be made by aging group.
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- 2) Receivables for which provision for bad debts are collectively made on the basis of credit risk characteristics

Method of provision for bad debts on a collective basis

Aging portfolio	Provision for bad debts according to aging analysis
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Low-risk portfolio	Amounts that are basically recoverable or exposed to a minimal risk in recoverability, including reserve funds, deposits and receivables due from government authorities.
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- ① Percentage of provision for bad debts of receivables made by aging analysis method:

Aging	Percentage of provision for accounts receivables (%)	Percentage of provision for other receivables (%)
Within 1 year	0	0
Over 1 year	80	80

② Provision for bad debts of receivables made by other methods:

Low-risk portfolio	No impairment test will be conducted and no provision for bad debts will be made if there is no sign of impairment. If there is any sign of impairment, an impairment test will be conducted and provision for bad debts is made on the basis of the shortfall of its present value of the future cash flows from its carrying amount.
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③ Receivables that are not individually significant but are provided for bad debts on an individual basis

Reason for provision of bad debts on an individual basis	Receivables that are not individually significant and provision for bad debts made on a collective basis cannot reflect credit risk characteristics of the receivables
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Method of provision for bad debts	Provision for bad debts is made on the basis of the shortfall of its present value of the future cash flows from its carrying amount
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The appraised value of an account receivable was determined by deducting the amount at risk from the carrying amount of the account receivable as verified. Meanwhile, the provision for bad debts was appraised at zero according to the relevant requirements.

(3) Prepayments

For the assessment of prepayments, the valuer, after verification and based on historical information and those obtained from on-site due diligence work, analysed the amount, time and reason of the arrears, the recovery status of the prepayments, the funds, credit standing, operating and management status of the debtor, and determined whether the debtor had entered into bankruptcy, cancelled, or failed to make timely delivery of goods and services in accordance with the contract. In the absence of such anomalies, the verified book value was used as the appraised value.

2. *Financial Assets Available-for-sale*

1) *Financial assets available-for-sale — equity investments*

For equity investments, the valuer first investigated and verified the reason, the book value and the actual conditions of the equity investment, and inspected investment agreements, resolutions of shareholders' meetings, articles of association and relevant accounting records to determine the authenticity and completeness of the equity investment. Then, the valuer focused on investment terms with significant impact on the determination of value, and verified the operating characteristics and operating conditions of the appraised entity. Based on which, the value of the equity investment was appraised by using the appropriate valuation method.

Non-controlling interests were appraised using the net asset adjustment method under the asset-based approach.

3. *Long-term equity investments*

For long-term equity investment, the valuer first investigated and verified the reasons for formation, book value and actual status of long-term equity investments, and inspected the investment agreements, resolutions of shareholders' meetings, articles of association and relevant accounting records to determine the authenticity and completeness of the long-term equity investments.

For wholly-owned subsidiaries and subsidiaries in which a company holds 50% or above equity interest, the total assets of the investment target as at the Reference Date were appraised. The appraised value of the equity investment was determined by multiplying the appraised value of the net asset of the investment target as at the Reference Date by the shareholding percentage held in the investment target:

Appraised value of long-term equity investment = appraised value of net asset of the investment target after an overall valuation × shareholding percentage

In determining the appraised value of the long-term equity investments under this valuation, the valuer did not take into consideration the premium and discount caused by factors such as controlling right and minority interest, nor the impact on the valuation conclusion arising from liquidity of the equity interests.

4. *Fixed-assets — equipment assets*

For the purpose of this valuation, different valuation methods were adopted based on the principle of continued use and the market price in combination with the features of the equipment and the information collected.

$$\text{Appraised value} = \text{Full replacement cost} \times \text{Newness rate}$$

(1) *Determination of full replacement cost*

1) *Electronic equipment*

The price of electronic equipment as at the Reference date was determined based on the local market information and recent market price published on Zol.com.cn and POnline.com.cn. Generally, manufacturers will provide free delivery, installation and commissioning. The full replacement cost was then determined as follows:

$$\text{Full replacement cost} = \text{Purchase price (exclusive of tax)}$$

For any electronic equipment which was purchased long time ago, if the model is no longer available in the market but the equipment is still in service, its full replacement cost was determined by reference to prices in the second-hand market.

(2) *Determination of newness rate*

1) *Newness rate of electronic equipment*

Overall newness rate can be determined mainly through its economic service life; the overall newness rate of the large size electronic equipment can be determined with the reference of its work environment and operation of the equipment. The formula is as follows:

$$\text{Newness rate} = \text{remaining useful life}/(\text{actual serviced life} + \text{remaining useful life}) \times 100\%$$

Furthermore, electronic devices that were evaluated directly based on the prices in the second-hand market were exempted from newness rate.

(3) *Determination of appraised value*

$$\text{Appraised value} = \text{Full replacement cost} \times \text{Newness rate}$$

5. *Intangible assets — Others*

(1) *Valuation methods*

In accordance with the requirements of the Asset Valuation Standards, the valuation methods of intangible assets include the income approach, market approach and cost approach. For the identifiable intangible assets such as software copyrights which are not recorded in the book, since their income sharing is uncertain after verification, and no comparable within the same scope can be found in the market, the cost approach was adopted to conduct the valuation.

(2) *Valuation model of cost approach*

The valuation under the cost approach is a method of calculating the value of software copyright based on its replacement cost at the benchmark date according to the charges and costs necessary for the development of the software copyright.

The basic formula of the cost approach is as follows:

$$P = C_1 + C_2 + C_3$$

where: P appraised value

C₁ research and development cost

C₂ opportunity cost of research and development

C₃ Other costs such as application fees

6. *Deferred income tax assets*

The accounting content for deferred income tax assets come from an enterprise's allowance for bad debts and provision for impairment. In respect of the deferred income tax assets, the valuers understood the difference between the accounting policies of the enterprise and the tax deduction policies, examined whether the statement of income and expenditure, the general account, the amount in the statements and the amount in tax return are consistent; calculated the taxable income tax and verified the income tax payable; verified the calculation basis of income tax, obtained tax appraisal and checked the consistency between them. The book value is determined as the appraised value on the basis of proper verification.

7. *Liabilities*

We checked and verified the actual debtors and amounts of various liabilities after the valuation purpose is fulfilled, and determined the appraised value based on the actual items and amounts of liabilities to be borne by the title owner after the valuation purpose is fulfilled.

(4) INCOME APPROACH

1. Introduction

Pursuant to the Asset Valuation Practicing Standards — Enterprise Value, the income approach for valuation of enterprise value, also known as the discounted cash flow method is a method used to estimate the asset value by discounting the future expected net cash flow of the enterprise to the present value. The basic idea of the income approach is to derive the appraised value by estimating the future expected net cash flow of the assets and then discounting it to the present value with an appropriate discount rate. The basic conditions for applying the income approach are: the enterprise has the foundations and conditions to continue as a going concern; there is a stable corresponding relation between the operation and income; and the future income and risk can be forecasted and quantified. The biggest difficulties in using the discounted cash flow method are the projection of the future expected cash flow, and the objectiveness and reliability of the collection and processing of data. The valuation conclusion is considered to be objective if and when the forecast of future expected cash flow can be relatively objective and fair, and the discount rate adopted is relatively reasonable.

2. Valuation methods

According to the due diligence results and the asset composition and characteristics of principal operations of the appraised entity, in this valuation, the value of the equity capital of the appraised entity was estimated based on the financial statements of its parent company. The basic method of the valuation is as follows:

- (1) In respect of assets and principal businesses included in the scope of the financial statements, their expected income (net cash flow) are estimated based on the trend of historical operating conditions and the types of businesses, and are discounted to obtain the value of the operating assets;
- (2) Current assets (liabilities) such as monetary funds, dividends receivable (payable) and non-current assets (liabilities) such as obsolete or idle equipment as at the Reference Date that are included in the scope of the financial statements but not taken into account in the forecast of expected income (net cash flow), were defined as surplus or non-operational assets (liabilities) existed as at the Reference Date, and their values were forecasted separately;
- (3) In respect of long-term equity investments included in the scope of the financial statements but not taken into account in the estimation of expected income (net cash flow), their values were forecasted separately;
- (4) The enterprise value of the appraised entity was derived by adding up the values of the above assets and liabilities. The value of interest-bearing debts was then deducted from the enterprise value to arrive at the value of the equity capital (total shareholders' equity) in the appraised entity.

In determining the value of the total shareholders' equity, neither premium and discount caused by such factors as controlling interest and minority interest, nor impact of liquidity of the equity interests on the valuation conclusions was considered by the valuers.

3. Valuation model

(1) Basic model

The basic model for this valuation is set out as below:

$$E = B - D \quad (1)$$

Where:

E: Value of the total shareholders' equity interests (net assets) in the appraised entity;

B: Enterprise value of the appraised entity;

D: Value of interest-bearing debts of the appraised entity;

$$B = P + I + C \quad (2)$$

Where:

P: Value of the operating assets of the appraised entity;

I: Value of long-term investments of the appraised entity as at the Reference Date;

C: Value of surplus or non-operational assets (liabilities) of the appraised entity as at the Reference Date;

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: Expected income of the appraised entity in year i in the future (free cash flow);

r: Discount rate;

n: Future operating term of the appraised entity;

$$C = C_1 + C_2 \quad (4)$$

C₁: Value of current surplus or non-operating assets (liabilities) as at the Reference Date;

C₂: Value of non-current surplus or non-operating assets (liabilities) as at the Reference Date.

(2) *Income indicators*

In this valuation, the enterprise's free cash flow was used as an income indicator of the appraised entity's operating assets. Its basic definition was as follows:

$$R = \text{profit before interest and tax} \times (1-t) + \text{depreciation and amortization} - \text{additional capital} \quad (5)$$

The appraised entity's free cash flow in the future operation term was estimated according to its operation history, market development conditions in the future and etc., and then was discounted and added up to work out the value of the enterprise's operating assets.

(3) *Discount rate*

In this valuation, weighted average cost of capital asset (WACC) model was used to determine the discount rate r .

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: Debt ratio for the appraised entity;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: Equity ratio for the appraised entity;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: Interest rate of interest-bearing debts after income tax;

r_e: Cost of equity capital. In this valuation, the cost of equity capital r_e was determined as per capital asset pricing model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f : Risk-free return rate;

r_m : Expected market yield;

ε : Specific risk-adjusted factor for the appraised entity;

β_e : Expected market risk factor of equity capital for the appraised entity;

$$\beta_e = \beta_u \times (1 + (1 - t) \times \frac{D}{E}) \quad (10)$$

β_u : Expected unleveraged market risk factor for comparable companies;

$$\beta_u = \frac{\beta_t}{1 + (1 - t) \frac{D_i}{E_i}} \quad (11)$$

β_t : Expected average market risk factor for the stocks (assets) of comparable companies;

$$\beta_t = 34\%K + 66\%\beta_x \quad (12)$$

Where:

K : Average stock market risk factor in a certain period; generally, it is assumed that $K = 1$;

β_x : Historical average market risk factor for the stocks (assets) of comparable companies;

D_i, E_i : Interest-bearing debt and equity capital of comparable companies, respectively.

4. Income period

According to the articles of the appraised entity, the enterprise has a long operating term and the appraised entity was under normal operation as at the Reference Date. There are also no limitations on the useful life of the core assets that affect the enterprise's operation on a going concern basis and on the production and operation period of the enterprise and the duration of investor's ownership, or such limitations can be released and extension can be applied to achieve sustainable use. Therefore, this valuation assumes that the appraised entity operates on a going concern basis after the Reference Date and the corresponding income period is indefinite.

5. Calculation method, key data and estimates of the income approach

(I) Determination of future income

1. Estimation of operating income and operating costs

In terms of income:

2020 marks the finale of the implementation of the 13th Five-year Plan, during which outstanding government IT application projects under the 13th Five-year Plan will be implemented. Meanwhile, the “14th Five-year Plan” will be prepared during 2020–2021, which is expected to further increase the demand for IT applications arising from the top-level design. Governments and construction entities have increasingly demonstrated a strong intention of cooperation with professional IT design entities as they seek to make up for the lack of professional IT design capabilities. All of these herald the potential of a new round of market opportunities.

The outbreak of COVID-19 pandemic during the year had certain but limited impact on the business performance of the company in the first half of 2020, mainly including delay in the project schedule and impact on contract orders. Therefore, it is estimated that CCID Design would record a decrease in the revenue for the year of 2020. However, these impacts were limited given the business nature of the company and the profile of its clients, which are mainly governments with which the company has established a stable and long-term relationship. The business operation of the company will be less impacted in the long run.

Over the past two years, CCID Design has been actively exploring the direction of future business development and focusing on key areas such as digital transformation of enterprises, safe and reliable information engineering consulting and design, and top-level design for new smart cities and digital economy. Currently, the company’s business has entered into a phase of stable growth.

With reference to the current under-going contracts of the entity and its potential service orders on hand, it is estimated that some part of the revenues of the 2020 projects would be deferred to recognise in 2021. Having observed that the business is gradually back to normal from the Outbreak of COVID19, the estimated growth rate of the 2021 revenue is expected to be approximately 21%. In a long run, as the business of CCID Design has entered a relatively mature stage, the estimated growth rate of the revenue for the year from 2022 to 2024 is expected to be approximately 4%.

In terms of costs:

The major cost component of the entity is staff cost. As the company's business is developing stably and the historic gross profit margin was 51.36% for the year of 2019, the estimated future gross profit margin for the year from 2020 to 2025 and beyond is expected to remain stable at approximately 50% to 51%.

Estimated operating income and costs of the appraised entity

Unit: RMB'000

Technological services	Item	2019	2020	2021	2022	2023	2024	2025
								and beyond
	Income	5,450.50	4,200.00	5,100.00	5,304.00	5,516.20	5,736.80	5,736.80
	Costs	2,650.90	2,094.00	2,502.00	2,602.00	2,704.00	2,812.20	2,812.20

2. Estimation of tax and surcharges

Tax and surcharges of the appraised entity include city maintenance and construction tax, education surcharge and local education surcharge, which are levied based on the amount of value added tax paid at the rate of 7%, 3% and 2%, respectively.

The consultancy business of the appraised entity shall be subject to output VAT at the rate of 6%.

3. *Estimation of expenses for the period*

(1) Estimation of administrative expenses

Administrative expenses of the enterprise mainly include salaries, office expenses, rental expenses, service fees, etc.

Salaries were estimated based on the salary payment criteria of the enterprise. Rental expenses were estimated based on the rental payment criteria. Office and travelling expenses and other expenses were estimated based on the historical amounts, allowing for a slight increase. Entertainment expenses and service fees in the future periods were estimated based on their respective proportion to the operating income as they are related to the operating income.

Forecast Table of Administrative Expenses

Unit: RMB'000

Item/Year	Jun to Dec 2020	2021	2022	2023	2024	2025 and beyond
Total management expenses	1,252.30	1,659.20	1,706.40	1,755.20	1,805.50	1,805.50

4. *Estimation of depreciation and amortization*

Assets of the appraised entity required for provision for depreciation refer to fixed assets, mainly comprised of office equipment. Actual costs of fixed assets upon being acquired are calculated. For the purposes of the valuation, the depreciation amount on the benchmark date during the future operation is estimated based on the carrying amount, estimated usefully life, and weighted depreciation rate of fixed assets as at the benchmark date in accordance with the policy of depreciating fixed assets, which is implemented by the enterprise.

Assets of the appraised entity required for provision for amortization refer to intangible and long-term amortization expenses. For the purposes of the valuation, no intangible assets or long-term amortization expenses are amortized.

5. Results of cash flow forecast

Set forth in the table below are the forecast results of net cash flow of the appraised entity during the future operations. The future income forecast in this valuation represents a professional judgement, which is mainly derived from the market investigation and analysis over the industry where the enterprise operates with reference to operating conditions of comparable enterprises, market demands, future industrial development, and other comprehensive factors. Such forecast does not take into account uncertain non-operating income and expense, subsidy income, and profit or loss incurred from other non-recurring operations.

Forecast Table of Future Net Cash Flow

Unit: RMB'000

Item/Year	Jun to Dec 2020	2021	2022	2023	2024	2025 and beyond
Revenue	3,329.30	5,100.00	5,304.00	5,516.20	5,736.80	5,736.80
Costs	476.70	2,502.00	2,602.00	2,704.00	2,812.20	2,812.20
Business taxes and surcharges	24.00	36.70	38.20	39.70	41.30	41.30
Administrative expenses	1,252.30	1,659.20	1,706.40	1,755.20	1,805.50	1,805.50
Operating profit	1,576.30	902.10	957.40	1,017.30	1,077.80	1,077.80
Total profit	1,576.30	902.10	957.40	1,017.30	1,077.80	1,077.80
Less: income tax	394.10	225.60	239.40	254.30	269.50	269.50
Net profit	1,182.20	676.60	718.00	762.90	808.40	808.40
Depreciation of fixed assets	1.00	1.70	1.70	1.70	1.70	1.70
Asset upgrade	1.00	1.70	1.70	1.70	1.70	1.70
Increase in operating capital	388.40	580.60	131.60	136.90	142.30	—
Net cash flow	793.90	96.00	586.40	626.10	666.00	808.40

(II) Determination of the discount rate

1. Risk-free rate of return r_f

The risk-free rate of return r_f refers to an average level based on the rate of mid-term and long-term national bonds issued by the government over the last five years, and approximates to the risk-free rate of return r_f as derived from the average rate of national bonds for ten years or more, which is $r_f = 3.69\%$.

2. Expected market return rate r_m

The expected market return rate r_m approximates to the extrapolation of the average index return rate of SSE Composite Index from the period between 21 May 1992 when the stock prices were fully liberalized and after free pricing bidding transactions and up to the Reference Date, which is $r_m = 9.90\%$.

3. β_e Value

By using the market prices of the stocks of comparable listed companies from the SSE and SZSE for nearly 250 weeks as of the Reference Date for extrapolation and estimation, the expected market risk factor of the enterprise β_e for the equity capital of the valuation target is derived.

4. Cost of Equity r_e

Taking into account the possible specific individual risks derived by comparing the differences between the valuation target and comparable companies in terms of financing conditions, capital liquidity and corporate governance structure, this valuation sets the specific risk adjustment coefficient of the enterprise as $\varepsilon = 0.03$, and therefore the cost of equity of the valuation target is finally $r_e = 13.22\%$ using the formula (8).

5. Applicable income tax rate

The applicable income tax rate is determined with reference to the estimated comprehensive income tax rates of the appraised entity for the forecast years.

6. Interest-bearing debt interest rate after taxation r_d

In accordance with the structure of the principal of the interest-bearing debts of the valuation enterprise and its interest, the interest-bearing debt interest rate r_d , subject to income tax rate, is calculated.

7. Calculation of debt rate W_d and equity ratio W_e

The debt rate W_d and equity ratio W_e is derived using formulas (7) and (8).

8. *Discount rate r (WACC)*

The discount rate r (WACC) is derived using formula (6) based on the abovementioned values.

Forecast Table of Discount Rates

Equity rate	1.0000
Debt rate	0.0000
Weighted loan rate	0.0465
Bond yield	0.0369
Yield of comparable companies	0.0990
Applicable tax rate	0.2500
Historical β	1.2561
Adjusted β	1.1691
Unleveraged β	1.0519
Equity β	1.0519
Specific risk coefficient	0.0300
Cost of equity	0.1322
Debt cost (after taxation)	0.0349
WACC	0.1322

(III) Determination of valuation of operating assets

The value of the operating assets of the appraised entity is RMB5,481,100 using the estimated net cash flow in the formula (3).

(IV) Valuation of long-term equity investments

The valuation of long-term equity investments of the appraised entity as at the benchmark date:

$$I = \text{RMB}790,440,000$$

*(V) Determination of values of non-operating or surplus assets (liabilities)***Valuation breakdown table of non-operating or surplus assets (liabilities)**

Unit: RMB'000

Item	Carrying amount as at benchmark date	Value as at benchmark date
Accounts receivable	8,117.70	8,117.70
Subtotal current surplus/non-operating assets	8,117.70	8,117.70
Other payable	3,889.30	3,889.30
Subtotal current surplus/non-operating liabilities	-3,889.30	-3,889.30
C1: Net current surplus/non-operating assets (liabilities)	4,228.40	4,228.40
Financial assets available for sales	402.70	402.70
Deferred income tax assets	345.80	345.80
C2: Net non-current surplus/non-operating assets (liabilities)	748.60	748.60
C: Net surplus/non-operating assets and liabilities	4,976.90	4,976.90

(VI) Valuation results using income approach

By putting the value of operating assets (i.e. P=RMB5,481,100), the value of other surplus or non-operating assets as at the benchmark date (i.e. C=RMB4,976,900), and long-term equity investments (i.e. I=RMB790,440,000) into the formula (2), the enterprise value of the valuation target is B = RMB89,502,100.

Given the value of interest-bearing debts of an enterprise as at the benchmark date being D=0.00 thousand, the equity value of the valuation target is derived as follows.

$$E = B - D = \text{RMB}89,500,000 \text{ (rounded)}$$

VIII. IMPLEMENTATION PROCESS AND STATUS OF VALUATION PROCEDURES

The overall valuation work was performed in four stages:

(I) Preparation stage of the valuation**1. *Project negotiation and acceptance of project commission***

Asset valuation commission contract was signed after understanding the basic information of the appraised entity and the valuation target involved in the business to be undertaken, defining the valuation purpose, the valuation target, the scope of valuation and the Reference Date, and conducting comprehensive analysis and valuation of our professional competence, independence and business risks in accordance with specific conditions including the valuation purpose and transaction background.

2. *Determining the valuation scheme and preparing the work plan*

Following full communications between the principal and the intermediaries of the relevant parties, the basic matters of asset valuation, and the assets and operating conditions of the appraised entity are further confirmed, while the basic policies, laws and regulations governing the industry where the appraised entity operates, and market operations in the industry are collected, based on which, the proposed preliminary work plan and valuation scheme were formulated.

3. *Submitting the information list and the interview outline*

A list of information required for the due diligence as well as the list of assets, profit forecast and other sample forms based on the characteristics of the assets to be appraised were submitted for the appraised entity to prepare for the valuation.

4. *Providing instruction for the completion of forms and preparing materials for valuation*

Relevant staff of the appraised entity were provided with instructions to facilitate the appraised entity to prepare the required information and complete the relevant forms according to the requirements of the asset valuation.

(II) On-site engagement stage of the valuation

The major tasks of the on-site engagement stage were as follows:

1. *Preliminary understanding of the overall situation*

Relevant personnel of the principal and the appraised entity introduced the overall situation of the appraised entity and the historical and current conditions of the assets to be appraised, and explained the history and development, financial system, operation situation, fixed assets and technological conditions of the appraised entity.

2. Review and verification of materials

The declaration materials provided by the appraised entity were reviewed and examined, complete title documents of the assets to be appraised were collected and inspected, and were checked against the relevant financial data, and coordinated efforts were made in correcting any problems if identified..

3. Checking important items

Comprehensive inspection on major assets and operation and office premises of the appraised entity was conducted based on the declaration materials. Its declared financial assets and accounts were checked and verified against its bank statements, confirmation letters and various business contracts to confirm its existence and analyze its risks. An on-site survey of its declared physical assets was carried out, and random stock-taking was carried out on its electronic equipment. Meanwhile, as for general facilities, price data was collected through market research and online inquiry. In respect of its leased office premises, the lease contracts were reviewed.

4. Conducting due diligence interviews

Through due diligence and interviews with senior management, the status and market share of the enterprises' products in the industry as well as the cost of the enterprise were understood, and analysis on the future development trend of the enterprise was carried out. For the profit forecast data declared by the enterprise, discussions with the management of the enterprise was conducted to reach agreement on future development trends as much as possible, and then verification was achieved through enquiry of the main businesses and gross profit of enterprises in the same industry and field.

5. Determining valuation approaches and methods

Specific models and methods for asset valuation were determined according to the actual status and features of the assets to be appraised.

6. Conducting the appraisal and valuation

Valuation models were determined to calculate the valuation conclusions and relevant text descriptions were prepared based on the agreed understanding.

(III) Valuation consolidation stage

The preliminary conclusions of the valuation on various types of assets and liabilities were analysed and consolidated, and necessary adjustments, amendments and improvements were made to the valuation conclusions.

(IV) Report submission stage

On the basis of the above processes, an asset valuation report was drafted and preliminarily reviewed, and ideas were exchanged with the principal in respect of the valuation conclusions. After independent analysis of relevant opinions had been carried out, corrections and adjustments were made according to the internal audit system for asset valuation report and procedures of the valuation institution and the final asset valuation report was produced.

IX. VALUATION ASSUMPTIONS

In this valuation, the valuers followed the below valuation assumptions:

(I) General assumptions**1. Transaction assumption**

In the transaction assumption, all assets to be appraised are assumed to be already in the process of transaction, and the valuers assess the value based on the trading conditions of the assets to be appraised in a simulated market. The transaction assumption is one of the most basic prerequisites that asset valuation can be carried out.

2. Open market assumption

In the open market assumption, it is assumed that for assets to be traded or intended to be traded in the market, the parties to an asset transaction shall have equal status, and also have opportunity and time to gain sufficient market information, so as to make rational judgment on functions, purpose and trading prices of assets. The open market assumption is based on the fact that assets can be publicly traded on the market.

3. Assumption of continuous use of assets

The assumption of asset going concern means that the valuation methods, parameters and basis shall be determined correspondingly based on the fact that the assets to be appraised will continue to be used according to the current use and the model, scale, frequency and environment, etc. or used on a change basis when evaluating.

(II) Special assumptions

1. This valuation assumes that the external economic environment remains unchanged on the Reference Date, and that there is no significant change in the current macroeconomic of the country;
2. There is no significant change in the socio-economic environment where the enterprise is operated as well as the taxes, tax rates and other policies implemented;

3. The future management team of the enterprise will perform its duties satisfactorily and continue to maintain going concern of its existing business operation model;
4. The valuation is only based on the current operating capabilities as at the Reference Date without taking into account the expansion of operating capabilities caused by the management, operating strategies and additional investment and the subsequent changes in the production and operations that may occur;
5. Each assets under this valuation is based on the actual stock on the Reference Date, and the current market price of the relevant asset is based on the domestic effective price on the Reference Date;
6. This valuation assumes that basic information and financial information provided by the principal and the appraised entity are true, accurate and complete;
7. The scope of the valuation is only based on the assessment declaration form provided by the principal and the appraised entity, without considering the contingent assets and contingent liabilities that may exist beyond the list provided by the principal and the appraised entity;
8. The value of each parameter measured in this valuation does not take into account the effect of inflation.

When the above conditions change, the valuation conclusions may usually become invalid.

X. THE CONCLUSION OF VALUATION

Based on the judgment of the appraised entity and the management of the enterprise on the future development trend and the implementation of business plans, and in accordance with the relevant laws and regulations and asset valuation standards, the asset-based approach and income approach have been adopted after implementation of valuation procedures, including checking and verification, on-site inspection, market research and inquiry, assessment and estimation. The assessment of the market value of the total shareholders' equity of Beijing CCID 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) as at the Reference Date (i.e. 31 May 2020) was carried out.

(I) Valuation conclusion under the asset-based approach

By adopting the asset-based approach, the valuation conclusion made by the appraised entity as at Reference Date (i.e. 31 May 2020) are as follows:

The book value, appraised value and incremental value of the assets were RMB31,196,200, RMB94,905,300 and RMB63,709,100, respectively, representing an increase ratio of 204.22%.

The book value and the appraised value of liabilities were RMB7,290,100 and RMB7,290,100, respectively, with no increase or decrease in value.

The book value, appraised value and incremental value of net assets were RMB23,906,000, RMB87,615,200 and RMB63,709,200, respectively, representing an increase ratio of 266.50%. See the table below for details:

Table 4 Summary of valuation results
Reference Date: 31 May 2020

Unit: RMB Ten thousand

Items	Book Value	Appraised Value	Increase or Decrease in Value	Increase ratio (%)
1	1,383.95	1,383.95	—	—
2	1,735.66	8,106.58	6,370.92	367.06
3	40.27	40.27	—	—
4	1,659.45	7,904.40	6,244.95	376.33
5	1.36	0.56	-0.80	-58.63
6	0.00	126.76	126.76	
7	34.58	34.58	—	—
8	3,119.62	9,490.53	6,370.91	204.22
9	729.01	729.01	—	—
10	—	—	—	—
11	729.01	729.01	—	—
12	2,390.60	8,761.52	6,370.92	266.50

Details of the valuation conclusions under the asset-based approach are set out in the valuation statement.

(II) Valuation conclusion under the income approach

By adopting the income approach, the valuation conclusion made by the appraised entity as at Reference Date (i.e. 31 May 2020) are as follows:

The book value, appraised value and incremental value of the total shareholders' equity were RMB23,906,000, RMB89,500,000 (rounded up) and RMB65,594,000, respectively, representing an increase ratio of 274.38%.

(III) Analysis of the differences between the valuation conclusions

In this valuation, the net assets (being the total shareholders' equity) arrived at by using the income approach was RMB89,500,000, which was RMB1,884,800 or 2.15% higher than the appraised value of RMB87,615,200 calculated using the asset-based approach. The major reason for the higher increase ratio of the two valuation methods is that CCID Design holds the 70% equity interest in the CCID Supervision, and CCID Supervision has a greater appreciation. The major reasons for the difference in outcome under the two valuation methods are set out as follows:

1. The asset-based approach takes the replacement cost of assets as the valuation standard, and reflects the necessary social labor consumed by asset investments (acquisition and construction cost), but such acquisition and construction cost usually changes along with the changes of national economy;
2. The income approach takes the expected incomes of assets as the valuation standard, and reflects the size of the operating capacity (profitability) of assets, but such profitability is usually affected by various conditions, such as the macro economy, governmental control and effective usage of assets.

Therefore, the difference exists between the results of the two valuation methods.

(IV) Selection of valuation conclusions

The Company is a key core unit specializing in industry and information engineering consulting, planning, design and subject research, which provides industry and information engineering consulting, planning, design and subject research services. Leveraging the premium resources of China Center of Information Industry Development, Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (CSTC) and CCID Academy for Industry and Information Technology Limited, the Company has been committed to providing industrial, regional and information technology planning and design services for various governments, industries, enterprises, cities and industrial parks. 2020 marks the finale of the implementation of the 13th Five-year Plan, during which outstanding government IT application projects under the 13th Five-year Plan will be implemented. Meanwhile, the "14th Five-year Plan" will be prepared during 2020–2021, which is expected to further increase the demand for IT applications arising from the top-level design. Governments and construction entities have

increasingly demonstrated a strong intention of cooperation with professional IT design entities as they seek to make up for the lack of professional IT design capabilities. All of these herald the potential of a new round of market opportunities.

The income approach, combining the current development strengths of an enterprise and industry development trend, reflects the overall value of an enterprise from the perspective of future development. As such, the selection of valuation result derived from the income approach can completely reflect the overall value of an enterprise. Therefore, the valuation result derived from the income approach was used as the final valuation conclusion under this valuation.

Based on the above, the appraised value of the total shareholders' equity of Beijing CCID Industry and Information Engineering Design Center Co., Ltd. as at the Reference Date was RMB89,500,000.

XI. NOTES ON SPECIAL MATTERS

(i) Quotation of report conclusions issued by other institutions

The book value of assets and liabilities on the Reference Date in this valuation report is audited by SHINEWING Certified Public Accountants LLP. SHINEWING Certified Public Accountants LLP issued the a standard report for this project, which is named "Audit Report for 2019 and January to May 2020 of Beijing CCID 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2019年度、2020年度1-5月審計報告》) (XYZH/2020BJA100495) without qualified opinions.

Apart from this, all the valuation of this project is completed by China United Assets Appraisal Group Co., Ltd and there is no reference to any report issued by other institutions.

(ii) Incomplete or defective ownership information;

The copyright owner of the three off-list software copyrights declared by the enterprise is Beijing CCID Century Information Engineering Consulting Co., Ltd.* (北京賽迪世紀信息工程顧問有限公司), which was the former name of Beijing CCID Industry and Information Engineering Design Center Co., Ltd.. The copyright owner has not been changed and the appraised entity undertakes that there is no dispute over the ownership of the assets. The specific details are as follows:

No.	Copyright owner	Name	Register number	Registration approval date
1	Beijing CCID Century Information Engineering Consulting Co., Ltd.	CCID e-government general information service platform software V1.0 (賽迪電子政務綜合資訊服務平台軟體) (hereinafter referred to as CCIDGIP)	2008SR08603	2008-05-06
2	Beijing CCID Century Information Engineering Consulting Co., Ltd.	CCID Distributed Enterprise Competitive Intelligence System (賽迪分散式企業競爭情報系統) (hereinafter referred to as CCIDCIS.NetV1.0)	2008SR08602	2008-05-06
3	Beijing CCID Century Information Engineering Consulting Co., Ltd.	CCID Webye Internet Download Tool Software (賽迪網眼互聯網下載工具軟體) (hereinafter referred to as CCID Webye V1.0)	2008SR08601	2008-05-06

(iii) Restrictions on the valuation procedures or incomplete valuation information

For the relevant equipment used by the Confidential Office of Beijing CCID Industrial and Information Engineering Supervision Center Co., Ltd., the valuers only acquainted the usage information from the relevant responsible personnel without any on-site surveys.

Apart from this, the valuers did not find any other matters that affected asset verification.

(iv) Pending legal and economic matters as at the Reference Date

Nil.

(v) Nature and amount of guarantees, leases and contingent liabilities (contingent assets) and relationship with the valuation target

Nil.

(vi) Significant subsequent events

Subsequent events refer to significant events which occur after the Reference Date but before a valuation report is issued.

Beijing CCID Industrial and Information Engineering Supervision Center Co., Ltd. changed the business scope of its business license on 17 July 2020, from the original scope of “project management of construction in progress; engineering consulting; computer system services in which case, enterprises shall independently select business operations and carry out business activities according to laws; those business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited or restricted by the city’s industrial policies shall be undertaken”, changed to “project management of construction in progress; engineering consulting; computer system services; data processing (except for bank card centers in data processing and cloud computing data centers with a PUE value of 1.4 or more); technical consulting and technical services (in which case, market entities shall independently select business operations and carry out business activities according to laws; those business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited or restricted by the city’s industrial policies shall be undertaken)”. The users of this report are advised to pay attention.

(vii) Defects in the economic activities relating to this asset valuation which may have a material effect on the valuation conclusion.

Nil.

(viii) Other explanatory matters

1. It is the legal responsibility for the valuer and the valuation firm to make professional judgment on the value of the assets for the valuation purposes depicted in this report, and no judgment whatsoever would be made by the valuer and the valuation firm as to the economic activity corresponding to those valuation purposes. To a large extent, the valuation depends on the information provided by the principal and valuation target. Therefore, valuation is premised on the fact that Economic Activity Documents, asset title documents, license and accounting vouchers and the relevant legal documents provided by the principal and valuation target were authentic and legal.
2. The objectives of the valuers conducting the asset valuation are to estimate the value of the valuation target and to express professional advice thereof, and accept no responsibilities for the decision of the relevant party. The valuation conclusion shall not be construed as a guarantee of the realisable value of the valuation target.

3. The principal and the valuation target are held responsible for the authenticity and completeness of the data, statements and the relevant information which were provided by the valuation target and were used within the scope of this valuation.
4. The principal and the valuation target are held responsible for the authenticity and legality of the title documentary proof and relevant information which are provided by the valuation target and are referred to in the valuation report.
5. In the event that any changes in the quantity and the pricing standard of assets occurred within the term of validity after the Reference Date, the principles set out below shall be followed:
 - (1) In the event that quantity of assets changes, corresponding adjustments shall be made to the quantity of assets according to the original valuation method;
 - (2) In the event that the pricing standard of the assets changes and imposes obvious impacts on the asset valuation results, the principal shall timely employ qualified asset valuation agency to redetermine the appraised value.
 - (3) After the Reference Date, the principal shall give due consideration to changes in the quantity and the pricing standard of assets and make corresponding adjustment when determining prices.
6. The conclusion of this valuation is based on the assumption that the owner of property rights and the management of the valuation target make accurate judgments on the development trend in future and related plans will be duly implemented as well as continuous operation. If the future actual operation conditions of the company deviate from the operation plans, and the owners of property rights and the management of the valuation target fail to adopt remedies in time to correct such deviation, the conclusion of this valuation will change substantially. Therefore, users of the report are strongly advised to pay close attention in this regard.
7. The scope of valuation shall be subject to that in the asset valuation list provided by the principal and the appraised entity, without taking into consideration any existing or contingent assets or contingent liabilities other than those included in the aforesaid list.
8. The valuers have not taken into account any premiums or discount arising from control and minority interests in this valuation.

XII. EXPLANATION ON LIMITATION ON THE USE OF THE VALUATION REPORT

- (1) This valuation report may only be used according to the objectives and purposes as stated herein. Meanwhile, the valuation conclusion reflects the prevailing market fair value under the valuation purpose based on the open market principle, without considering the impact of mortgages and guarantees that the valuation target may be subject to in the future, nor the impact of additional price which may be paid by special trading parties. Meanwhile, the effects of changes in national macro-economic policies, the natural force and other force majeure on the price of assets are not taken into account. In general, if the aforesaid conditions and other situations such as going concern basis changes, valuation conclusion will become invalid. The valuation agency is not liable for invalidity of the valuation conclusion due to changes of such conditions.
- (2) This valuation report is only valid when the economic activity complies with the state laws and regulations and the valuation report is approved by relevant departments.
- (3) The valuation report may only be used by users expressly stated herein. The right to use this report is vested in the principal. The valuation agency will not make the report public without the approval of the principal.
- (4) The asset valuation firm and its valuers shall not bear responsibilities if the principal or other users of the asset valuation report fail(s) to use the asset valuation report in accordance with the provisions of laws and administrative regulations or within scope of use specified in the asset valuation report;
- (5) Except for the principal, other users of this asset valuation report designed in the asset valuation entrustment contract and asset valuation users of this report stipulated by laws and administrative regulations, any other firms or individuals cannot be asset valuation users of this report.
- (6) Save as required by laws and regulations or otherwise agreed upon by relevant parties concerned, the extraction, reference or disclosure of the whole or any part of contents of this valuation report in any public media shall be subject to approval and review of such contents by the valuation agency.
- (7) Validity period of the valuation conclusion: According to relevant laws and regulations on asset valuation, the asset valuation report involving statutory valuation business must be used by the principal after performing the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation results shall be valid for a term of one year from 31 May 2020 (the Reference Date) to 30 May 2021. Revaluation is required after the one-year term expires.

XIII. DATE OF VALUATION REPORT

This valuation report is dated 20 July 2020.

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China United Assets Appraisal Group Co., Ltd.

Asset Valuer: Wu Xiaoguang (吳曉光)

Asset Valuer: Zhang Fan (張帆)

20 July 2020

The following is the text of a valuation report, prepared for the purpose of incorporation in this document received from China United Assets Appraisal Group Co., Ltd., an independent valuer, in connection with its valuation

APPENDIX I-B: ASSET VALUATION REPORT FROM CHINA UNITED ASSETS APPRAISAL GROUP CO., LTD. ON THE VALUATION OF TOTAL SHAREHOLDERS' EQUITY OF GUANGDONG CCID INDUSTRIAL AND INFORMATION RESEARCH CENTER CO., LTD. INVOLVED IN THE PROPOSED CAPITAL INCREASE IN BEIJING CCID INDUSTRY AND INFORMATION ENGINEERING DESIGN CENTER CO., LTD.

Terms defined in this appendix applies to this appendix only.

This asset valuation report is prepared in accordance with the PRC Asset Valuation Standards

**ASSET VALUATION REPORT
ON THE VALUATION OF TOTAL SHAREHOLDERS' EQUITY OF
GUANGDONG CCID INDUSTRIAL AND INFORMATION RESEARCH
CENTER CO., LTD. INVOLVED IN THE PROPOSED CAPITAL
INCREASE IN BEIJING CCID INDUSTRY AND
INFORMATION ENGINEERING DESIGN CENTER CO., LTD.**

Zhong Lian Ping Bao Zi [2020] No. 1527

(Volume 3, Book 1)

China United Assets Appraisal Group Co., Ltd.

20 July 2020

STATEMENT

1. This asset valuation report was prepared in accordance with the Basic Rules for asset valuation issued by the Ministry of Finance and the Practice Guidelines for asset valuation as well as the Code of Ethics for asset valuation issued by the China Appraisal Society.
2. The principal or other users of the asset valuation report should use the asset valuation report in accordance with the provisions of laws and administrative regulations and within the scopes as specified in the asset valuation report. We, the asset valuation institution and the professional asset valuers take no responsibility for any non-compliance of the above-mentioned requirements for the use of the asset valuation report by the principal or other users of the asset valuation report.

This asset valuation report shall only be used by the principal, other users of the asset valuation report stipulated in the asset valuation engagement contract, and users of the asset valuation report as required by laws and administrative regulations. Save for the above, any other institutions or individuals may not use the asset valuation report.

We and the asset valuers advise that users of the asset valuation report should correctly interpret and use the valuation conclusions, which are not equivalent to the realizable values of the valuation target and should not be considered as a guarantee for the realizable value of the valuation target.

3. The valuation conclusions shall take effect upon the condition of authenticity, legality and completeness of the information provided by the principal and other relevant parties. The list of assets and liabilities included in the scope of valuation, as well as the predictive financial information, ownership certificates and other materials required for the valuation, have been reported and confirmed with seals or other ways by the principal and the appraised entity.
4. We and the asset valuers have no existing or expected interests either in the valuation target as referred to in the asset valuation report, or in the relevant parties, and have no prejudice against the relevant parties.
5. The asset valuers have carried out on-site inspection on the valuation target in the asset valuation report and its assets involved; paid necessary attention to the legal titles of the valuation target and its assets involved; verified the information related to the legal titles of the valuation target and its assets involved; made proper disclosure in respect of the identified issues; and requested the principal and other relevant parties to remove title defects in order to fulfil the requirements for the issuance of an asset valuation report.

6. The analyses, judgements, and results in the asset valuation report issued by us, the Asset valuation institution is subject to the assumptions and limiting conditions in the asset valuation report. The users of the asset valuation report shall take into full account the assumptions, limiting conditions and special notes specified in the asset valuation report and their impact on the valuation conclusion.
7. We and its asset valuers comply with the laws, administrative regulations and asset valuation standards, adhere to the principles of independence, objectivity and impartiality, and assume the responsibility for the issued asset valuation report.

**ASSET VALUATION REPORT
ON THE VALUATION OF TOTAL SHAREHOLDERS' EQUITY OF
GUANGDONG CCID INDUSTRIAL AND INFORMATION RESEARCH
CENTER CO., LTD. INVOLVED IN THE PROPOSED CAPITAL
INCREASE IN BEIJING CCID INDUSTRY AND
INFORMATION ENGINEERING DESIGN CENTER CO., LTD.**

Zhong Lian Ping Bao Zi [2020] No. 1527

SUMMARY

China United Assets Appraisal Group Co., Ltd. was engaged by Beijing CCID Industry and Information Engineering Design Center Co., Ltd. to appraise the market value of the total shareholders' equity of Guangdong CCID Industrial and Information Research Center Co., Ltd. involved in the economic activity of the Proposed Capital Increase in Beijing CCID Industry and Information Engineering Design Center Co., Ltd. as at the Reference Date.

The valuation target was the value of the total shareholders' equity of Guangdong CCID Industrial and Information Research Center Co., Ltd., and the scope of valuation was all assets and relevant liabilities of Guangdong CCID Industrial and Information Research Center Co., Ltd., including current assets, non-current assets and relevant liabilities.

The Reference Date was 31 May 2020.

The type of the value for this valuation was the market value.

This valuation was conducted on the premise of continued use and open market. Taking into account the actual conditions of the valuation target and comprehensively considering various influence factors, we conducted an overall valuation over Guangdong CCID Industrial and Information Research Center Co., Ltd. by adopting the asset-based approach and income approach before checking and comparison. With the application presumption and satisfaction of the valuation purpose of the valuation methods taken into account, the valuation conclusions derived from the income approach is selected as the final valuation conclusion.

Based on the judgement by the equity interest holders and the management of the enterprise on the future development trend and the business plans, and upon conducting the valuation procedures, such as examination and verification, site inspection, market survey and confirmation, and determination of valuation, the valuation conclusion for the total shareholders' equity in Guangdong CCID Industrial and Information Research Center Co., Ltd. as at the Reference Date, i.e. 31 May 2020, was arrived at as follows:

The book value and appraised value of the total shareholders' equity were RMB2,835,500 and RMB53,710,000 (rounded) respectively, representing a valuation appreciation of RMB50,874,500 or an appreciation rate of 1,794.20%.

For the application of the valuation conclusions, the users of this report are specially reminded to pay attention to the special issues and subsequent events of material importance as specified in this report.

According to the laws and regulations related to asset valuation, asset valuation reports involving valuation of business for legal compliance shall only be used upon the principal has performed the supervisory and administrative procedures regarding asset valuation as required by law and regulations. The valuation conclusions are effective from 31 May 2020 to 30 May 2021 for a term of one year.

The above content is extracted from the full text of the asset valuation report. For the detailed information and reasonable understanding of the valuation conclusions of this valuation, please refer to the full text of the asset valuation report.

**ASSET VALUATION REPORT
ON THE VALUATION OF TOTAL SHAREHOLDERS' EQUITY OF
GUANGDONG CCID INDUSTRIAL AND INFORMATION RESEARCH
CENTER CO., LTD. INVOLVED IN THE PROPOSED CAPITAL
INCREASE IN BEIJING CCID INDUSTRY AND
INFORMATION ENGINEERING DESIGN CENTER CO., LTD.**

Zhong Lian Ping Bao Zi [2020] No. 1527

Beijing CCID Industry and Information Engineering Design Center Co., Ltd.,

China United Assets Appraisal Group Co., Ltd. was engaged by the Company to appraise the market value of the total shareholders' equity of Guangdong CCID Industrial and Information Research Center Co., Ltd. involved in the economic activity of the Proposed Capital Increase in Beijing CCID Industry and Information Engineering Design Center Co., Ltd. as at the Reference Date, i.e. 31 May 2020, by way of adopting the asset-based approach and the income approach and carrying out necessary valuation procedures in accordance with the relevant laws, administrative regulations and asset valuation standards while adhering to the principles of independence, objectivity and impartiality. Details of the asset valuation are reported as follows:

I. THE PRINCIPAL, APPRAISED ENTITY AND OTHER USERS OF THE ASSET VALUATION REPORT

The principal and the appraised entity of this asset valuation are Beijing CCID Industry and Information Engineering Design Center Co., Ltd. and Guangdong CCID Industrial and Information Research Center Co., Ltd.

(I) Overview of the principal

Name:	Beijing CCID Industry and Information Engineering Design Center Co., Ltd. ("CCID Design")
Type:	Limited liability company
Address:	9th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing
Legal representative:	Yu Xuan
Registered capital:	RMB50 million
Date of establishment:	1 August 2001
Duration of operation:	1 August 2001 to 31 July 2051
Unified social credit code:	91110108802657653P

Scope of business: engineering survey and design; technology intermediary services; technology promotion; computer system services; data processing; basic software services; application software services; engineering management services; and planning management (in which case, enterprises shall independently select business operations and carry out business activities according to laws; those business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited or restricted by the city's industrial policies shall be undertaken).

(II) Overview of the appraised entity

1. Basic company information

Name:	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) (“Guangdong CCID”)
Type:	Limited liability company (corporate owned)
Address:	Room 202 (Self-made door number 206), No. 46, 48 LieDe Avenue, Tianhe District, Guangzhou
Legal Representative:	Liu Yi (劉毅)
Registered capital:	RMB5.0 million
Date of establishment:	November 2014
Duration of operation:	25 November 2014 to long term
Unified social credit code:	914401133210681965
Scope of business:	Research and experimental development

2. History and shareholding structure

Guangdong CCID Industrial and Information Research Center Co., Ltd. was a company jointly established by CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院有限公司) and Guangzhou Panyu Information Technology Investment and Development Co., Ltd.* (廣州市番禺信息技術投資發展有限公司) with limited liability. It was registered with Panyu Branch of Guangzhou Administration for Industry and Commerce on 25 November 2014.

Set forth below are the names of the Company's shareholders, their respective capital contribution and percentage of capital contribution according to the Capital Verification Report (Guang Hui Yan Zi [2015] No. 0029) issued by Guangdong Guanghui Certified Public Accountants Limited* (廣東廣匯會計師事務所有限公司):

Table 1 Name, respective capital contribution and percentage of capital contribution of shareholders

Name of shareholder	Contributed registered capital (RMB'000)	Paid-up capital (RMB'000)	Percentage of shareholding %
CCID Academy for Industry and Information Technology Limited	4,000.00	2,000.00	80.00%
Guangzhou Panyu Information Technology Investment and Development Co., Ltd.	<u>1,000.00</u>	<u>500.00</u>	<u>20.00%</u>
Total	<u><u>5,000.00</u></u>	<u><u>2,500.00</u></u>	<u><u>100.00%</u></u>

It was resolved at the general meeting on 25 December 2019 that Guangzhou Panyu Information Technology Investment and Development Co., Ltd. was approved to transfer its 20% of the Company's registered capital with the capital contribution of RMB1.0 million (of which RMB500,000 was paid-up) to CCID Academy for Industry and Information Technology Limited. The registration (filing) of change was completed on 27 December 2019.

Set forth below are the names of the Company's shareholders, their respective capital contribution and percentage of capital contribution as at the Reference Date:

Table 2 Name, respective capital contribution and percentage of capital contribution of shareholders

Name of shareholder	Capital contribution (RMB'000)	Paid-up capital (RMB'000)	Shareholding percentage %
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)	<u>5,000.00</u>	<u>2,500.00</u>	<u>100%</u>
Total	<u><u>5,000.00</u></u>	<u><u>2,500.00</u></u>	<u><u>100%</u></u>

3. *Assets, financial and operating conditions*

As at the Reference Date, i.e. 31 May 2020, the Company had total assets of RMB10,879,100, liabilities of RMB8,043,600 and net assets of RMB2,835,500. The operating income shown on the financial statements of the parent company was RMB6,474,700 and net profit was RMB363,400 for January to May 2020.

The following table sets forth the assets and financial position of Guangdong CCID for recent years:

Table 3 Assets, Liabilities and Financial Position

Item	Units: RMB'000			
	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 31 May 2020
Total assets	3,910.60	10,125.20	20,746.30	10,879.10
Liabilities	972.70	11,264.90	18,274.30	8,043.60
Net assets	2,937.90	-1,139.70	2,472.10	2,835.50
Item	2017	2018	2019	January to May 2020
Operating income	4,283.10	6,259.90	20,709.50	6,474.70
Total profit	650.10	-5,403.00	4,834.10	533.50
Net profit	697.80	-4,077.60	3,611.80	363.40
Auditors	SHINEWING Certified Public Accountants LLP			

4. *Information about core businesses*

Guangdong CCID Industrial and Information Research Center Co., Ltd. is engaged in the provision of government industry decision consultancy, industrial space aggregation and industrial technology financial services for various levels of government and state-level free trade zones and industrial parks.

The segment of industry decision consultancy service has provided more than 100 regional development plans, industrial development plans and industrial policy special plans for the local competent government authorities in Guangdong Province and 21 cities, and more than 50 park development planning and park industrial planning projects for the Qianhai Free Trade Zone, the Nansha Free Trade Zone, the Guangdong-Guangxi Cooperation Zone, Shenzhen High-tech Zone, Zhuhai Gaolan Port Economic Zone, Dongguan Binhaiwan New District, Dongguan Songshan Lake High-tech Zone, Zhongkai High-tech Zone, Shenzhen Low Carbon City, Shenzhen Liuxiangdong Zone, Shenzhen Low Carbon City, etc..

The industrial space aggregation service business is an innovative business of Guangdong CCID with a focus on five major areas, namely, smart industry, life & health, materials technology, proprietary controllable technology and international synergy & innovation. Leveraging on CCID's strong industrial planning capability and abundant industrial resources, the business provides turkey implementation plans in the form of industrial complex solutions, covering the overall planning, industrial planning, functional planning, spatial layout, industrial system establishment and industrial resource allocation, thus making it an important approach for the government to promote the industry transformation and upgrading, the cultivation of emerging industries and the business transformation of industrial property developers, and contributing to the building of CCID into a brand with unique influence in the field of industrial park construction.

Supported by five major innovation carriers including CCID MIIT Equipment Center, China Software Testing Center, National Software and Integrated Circuit Promotion Center, National Computer and Microelectronics Development Research Center, and International Robot Quality Inspection Center, nine major public service platforms including national cloud computing, IoT, intelligent terminals, intelligent telecoms, robotics, PV, ultra-high definition display, artificial intelligence, intelligent manufacturing, five state-level industry associations and 13 national-level industrial alliances, the industrial technology financial services business provides professional services such as establishment of technology carriers, support for technology industry, incubation of technology industry, cultivation of industrial IP resources and brand building of industries for local governments.

5. Critical accounting policies adopted by the Company

The Accounting Standards for Business Enterprises — General Standards issued by the Ministry of Finance on 15 February 2006 (Decree No. 33 of the Ministry of Finance, amended in July 2014).

(III) Relationship between the principal and appraised entity

In this asset valuation, Beijing CCID Industry and Information Engineering Design Center Co., Ltd. is the principal and Guangdong CCID Industrial and Information Research Center Co., Ltd. is the appraised entity. The principal and the appraised entity are under the actual control of China Centre of Information Industry Development.

(IV) Users of this valuation report

Users of this valuation report refer to the principal and related parties involved in this economic activity.

Save for further provisions under the national laws and regulations, no such institution or individual that is not confirmed by the valuer or the principal will become a user of this valuation report by simply obtaining the same.

II. PURPOSE OF VALUATION

In accordance with the Reply as to the Transfer of Listing by CCID Consulting Company Limited and Capital Contribution in Beijing CCID Industry and Information Engineering Design Center Co., Ltd.(9 July 2020), 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) will contribute capital to Beijing CCID Industry and Information Engineering Design Center Co., Ltd.by holding the 100% equity interest in Guangdong CCID Industrial and Information Research Co., Ltd.

This asset valuation aims to present the market value of the total shareholders' equity of Guangdong CCID Industrial and Information Research Center Co., Ltd. as at the Reference Date, which serves as a reference for valuation of the abovementioned economic activities.

III. TARGET AND SCOPE OF VALUATION

The valuation target is the total shareholders' equity of Guangdong CCID Industrial and Information Research Center Co., Ltd. The scope of valuation is comprised of all assets and related liabilities of Guangdong CCID Industrial and Information Research Center Co., Ltd. As at the Reference Date, the audited total book value of assets amounted to RMB10,879,100, the total liabilities amounted to RMB8,043,600, and the net assets amounted to RMB2,835,500. Among which, current assets amounted to RMB10,841,200, non-current assets amounted to RMB37,900, current liabilities amounted to RMB8,043,600, and non-current liabilities amounted to RMB0.00 million.

The data regarding the abovementioned assets and liabilities was extracted from the balance sheet of Guangdong CCID as at 31 May 2020 audited by SHINEWING Certified Public Accountants LLP, based on which business valuation was conducted.

The entrusted valuation target and scope of valuation are consistent with the valuation target and scope of valuation involved in economic activities.

(1) Information on major assets

The assets included in this valuation are mainly current assets and fixed assets.

1. The current assets are monetary funds, receivables, prepayments and other current assets with good liquidity.
2. The carrying amount of physical assets included in the valuation was RMB37,900, representing 0.35% of total assets within the scope of the valuation. These assets are mainly electronic devices with the following characteristics:

Those physical assets were mainly distributed in the office area of Guangdong CCID Industrial and Information Research Center Co., Ltd., including office equipment such as computers, printers, Epson projectors and Xiaomi water purifiers, all of which were under normal operation as of the Reference Date.

(2) Types and quantities of off-balance sheet assets declared by the enterprise

As of the Reference Date (namely 31 May 2020), there is no off-balance sheet assets in the scope of valuation declared by the enterprise.

(3) Type, quantity and book value of assets involved in making reference to the conclusions of reports issued by other institutions

The book value of various assets and liabilities on Reference Date in this valuation report is the audit result of the standard *Audit Report on 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) from 2017 to 31 May 2020 (XYZH/2020BJA100496) without unqualified opinions issued by SHINEWING Certified Public Accountants LLP on 17 July 2020. The valuation is carried out after the audit of the enterprise.

Save for the above, there is no reference to the reports from other organizations.

IV. VALUE TYPE AND ITS DEFINITION

Based on the purpose of this valuation, the value type of this valuation is defined as market value.

Market value refers to the estimated amount of the value of normal and fair transactions of the valuation target on the Reference Date when the voluntary buyer and the voluntary seller act rationally without any coercion.

V. REFERENCE DATE

The benchmark date for the asset valuation of this project is 31 May 2020.

This benchmark date is determined by the principal taking into consideration the amount of assets, workload, estimated time required, compliance and other factors of the appraised entity.

VI. BASIS OF VALUATION

The basis of valuation on which this asset valuation was conducted mainly includes the basis of economic activity, the basis of laws and regulations, the basis of valuation criteria, the basis of asset ownership, as well as the pricing basis and other reference information, as follows:

(1) Basis of economic activity

The Reply as to the Transfer of Listing by CCID Consulting Company Limited and Capital Contribution in Beijing CCID Industry and Information Engineering Design Center Co., Ltd. (9 July 2020).

(2) Basis of laws and regulations

1. The Asset Valuation Law of the People's Republic of China (passed at the 21st session of the 12th Standing Committee of the National People's Congress on 2 July 2016);
2. The Company Law of the People's Republic of China (amended at the 6th session of the 13th Standing Committee of the National People's Congress on 26 October 2018);
3. The Property Law of the People's Republic of China (passed at the 5th session of the 10th Standing Committee of the National People's Congress on 16 March 2007);
4. The Enterprise State-owned Assets Law of the People's Republic of China (passed at the 5th session of the 11th Standing Committee of the National People's Congress on 28 October 2008);
5. The Enterprise Income Tax Law of the People's Republic of China (amended at the 7th session of the 13th Standing Committee of the National People's Congress on 29 December 2018);
6. The Securities Law of the People's Republic of China; (amended for the second time at the 15th session of the 13th Standing Committee of the National People's Congress on 28 December 2019);
7. The Implementation Rules of Interim Regulations on Value-Added Tax of the People's Republic of China (Order No. 691 of the State Council) (passed at the 191st executive meeting of the State Council on 30 October 2017);
8. The Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs);
9. The Administrative Measures for Valuation of State-owned Assets (Order No. 91 of the State Council in 1991);
10. The Interim Regulations for the Supervision and Administration of Enterprise State-Owned Assets (Order No. 378 of the State Council);
11. The Interim Measures for the Administration of Valuation of Enterprise State-owned Assets (Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) on 25 August 2005);
12. The Circular on Strengthening the Administration of Valuation of Enterprise State-owned Assets (SASAC Property [2006] No. 274);
13. Guidelines for the Filing for Recordation of the Valuation Projects of Enterprise State-owned Assets (Guo Zi Fa Chan Quan [2013] No. 64);

14. The Supervisory and Administrative Measures of the Transactions of Enterprise State-owned Assets) (Order No. 32 of SASAC and the Ministry of Finance);
15. The Circular in Relation to the Opinions on Reforming the Administration and Management of Appraisal of State-owned Assets and Strengthening the Supervision and Management of Asset Valuation (Guo Ban Fa [2001] No. 102); and
16. Other laws, regulations, rules, and systems related to the valuation.

(3) Basis of valuation criteria

1. Asset Valuation Standards — Basic Standards (Cai Zi [2017] No. 43);
2. Code of Ethics for Assets Assessment (CAS [2017] No. 30);
3. Asset Valuation Practicing Standards — Asset Valuation Procedures (CAS [2018] No. 36);
4. Asset Valuation Practicing Standards — Asset Valuation Methods (CAS [2019] No. 35);
5. Guidance on Value Type for Asset Valuation (CAS [2017] No. 47);
6. Asset Valuation Practicing Standards — Asset Valuation Report (CAS [2018] No. 35);
7. Asset Valuation Practicing Standards — Enterprise Value (CAS [2018] No. 38);
8. Asset Valuation Practicing Standards — Machinery Equipment (CAS [2017] No. 39);
9. The Guidelines for the Enterprise State-owned Asset Valuation Reports (CAS [2017] No. 42);
10. Asset Valuation Practicing Standards — Contract on Asset Valuation Entrustment (CAS [2017] No. 33);
11. Asset Valuation Practicing Standards — Asset Valuation Files (CAS [2018] No. 37);
12. Guidelines for Business Quality Control of Asset Valuation Institutions (CAS [2017] No. 46);
13. Guidance on Legal Ownership of Asset Valuation Object (CAS [2017] No. 48);
14. Practicing Standards for Asset Valuation — Engagement of Experts and Relevant Reports (CAS [2017] No. 35); and

15. Other standards related to the valuation.

(4) Basis of asset ownership

1. Purchase contracts or evidences of material assets;
2. Other reference information.

(5) Pricing basis

1. Information provided by the principal and other relevant parties in respect to the future profit forecast according to the law;
2. Pricing Information System for Mechanical and Electrical Products 2020 (Information Research Institute of Machinery Industry);
3. Data from Price Information Database of China United Assets Appraisal Group Co., Ltd.;
4. Contracts and information of significant businesses; and
5. Other reference information.

(6) Other reference information

1. The *Audit Report on 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) from 2017 to 31 May 2020 (XYZH/2020BJA100496) issued by SHINEWING Certified Public Accountants LLP;
2. Wind Info Financial Terminal;
3. Bloomberg Database;
4. Valuation: Measuring and Managing the Value of Companies (3rd Edition) ([US] by Copeland, T. and etc., translated by Hao Shaolun and Xie Guanping, Electronic Industry Press);
5. Handbook of Commonly Used Data and Parameters for Asset Valuation (Mechanical Industry Press, 2011 Edition);
6. Valuation Methods and Specifications Using Income Approach (CMVS12100–2008);
7. Valuation Methods and Specifications Using Cost Approach (CMVS12200–2008);
8. Accounting Standards for Business Enterprises — General Standards (Decree No. 33 of the Ministry of Finance, announced by the Ministry of Finance on 15 February 2006 and amended in July 2014);

9. Asset Valuation Expert Guide No. 8 — Check and Verification in Asset Valuation (Zhong Ping Xie [2019] No. 39);
10. Other reference information.

VII. VALUATION METHODS

(1) Introduction to valuation methods

In accordance with the Asset Valuation Practicing Standards — Enterprise Value (CAS [2018] No. 38) and the Asset Valuation Practicing Standards — Asset Valuation Methods (CAS [2019] No. 35), when performing any appraisal of enterprise value, the suitability of the three basic asset valuation methods, namely, the income approach, the market approach and the asset-based approach shall be analyzed based on the purpose of valuation, the valuation target, the type of the value, suitability requirements of valuation methods, quality and quantity of reference data adopted under the valuation methods.

The income approach for the valuation of an enterprise refers to the valuation method whereby the value of the valuation target is determined by capitalising or discounting the projected income. The professional asset valuers shall appropriately take into consideration the suitability of the income approach in reference to the business nature, asset size, historical operations, future profit forecast, and adequacy of information collected for assessment.

The market approach for the valuation of an enterprise refers to the valuation method whereby the value of the valuation target is determined by comparing the valuation target with comparable listed companies or comparable transaction cases. The professional asset valuers shall take into consideration the suitability of the market approach in reference to the adequacy and reliability of business operations and financial data, and comparable enterprises to collated.

The asset-based approach for the valuation of an enterprise refers to the valuation method whereby the value of the valuation target is determined by reasonable valuation of identifiable on- and off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised entity on the Reference Date.

(2) Election of valuation methods

The valuation is carried out for the purpose of the Proposed Capital Increase of CCID Industry and Information Engineering Design Center Co., Ltd.*

As the assets-based method reflects an enterprise's value by putting business acquisition and construction into perspective, and serves as the basis for enterprise operation, management and assessment after the economic activity, the assets-based method is used for this valuation.

As the appraised entity qualifies for the basis and requirements of continuance, while future profit and risks are predictable and quantifiable, and therefore the income method can be used for this valuation.

Prior to or subsequent to the Reference Date, no case involving equity transfer or acquisition comparable to that of the appraised entity is identified in the market, nor is any comparable listed company identified. Therefore, the conditions for valuation using the market approach are not available. In this regard, comparison of transaction cases under the market approach is not adopted in this valuation.

In conclusion, valuation using the asset-based approach and income approach is adopted in this valuation.

(3) Asset-based approach

The assets-based method is to take the investment amount required for rebuilding an enterprise or an independent profitable entity which is identical to the valuation target at the Reference Date as the basis for judging its overall assets value, that is, the method of calculating an enterprise's value by adding up the appraisal value of assets which are the various elements that constitute the enterprise and deducting the appraisal value of liabilities.

Set forth below are the valuation methods for various assets and liabilities:

1. Current assets

(1) Monetary capital

As regards monetary capital denominated in RMB, valuation is determined based on the verified book value. For monetary capital denominated in foreign currencies, valuation is determined based on the verified amount of the original currency multiplied by the exchange rate as at the Reference Date.

(2) Accounts receivables

For the assessment of accounts receivables, the valuer, on the basis of understanding and verifying the existence and completeness of accounts receivables as well as historical information and those obtained from on-site due diligence, analysed the amount, time and reason of the arrears, the recovery status of the accounts receivables, the funds, credit standing, operating and management status of the debtors, and made judgment of the recoverability of the accounts receivables.

For the purposes of analysing the recoverability of accounts receivables, the valuation loss of accounts receivables with reference to the business accounting method of provisions for bad debts is estimated, namely:

- 1) Receivables that are individually significant and are provided for bad debts on an individual basis

Basis and criteria for determining whether a receivable is individually significant	An receivable with balance of over RMB0.30 million
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Method of provision for receivables that are individually significant and are provided for bad debts on an individual basis	On the basis of the shortfall of its carrying amount from the present value of its expected future cash flows
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- 2) Receivables for which provision for bad debts are made on a portfolio basis

Basis for determining portfolio

Portfolio 1	Aging analysis
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Portfolio 2	Other methods
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- ① Among the portfolio, particulars of provision for bad debts made by aging analysis method were as follows:

Aging	Percentage of provision for accounts receivables (%)	Percentage of provision for other receivables (%)
Within 1 year (inclusive)	0	0
Over 1 year	80	80

- ② Provision for bad debts of receivables made by other methods:

Name of portfolio	Description of method
Portfolio — Reserves, deposits, receivables from government, withholding payments	No provision for bad debts
3) Receivables that are not individually significant but are provided for bad debts on an individual basis	
Reason for provision of bad debts on an individual basis	Receivables that are not individually significant and provision for bad debts made on a collective basis cannot reflect credit risk characteristics of the receivables
Method of provision for bad debts	On the basis of the shortfall of its carrying amount from the present value of its expected future cash flows

(3) Prepayments

For the assessment of prepayments, the valuer, after verification and based on historical information and those obtained from on-site due diligence work, analysed the amount, time and reason of the arrears, the recovery status of the prepayments, the funds, credit standing, operating and management status of the debtor, and determined whether the debtor had entered into bankruptcy, cancelled, or failed to make timely delivery of goods and services in accordance with the contract. In the absence of such anomalies, the verified book value was used as the appraised value.

(4) Other current assets

In respect of the valuation of other current assets, the valuer verified the books and records, checked the original documents, the returns and other relevant information, verified the truthfulness and accuracy of the deductions, and determined the appraised value based on the book value after verification.

2. Fixed-assets — equipment assets

For the purpose of this valuation, the replacement cost method was mainly adopted based on the principle of continued use and the market price in combination with the features of the equipment included in the scope of valuation and the information collected.

For the purpose of this valuation, different valuation methods were adopted based on the principle of continued use and the market price in combination with the features of the equipment and the information collected.

In respect of equipment under normal operation, the replacement cost method was mainly adopted to conduct the valuation.

$$\text{Appraised value} = \text{Full replacement cost} \times \text{Newness rate}$$

(1) *Determination of full replacement cost*

1) Electronic equipment

The price of electronic equipment as at the Reference date was determined based on the local market information and recent market price published on Zol.com.cn and PConline.com.cn. Generally, manufacturers will provide free delivery, installation and commissioning. The full replacement cost was then determined as follows:

$$\text{Full replacement cost} = \text{Purchase price (exclusive of tax)}$$

For any electronic equipment which was purchased long time ago, if the model is no longer available in the market but the equipment is still in service, its full replacement cost was determined by reference to prices in the second-hand market.

(2) *Determination of newness rate*

1) Newness rate of electronic equipment

Overall newness rate can be determined mainly through its economic service life; the overall newness rate of the large size electronic equipment can be determined with the reference of its work environment and operation of the equipment. The formula is as follows:

$$\text{Newness rate} = \frac{\text{remaining useful life}}{\text{actual serviced life} + \text{remaining useful life}} \times 100\%$$

(3) *Determination of appraised value*

$$\text{Appraised value} = \text{Full replacement cost} \times \text{Newness rate}$$

3. *Liabilities*

We checked and verified the actual debtors and amounts of various liabilities after the valuation purpose is fulfilled, and determined the appraised value based on the actual items and amounts of liabilities to be borne by the title owner after the valuation purpose is fulfilled.

(4) INCOME APPROACH

1. Introduction

Pursuant to the Asset Valuation Practicing Standards — Enterprise Value, the income approach for valuation of enterprise value, also known as the discounted cash flow method is a method used to estimate the asset value by discounting the future expected net cash flow of the enterprise to the present value. The basic idea of the income approach is to derive the appraised value by estimating the future expected net cash flow of the assets and then discounting it to the present value with an appropriate discount rate. The basic conditions for applying the income approach are: the enterprise has the foundations and conditions to continue as a going concern; there is a stable corresponding relation between the operation and income; and the future income and risk can be forecasted and quantified. The biggest difficulties in using the discounted cash flow method are the projection of the future expected cash flow, and the objectiveness and reliability of the collection and processing of data. The valuation conclusion is considered to be objective if and when the forecast of future expected cash flow can be relatively objective and fair, and the discount rate adopted is relatively reasonable.

2. Valuation methods

According to the due diligence results and the asset composition and characteristics of principal operations of the appraised entity, in this valuation, the value of the equity capital of the appraised entity was estimated based on the financial statements of its parent company. The basic method of the valuation is as follows:

- (1) In respect of assets and principal businesses included in the scope of the financial statements, their expected income (net cash flow) are estimated based on the trend of historical operating conditions and the types of businesses, and are discounted to obtain the value of the operating assets;
- (2) Current assets (liabilities) such as monetary funds, dividends receivable (payable) and non-current assets (liabilities) such as obsolete or idle equipment, properties and construction in progress before taking into account profit or loss as at the Reference Date that are included in the scope of the financial statements but not taken into account in the forecast of expected income (net cash flow), were defined as surplus or non-operational assets (liabilities) existed as at the Reference Date, and their values were forecasted separately;
- (3) In respect of long-term equity investments included in the scope of the financial statements but not taken into account in the estimation of expected income (net cash flow), their values were forecasted separately;
- (4) The enterprise value of the appraised entity was derived by adding up the values of the above assets and liabilities. The value of interest-bearing debts was then deducted from the enterprise value to arrive at the value of the equity capital (total shareholders' equity) in the appraised entity.

In determining the value of the total shareholders' equity, neither premium and discount caused by such factors as controlling interest and minority interest, nor impact of liquidity of the equity interests on the valuation conclusions was considered by the valuers.

3. Valuation model

(1) Basic model

The basic model for this valuation is set out as below:

$$E = B - D \quad (1)$$

Where:

E: Value of the total shareholders' equity interests (net assets) in the appraised entity;

B: Enterprise value of the appraised entity;

D: Value of interest-bearing debts of the appraised entity;

$$B = P + I + C \quad (2)$$

Where:

P: Value of the operating assets of the appraised entity;

I: Value of long-term investments of the appraised entity as at the Reference Date;

C: Value of surplus or non-operational assets (liabilities) of the appraised entity as at the Reference Date;

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: Expected income of the appraised entity in year i in the future (free cash flow);

r: Discount rate;

n: Future operating term of the appraised entity;

$$C = C_1 + C_2 \quad (4)$$

C₁: Value of current surplus or non-operating assets (liabilities) as at the Reference Date;

C₂: Value of non-current surplus or non-operating assets (liabilities) as at the Reference Date.

(2) Income indicators

In this valuation, the enterprise's free cash flow was used as an income indicator of the appraised entity's operating assets. Its basic definition was as follows:

$$R = \text{profit before interest and tax} \times (1-t) + \text{depreciation and amortization} - \text{additional capital} \quad (5)$$

The appraised entity's free cash flow in the future operation term was estimated according to its operation history, market development conditions in the future and etc., and then was discounted and added up to work out the value of the enterprise's operating assets.

(3) Discount rate

In this valuation, weighted average cost of capital asset (WACC) model was used to determine the discount rate r .

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: Debt ratio for the appraised entity;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: Equity ratio for the appraised entity;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: Interest rate of interest-bearing debts after income tax;

r_e: Cost of equity capital. In this valuation, the cost of equity capital r_e was determined as per capital asset pricing model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f : Risk-free return rate;

r_m : Expected market yield;

ε : Specific risk-adjusted factor for the appraised entity;

β_e : Expected market risk factor of equity capital for the appraised entity;

$$\beta_e = \beta_u \times (1 + (1 - t) \times \frac{D}{E}) \quad (10)$$

β_u : Expected unleveraged market risk factor for comparable companies;

$$\beta_u = \frac{\beta_t}{1 + (1 - t) \frac{D_i}{E_i}} \quad (11)$$

β_t : Expected average market risk factor for the stocks (assets) of comparable companies;

$$\beta_t = 34\%K + 66\%\beta_x \quad (12)$$

Where:

K : Average stock market risk factor in a certain period; generally, it is assumed that $K = 1$;

β_x : Historical average market risk factor for the stocks (assets) of comparable companies;

D_i, E_i : Interest-bearing debt and equity capital of comparable companies, respectively.

4. Income period

According to the articles of the appraised entity, the enterprise has a long operating term and the appraised entity was under normal operation as at the Reference Date. There are also no limitations on the useful life of the core assets that affect the enterprise's operation on a going concern basis and on the production and operation period of the enterprise and the duration of investor's ownership, or such limitations can be released and extension can be applied to achieve sustainable use. Therefore, this valuation assumes that the appraised entity operates on a going concern basis after the Reference Date and the corresponding income period is indefinite.

5. Calculation method, key data and estimates of the income approach

(I) Determination of future income

1. Estimation of operating income and operating costs

The analysis and forecast in this valuation are based on the profit forecast as provided by the management of the enterprise with reference to actual business of the enterprise. The business of the enterprise mainly focuses on the provision of government industry decision consultancy services to free trade zones and industry parks at local government and national levels. Based in Guangzhou, the enterprise focuses on the Guangdong-Hong Kong-Macao Greater Bay Area, and extends its market presence to the Southern China region and eventually across the country. Currently, the enterprise works with local governments in Guangzhou, Shenzhen, Dongguan, and Shaoguan on local service platforms. In 2019, the establishment of the Guangdong-Hong Kong-Macao Greater Bay Area provides a good development opportunity for the Guangdong-Hong Kong-Macao region. In the midst of the new development of the Guangdong-Hong Kong-Macao Greater Bay Area, industry parks as part of the important engines to drive industrial development will be poised to capitalize on opportunities arising from the booming development in the area, during which, the enterprise will herald in greater opportunities for its provision of industry decision consultancy services. As a leading player in the industry consultancy sector in the Guangdong-Hong Kong-Macao Greater Bay Area, the enterprise will, by utilizing advantageous resources of CCID brands and six business segments, as well as focusing on innovation, grow the number of government collaboration platforms, extend the supporting business formats, and create project opportunities, for the purposes to achieve breakthroughs in key cities, major departments, and material issues.

Given the wide spread of COVID-19 across the globe during the first half of 2020, the business operation of the company was significantly affected. The company anticipates that the results for the second half will gradually rebound with the improvement of the pandemic situation in China. Despite some pandemic impacts on the business operation for the first half of the year, the impacts remain limited in the long term.

According to the current under-going contracts of the entity and the potential service orders and with the reference to the estimated revenue recognition statues, the estimated growth rate of the revenue in 2020 and 2021 are 21% and 14%, respectively. Out of prudent consideration of the long-term development and the fact that Guangdong CCID is in a fast growing stage, the estimated growth rate of the revenue for the year from 2022 to 2024 is expected to be approximately from 5% to 8%.

The major cost component of Guangdong CCID are staff cost and the costs incurred from research process of its projects. The gross profit margin of Guangdong CCID was 52.82% for the year of 2019. Having observed that the business is gradually back to normal from the Outbreak of COVID19, the estimated gross profit margin of 2020 is expected to improve; for the year of 2021 to 2025 and beyond, the estimated gross profit margin is expected to remain stable, at approximately 50% to 53%.

Forecast Table for Future Operating Income and Cost of the Appraised Entity

Unit: RMB'000

	Item	2019	2020	2021	2022	2023	2024	2025 and beyond
Consultancy services	Income	20,709.50	25,052.90	28,560.30	30,845.10	32,387.40	34,006.80	34,006.80
	Cost	9,770.00	10,570.3	13,423.30	15,114.10	15,869.80	17,003.40	17,003.40

2. Estimation of tax and surcharges

Tax and surcharges of the appraised entity include city maintenance and construction tax, education surcharge and local education surcharge, which are levied based on the amount of value added tax paid at the rate of 7%, 3% and 2%, respectively.

The consultancy business of the appraised entity shall be subject to output VAT at the rate of 6%.

3. Estimation of expenses for the period

(1) Estimation of costs of sales

Cost of sales is mainly comprised of staff costs, printing fees, business entertainment fees, travel expenses, and service fees.

Salaries and benefits are estimated based on the salary payment criteria of the company, in which case, salaries of sales representatives is connected to the business turnover of the enterprise with future growth in income taken into consideration.

Given that travel expenses, business entertainment fees, and service fees are closely connected to the business turnover of the enterprise, the future expenses of travel expenses, business entertainment fees, and service fees are determined in accordance with the allocation standard of the business turnover.

Forecast Table of Cost of Sales

Unit: RMB'000

Item	2020	2021	2022	2023	2024	2025 and beyond
Total cost of sales	151.80	734.70	805.70	883.60	969.30	969.30

(2) Estimation of administrative expenses

Administrative expenses of the company mainly include salaries, office expenses, business entertainment fees, travel expenses, rental expenses, telecommunication fees, etc.

Salaries are estimated based on the salary payment criteria of the company. Meanwhile, the enterprise is currently in the fast growth stage, where the salaries will grow commensurately with the growing number of employees. Depreciation is estimated based on the standard for providing for original value and depreciation of fixed assets of the enterprise, and the relevant property fees and rental expenses are estimated based on the lease payment standard. Office expenses, transportation fees and other fees are on a historical basis with a slight increase taken into account. Given that travel expenses, business entertainment fees, and service fees are closely connected to the business turnover of the enterprise, the future expenses of travel expenses, business entertainment fees, and service fees are determined in accordance with the allocation standard of the business turnover.

Forecast Table of Administrative Expenses

Unit: RMB'000

Item	Jun to Dec 2020	2021	2022	2023	2024	2025 and beyond
Total administrative expenses	4,226.30	6,187.60	6,630.10	7,096.60	7,489.00	7,489.00

4. Estimation of depreciation and amortization

Assets of the appraised entity required for provision for depreciation refer to fixed assets, mainly comprised of office equipment. Actual costs of fixed assets upon being acquired are calculated. For the purposes of the valuation, the depreciation amount on the benchmark date during the future operation is estimated based on the carrying amount, estimated usefully life, and weighted depreciation rate of fixed assets as at the benchmark date in accordance with the policy of depreciating fixed assets, which is implemented by the said entity.

5. Results of cash flow forecast

Set forth in the table below are the forecast results of net cash flow of the appraised entity during the future operations.

Forecast Table of Future Net Cash Flow

Unit: RMB'000

Item/year	Jun to Dec 2020	2021	2022	2023	2024	2025 and beyond
Revenue	18,578.20	28,560.30	30,845.10	32,387.40	34,006.80	34,006.80
Costs	6,599.70	13,423.30	15,114.10	15,869.80	17,003.40	17,003.40
Business taxes and surcharges	133.80	205.60	222.10	233.20	244.80	244.80
Business expenses	151.80	734.70	805.70	883.60	969.30	969.30
Administrative expenses	4,226.30	6,187.60	6,630.10	7,096.60	7,489.00	7,489.00
Operating profit	7,466.60	8,009.00	8,073.20	8,304.20	8,300.20	8,300.20
Total profit	7,466.60	8,009.00	8,073.20	8,304.20	8,300.20	8,300.20
Less: income tax	1,830.00	2,004.30	2,020.30	2,078.00	2,077.10	2,077.10
Net profit	5,636.60	6,004.80	6,052.90	6,226.10	6,223.20	6,223.20
Depreciation of fixed assets	4.90	8.40	8.40	8.40	8.40	8.40
Asset upgrade	4.90	8.40	8.40	8.40	8.40	8.40
Increase in operating capital	2,481.80	-2,959.50	-181.40	-122.40	-128.60	—
Net cash flow	3,154.80	8,964.30	6,234.30	6,348.60	6,351.70	6,223.20

(II) Determination of the discount rate

1. Risk-free rate of return r_f

The risk-free rate of return r_f refers to an average level based on the rate of mid-term and long-term national bonds issued by the government over the last five years, and approximates to the risk-free rate of return r_f as derived from the average rate of national bonds for ten years or more, which is $r_f = 3.69\%$.

2. Expected market return rate r_m

The expected market return rate r_m approximates to the extrapolation of the average index return rate of SSE Composite Index from the period between 21 May 1992 when the stock prices were fully liberalized and after free pricing bidding transactions and up to the Reference Date, which is $r_m = 9.90\%$.

3. β_e Value

By using the market prices of the stocks of comparable listed companies from the SSE and SZSE for nearly 250 weeks as of the Reference Date for extrapolation and estimation, the expected market risk factor β_e for the equity capital of the valuation target is derived.

4. Cost of Equity r_e

Taking into account the possible specific individual risks derived by comparing the differences between the valuation target and comparable companies in terms of financing conditions, capital liquidity and corporate governance structure, this valuation sets the specific risk adjustment coefficient of the enterprise as $\varepsilon = 0.03$, and therefore the cost of equity of the valuation target is finally $r_e = 13.22\%$ using the formula (8).

5. Applicable income tax rate

The applicable income tax rate is determined with reference to the estimated comprehensive income tax rates of the appraised entity for the forecast years.

6. Interest-bearing debt interest rate after taxation r_d

In accordance with the structure of the principal of the interest-bearing debts of the valuation enterprise and its interest, the interest-bearing debt interest rate r_d , subject to income tax rate, is calculated.

7. Calculation of debt rate W_d and equity ratio W_e

The debt rate W_d and equity ratio W_e is derived using formulas (7) and (8).

8. *Discount rate r (WACC)*

The discount rate r (WACC) is derived using formula (6) based on the abovementioned values.

Forecast Table of Discount Rates

Equity rate	1.0000
Debt rate	0.0000
Weighted loan rate	0.0465
Bond yield	0.0369
Yield of comparable companies	0.0990
Applicable tax rate	0.2500
Historical β	1.2561
Adjusted β	1.1691
Unleveraged β	1.0519
Equity β	1.0519
Specific risk coefficient	0.0300
Cost of equity	0.1322
Debt cost (after taxation)	0.0349
WACC	0.1322

(III) Determination of valuation of operating assets

The value of the operating assets of the appraised entity is RMB49,123,400 using the estimated net cash flow in the formula (3).

*(IV) Determination of values of non-operating or surplus assets (liabilities)***Valuation breakdown table of non-operating or surplus assets (liabilities)**

Unit: RMB'000

Item	Carrying amount as at benchmark date	Value as at benchmark date
Other receivables	1,000.00	1,000.00
Other current assets	3,587.30	3,587.30
Subtotal current surplus/non-operating assets	4,587.30	4,587.30
Subtotal non-current surplus/non-operating assets	—	—
C1: Net current surplus/non-operating assets (liabilities)	4,587.30	4,587.30
C2: Net non-current surplus/non-operating assets (liabilities)	—	—
C: Net surplus/non-operating assets and liabilities	4,587.30	4,587.30

(V) Valuation results using income approach

Based on the value of operating assets (i.e. $P = \text{RMB}49,123,400$), the value of other surplus or non-operating assets as at the benchmark date (i.e. $C = \text{RMB}4,587,300$), and long-term equity investments (i.e. $I = \text{RMB}0$) into the formula (2), the enterprise value of the valuation target is $B = \text{RMB}53,710,700$.

Given the value of interest-bearing debts of an enterprise as at the benchmark date being $D = 0.00$ thousand, the equity value of the valuation target is derived as follows.

$$E = B - D = \text{RMB}53,710,000 \text{ (rounded)}$$

VIII. IMPLEMENTATION PROCESS AND STATUS OF VALUATION PROCEDURES

The overall valuation work was performed in four stages:

(I) Preparation stage of the valuation

1. Project negotiation and acceptance of project commission

Asset valuation commission contract was signed after understanding the basic information of the appraised entity and the valuation target involved in the business to be undertaken, defining the valuation purpose, the valuation target, the scope of valuation and the Reference Date, and conducting comprehensive analysis and valuation of our professional competence, independence and business risks in accordance with specific conditions including the valuation purpose and transaction background.

2. Determining the valuation scheme and preparing the work plan

Following full communications between the principal and the intermediaries of the relevant parties, the basic matters of asset valuation, and the assets and operating conditions of the appraised entity are further confirmed, while the basic policies, laws and regulations governing the industry where the appraised entity operates, and market operations in the industry are collected, based on which, the proposed preliminary work plan and valuation scheme were formulated.

3. Submitting the information list and the interview outline

A list of information required for the due diligence as well as the list of assets, profit forecast and other sample forms based on the characteristics of the assets to be appraised were submitted for the appraised entity to prepare for the valuation.

4. *Providing instruction for the completion of forms and preparing materials for valuation*

Relevant staff of the appraised entity were provided with instructions to facilitate the appraised entity to prepare the required information and complete the relevant forms according to the requirements of the asset valuation.

(II) On-site engagement stage of the valuation

The major tasks of the on-site engagement stage were as follows:

1. *Preliminary understanding of the overall situation*

Relevant personnel of the principal and the appraised entity introduced the overall situation of the appraised entity and the historical and current conditions of the assets to be appraised, and explained the history and development, financial system, operation situation, fixed assets and technological conditions of the appraised entity.

2. *Review and verification of materials*

The declaration materials provided by the appraised entity were reviewed and examined, complete title documents of the assets to be appraised were collected and inspected, and were checked against the relevant financial data, and coordinated efforts were made in correcting any problems if identified..

3. *Checking important items*

Comprehensive inspection on major assets and operation and office premises of the appraised entity was conducted based on the declaration materials. Its declared accounts were checked and verified against its bank statements, confirmation letters and various business contracts to confirm its existence and analyze its risks. An on-site survey of its declared physical assets was carried out, and random stock-taking was carried out on its electronic equipment. As for general facilities, price data was collected through market research and online inquiry.

4. *Conducting due diligence interviews*

Through due diligence and interviews with senior management, the status and market share of the enterprises' products in the industry as well as the cost of the enterprise were understood, and analysis on the future development trend of the enterprise was carried out. For the profit forecast data declared by the enterprise, discussions with the management of the enterprise was conducted to reach agreement on future development trends as much as possible, and then verification was achieved through enquiry of the main businesses, product efficacy, gross profit and market distribution channels of enterprises in the same industry and field.

5. *Determining valuation approaches and methods*

Specific models and methods for asset valuation were determined according to the actual status and features of the assets to be appraised.

6. *Conducting the appraisal and valuation*

Valuation models were determined to calculate the valuation conclusions and relevant text descriptions were prepared based on the agreed understanding.

(III) Valuation consolidation stage

The preliminary conclusions of the valuation on various types of assets and liabilities were analysed and consolidated, and necessary adjustments, amendments and improvements were made to the valuation conclusions.

(IV) Report submission stage

On the basis of the above processes, an asset valuation report was drafted and preliminarily reviewed, and ideas were exchanged with the principal in respect of the valuation conclusions. After independent analysis of relevant opinions had been carried out, corrections and adjustments were made according to the internal audit system for asset valuation report and procedures of the valuation institution and the final asset valuation report was produced.

IX. VALUATION ASSUMPTIONS

In this valuation, the valuers followed the below valuation assumptions:

(I) General assumptions

1. *Transaction assumption*

In the transaction assumption, all assets to be appraised are assumed to be already in the process of transaction, and the valuers assess the value based on the trading conditions of the assets to be appraised in a simulated market. The transaction assumption is one of the most basic prerequisites that asset valuation can be carried out.

2. *Open market assumption*

In the open market assumption, it is assumed that for assets to be traded or intended to be traded in the market, the parties to an asset transaction shall have equal status, and also have opportunity and time to gain sufficient market information, so as to make rational judgment on functions, purpose and trading prices of assets. The open market assumption is based on the fact that assets can be publicly traded on the market.

3. Assumption of continuous use of assets

The assumption of asset going concern means that the valuation methods, parameters and basis shall be determined correspondingly based on the fact that the assets to be appraised will continue to be used according to the current use and the model, scale, frequency and environment, etc. or used on a change basis when evaluating.

(II) Special assumptions

1. This valuation assumes that the external economic environment remains unchanged on the Reference Date, and that there is no significant change in the current macroeconomic of the country;
2. There is no significant change in the socio-economic environment where the enterprise is operated as well as the taxes, tax rates and other policies implemented;
3. The future management team of the enterprise will perform its duties satisfactorily and continue to maintain going concern of its existing business operation model;
4. The valuation is only based on the current operating capabilities as at the Reference Date without taking into account the expansion of operating capabilities caused by the management, operating strategies and additional investment and the subsequent changes in the production and operations that may occur;
5. Each assets under this valuation is based on the actual stock on the Reference Date, and the current market price of the relevant asset is based on the domestic effective price on the Reference Date;
6. This valuation assumes that basic information and financial information provided by the principal and the appraised entity are true, accurate and complete;
7. The scope of the valuation is only based on the assessment declaration form provided by the principal and the appraised entity, without considering the contingent assets and contingent liabilities that may exist beyond the list provided by the principal and the appraised entity;
8. The value of each parameter measured in this valuation does not take into account the effect of inflation.

When the above conditions change, the valuation conclusions may usually become invalid.

X. THE CONCLUSION OF VALUATION

Based on the judgment of the appraised entity and the management of the enterprise on the future development trend and the implementation of business plans, and in accordance with the relevant laws and regulations and asset valuation standards, the asset-based approach and income approach have been adopted after implementation of valuation procedures, including checking and verification, on-site inspection, market research and inquiry, assessment and estimation. The assessment of the market value of the total shareholders' equity of 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) as at the Reference Date (i.e. 31 May 2020) was carried out.

(I) Valuation conclusion under the asset-based approach

By adopting the asset-based approach, the valuation conclusion made by the appraised entity as at Reference Date (i.e. 31 May 2020) are as follows:

The book value, appraised value and incremental value of the assets were RMB10,879,100, RMB10,881,700 and RMB2,600, respectively, representing an increase ratio of 0.02%.

The book value and the appraised value of liabilities were RMB8,043,600 and RMB8,043,600, respectively, with no increase or decrease in value.

The book value, appraised value and incremental value of net assets were RMB2,835,500, RMB2,838,100 and RMB2,600, respectively, representing an increase ratio of 0.09%. See the table below for details:

Table 4 Summary of valuation results
Reference Date: 31 May 2020

Unit: RMB Ten thousand

Items	Book Value	Appraised Value	Increase or Decrease in Value	Increase ratio (%)
1	1,084.12	1,084.12	—	—
2	3.79	4.06	0.26	6.89
3	3.79	4.06	0.26	6.89
4	1,087.91	1,088.17	0.26	0.02
5	804.36	804.36	—	—
6	—	—	—	—
7	804.36	804.36	—	—
8	283.55	283.81	0.26	0.09

Details of the valuation conclusions under the asset-based approach are set out in the valuation statement.

(II) Valuation conclusion under the income approach

By adopting the income approach, the valuation conclusion made by the appraised entity as at Reference Date (i.e. 31 May 2020) are as follows:

The book value, appraised value and incremental value of the total shareholders' equity were RMB2,835,500, RMB53,710,000 (rounded up) and RMB50,874,500, respectively, representing an increase ratio of 1,794.20%.

(III) Analysis of the differences between the valuation conclusions

In this valuation, the net assets (being the total shareholders' equity) arrived at by using the income approach was RMB53,710,000, which was RMB50,871,900 or 1792.45% higher than the appraised value of RMB2,838,100 calculated using the asset-based approach. The major reasons for the difference in outcome under the two valuation methods are set out as follows:

1. The asset-based approach takes the replacement cost of assets as the valuation standard, and reflects the necessary social labor consumed by asset investments (acquisition and construction cost), but such acquisition and construction cost usually changes along with the changes of national economy;
2. The income approach takes the expected incomes of assets as the valuation standard, and reflects the size of the operating capacity (profitability) of assets, but such profitability is usually affected by various conditions, such as the macro economy, governmental control and effective usage of assets.

Therefore, the difference exists between the results of the two valuation methods.

(IV) Selection of valuation conclusions

The main businesses of the appraised entity include the provision of government industry decision consultancy, industrial space aggregation and industrial technology financial services for various levels of government and state-level free trade zones and industrial parks. It has provided more than 100 regional development plans, industrial development plans and industrial policy special plans for the local competent government authorities in Guangdong Province and 21 cities. With the promulgation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and the Integrated Regional Development Plan for the Yangtze River Delta, the regional integration process will be accelerated in the future, which will expedite the adjustment to the relationship of completion and cooperation between regions, boost the interaction between industrial and city development, create more obvious trend of integration of industrial and city development. The need of major industrial parks for consultancy services such as long-term planning, attracting investment and industry introduction will therefore increase. The income approach, combining the current development strengths of an enterprise and industry development trend, reflects the overall value of an enterprise from the perspective of future development. As such, the selection of valuation result derived

from the income approach can completely reflect the overall value of an enterprise. Therefore, the valuation result derived from the income approach was used as the final valuation conclusion under this valuation.

Based on the above, the appraised value of the total shareholders' equity of Guangdong CCID Industrial and Information Research Center Co., Ltd. as at the Reference Date was RMB53,710,000.

XI. NOTES ON SPECIAL MATTERS

(i) Quotation of report conclusions issued by other institutions

The book value of assets and liabilities on the Reference Date in this valuation report is audited by SHINEWING Certified Public Accountants LLP. SHINEWING Certified Public Accountants LLP issued the a standard report for this project, which is named "Audit Report for the period from 2017 to 31 May 2020 of 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2017–2020年5月31日審計報告》) (XYZH/2020BJA100496) without qualified opinions.

Apart from this, all the valuation of this project is completed by China United Assets Appraisal Group Co., Ltd. and there is no reference to any report issued by other institutions.

(ii) Incomplete or defective ownership information

Nil.

(iii) Restrictions on the valuation procedures or incomplete valuation information

Nil.

(iv) Pending legal and economic matters as at the Reference Date

Nil.

(v) Nature and amount of guarantees, leases and contingent liabilities (contingent assets) and relationship with the valuation target

Nil.

(vi) Significant subsequent events

Subsequent events refer to significant events which occur after the Reference Date but before a valuation report is issued.

No significant subsequent event was identified.

(vii) Defects in the economic activities relating to this asset valuation which may have a material effect on the valuation conclusion.

Nil.

(viii) Other explanatory matters

1. It is the legal responsibility for the valuer and the valuation firm to make professional judgment on the value of the assets for the valuation purposes depicted in this report, and no judgment whatsoever would be made by the valuer and the valuation firm as to the economic activity corresponding to those valuation purposes. To a large extent, the valuation depends on the information provided by the principal and valuation target. Therefore, valuation is premised on the fact that Economic Activity Documents, asset title documents, license and accounting vouchers and the relevant legal documents provided by the principal and valuation target were authentic and legal.
2. The objectives of the valuers conducting the asset valuation are to estimate the value of the valuation target and to express professional advice thereof, and accept no responsibilities for the decision of the relevant party. The valuation conclusion shall not be construed as a guarantee of the realisable value of the valuation target.
3. The principal and the valuation target are held responsible for the authenticity and completeness of the data, statements and the relevant information which were provided by the valuation target and were used within the scope of this valuation.
4. The principal and the valuation target are held responsible for the authenticity and legality of the title documentary proof and relevant information which are provided by the valuation target and are referred to in the valuation report.
5. In the event that any changes in the quantity and the pricing standard of assets occurred within the term of validity after the Reference Date, the principles set out below shall be followed:
 - (1) In the event that quantity of assets changes, corresponding adjustments shall be made to the quantity of assets according to the original valuation method;
 - (2) In the event that the pricing standard of the assets changes and imposes obvious impacts on the asset valuation results, the principal shall timely employ qualified asset valuation agency to redetermine the appraised value;
 - (3) After the Reference Date, the principal shall give due consideration to changes in the quantity and the pricing standard of assets and make corresponding adjustment when determining prices.

6. The conclusion of this valuation is based on the assumption that the owner of property rights and the management of the valuation target make accurate judgments on the development trend in future and related plans will be duly implemented as well as continuous operation. If the future actual operation conditions of the company deviate from the operation plans, and the owners of property rights and the management of the valuation target fail to adopt remedies in time to correct such deviation, the conclusion of this valuation will change substantially. Therefore, users of the report are strongly advised to pay close attention in this regard.
7. The scope of valuation shall be subject to that in the asset valuation list provided by the principal and the appraised entity, without taking into consideration any existing or contingent assets or contingent liabilities other than those included in the aforesaid list;
8. The valuers have not taken into account any premiums or discount arising from control and minority interests in this valuation.

XII. EXPLANATION ON LIMITATION ON THE USE OF THE VALUATION REPORT

- (1) This valuation report may only be used according to the objectives and purposes as stated herein. Meanwhile, the valuation conclusion reflects the prevailing market fair value under the valuation purpose based on the open market principle, without considering the impact of mortgages and guarantees that the valuation target may be subject to in the future, nor the impact of additional price which may be paid by special trading parties. Meanwhile, the effects of changes in national macro-economic policies, the natural force and other force majeure on the price of assets are not taken into account. In general, if the aforesaid conditions and other situations such as going concern basis changes, valuation conclusion will become invalid. The valuation agency is not liable for invalidity of the valuation conclusion due to changes of such conditions.
- (2) This valuation report is only valid when the economic activity complies with the state laws and regulations and the valuation report is approved by relevant departments.
- (3) The valuation report may only be used by users expressly stated herein. The right to use this report is vested in the principal. The valuation agency will not make the report public without the approval of the principal.
- (4) The asset valuation firm and its valuers shall not bear responsibilities if the principal or other users of the asset valuation report fail(s) to use the asset valuation report in accordance with the provisions of laws and administrative regulations or within scope of use specified in the asset valuation report.

- (5) Except for the principal, other users of this asset valuation report designed in the asset valuation entrustment contract and asset valuation users of this report stipulated by laws and administrative regulations, any other firms or individuals cannot be asset valuation users of this report.
- (6) Save as required by laws and regulations or otherwise agreed upon by relevant parties concerned, the extraction, reference or disclosure of the whole or any part of contents of this valuation report in any public media shall be subject to approval and review of such contents by the valuation agency.
- (7) Validity period of the valuation conclusion: According to relevant laws and regulations on asset valuation, the asset valuation report involving statutory valuation business must be used by the principal after performing the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation results shall be valid for a term of one year from 31 May 2020 (the Reference Date) to 30 May 2021. Revaluation is required after the one-year term expires.

XIII. DATE OF VALUATION REPORT

This valuation report is dated 20 July 2020.

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China United Assets Appraisal Group Co., Ltd.

Asset Valuer: Wu Xiaoguang (吳曉光)

Asset Valuer: Zhang Fan (張帆)

20 July 2020

APPENDIX II-A: REPORT FROM SHINEWING (HK) CPA LIMITED IN RELATION TO THE UNDERLYING FORECAST TO THE VALUATION OF CCID DESIGN

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

20 July 2020

The Board of Directors
CCID Consulting Company Limited
10th Floor, CCID Plaza,
66 Zizhuyuan Road,
Haidian District,
Beijing, PRC

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the accounting policies adopted and calculations of the underlying discounted cash flow forecast (the “Underlying Forecast”) to the valuation dated 20 July 2020 prepared by China United Assets Appraisal Group Co., Ltd (the “Valuer”) in respect of the valuation on CCID Exhibition Industry and Information Engineering Design Center Co., Ltd. (the “CCID Design”) and its subsidiary (collectively referred to as the “CCID Design Group”). The valuation is prepared in connection with the proposed deemed disposal of the CCID Design and acquisition of the 100% equity interest in Guangdong CCID Industrial and Information Research Center Co., Ltd. as set out in announcement of CCID Consulting Company Limited (the “Company”) dated 20 July 2020 (the “Announcement”). The Valuation based on the Underlying Forecast is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

Directors’ Responsibilities

The directors of the Company and CCID Design (the “Directors”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions for the purpose of valuation of the CCID Design Group based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “Assumptions”) that include hypothetical assumptions about future events and management’s actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 19.62 of GEM Listing Rules and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) (“HKSAE 3000 (Revised)”) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures specified in Hong Kong Standard on Investment Circular Reporting Engagements 500 ‘Reporting on Profit Forecast, Statements of Sufficiency of Working Capital and Statements of Indebtedness’ issued by the HKICPA. We examined the consistency of accounting policies adopted and the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Sale Asset.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Underlying Forecast has been properly compiled in accordance with the Assumptions adopted by the Directors as set out in the Announcement and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

Yours faithfully,

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

APPENDIX II-B: REPORT FROM SHINEWING (HK) CPA LIMITED IN RELATION TO THE UNDERLYING FORECAST TO THE VALUATION OF GUANGDONG CCID

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

20 July 2020

The Board of Directors
CCID Consulting Company Limited
10th Floor, CCID Plaza,
66 Zizhuyuan Road,
Haidian District,
Beijing, PRC

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the accounting policies adopted and calculations of the underlying discounted cash flow forecast (the “Underlying Forecast”) to the valuation dated 20 July 2020 prepared by China United Assets Appraisal Group Co., Ltd (the “Valuer”) in respect of Guangdong CCID Industrial and Information Research Center Co., Ltd. (“Guangdong CCID”). The valuation is in connection with proposed deemed disposal of CCID Exhibition Industry and Information Engineering Design Center Co., Ltd. and acquisition of the 100% equity interest in Guangdong CCID as set out in announcement of CCID Consulting Company Limited (the “Company”) dated 20 July 2020 (the “Announcement”). The Valuation based on the Underlying Forecast is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

Directors’ Responsibilities

The directors of the Company and Guangdong CCID (the “Directors”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions for the purpose of valuation of Guangdong CCID based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “Assumptions”) that include hypothetical assumptions about future events and management’s actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 19.62 of the GEM Listing Rules and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) (“HKSAE 3000 (Revised)”) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures specified in Hong Kong Standard on Investment Circular Reporting Engagements 500 ‘Reporting on Profit Forecast, Statements of Sufficiency of Working Capital and Statements of Indebtedness’ issued by the HKICPA. We examined the consistency of accounting policies adopted and the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Sale Asset.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Underlying Forecast has been properly compiled in accordance with the Assumptions adopted by the Directors as set out in the Announcement and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

Yours faithfully,

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

**APPENDIX III-A: LETTER IN RELATION TO THE UNDERLYING FORECAST TO
THE VALUATION OF CCID DESIGN**

The Board of Directors
CCID Consulting Company Limited
10th Floor, CCID Plaza,
66 Zizhuyuan Road,
Haidian District,
Beijing, PRC

20 July 2020

Dear Sirs,

We refer to the valuation report dated 20 July 2020 (the “Valuation Report”) prepared by China United Assets Appraisal Group Co., Ltd. (the “Valuer”) in relation to the valuation of 100% equity interest in CCID Exhibition Industry and Information Engineering Design Center Co., Ltd. (the “CCID Design”) as at 31 May 2020 (the “Valuation”).

The principal assumptions upon which the Valuation is based are included in the announcement of CCID Consulting Company Limited. (the “Company”) dated 20 July 2020 (the “Announcement”), of which this letter forms part.

We noted that the Valuation has been developed based on the discounted cash flow approach which is regarded as profit forecast (the “Profit Forecast”) under Rule 19.61 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and this letter is issued in compliance with the requirement under Rule 19.62(3) of the GEM Listing Rules.

We have reviewed the Profit Forecast of the Valuation, for which you as the directors of the Company (the “Directors”) are solely responsible for. We have attended the discussions involving the management of the Company, the management of CCID Design and the Valuer regarding the bases and assumptions upon which the Profit Forecast has been made to arrive at the Valuation.

We have considered the letter addressed solely to and for the sole benefit of the Directors dated 20 July 2020 from SHINEWING (HK) CPA Limited, the reporting accountants of the Company (the “Reporting Accountants”), regarding the calculations upon which the Profit Forecast has been made as set out in Appendix I-A to the Announcement regarding the Valuation Report.

With regard to the Valuer's qualifications and experience, we have conducted reasonable checks to assess the relevant qualifications, experience and expertise of the Valuer, including reviewing the supporting documents on the qualifications of the Valuer and conducting discussions with the Company and the Valuer on their qualifications and experience.

The Profit Forecast has been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur and, as such, the Profit Forecast may not be appropriate for purposes other than for deriving the Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the Profit Forecast since such anticipated events frequently may or may not occur as expected and the variation may be material.

We have not independently verified the computations leading to the Valuer's determination of the valuation of 100% equity interest of CCID Design. We have had no role or involvement and have not provided and will not provide any assessment of the valuation of 100% equity interest of CCID Design and, accordingly, we take no responsibility and express no views therefore.

We confirm that the assessment, review and discussions carried out by us as described above are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the date of this letter and that we have, in arriving at our views, relied on information and materials supplied to us by the Valuer, the Company and the Reporting Accountants and opinions expressed by, and representations of, the employees and/or management of the Valuer, the Company and the Reporting Accountants.

We have assumed that all information, materials and representations referred to or contained in the Announcement were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Announcement and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations.

Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review.

On the basis of the foregoing and without giving any opinion on the reasonableness or sufficiency of the valuation method, we confirm that we are satisfied that the Profit Forecast underlying the Valuation, for which you as the Directors are solely responsible, has been made by you, the Directors, after due and careful enquiry.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 19.62(3) of the GEM Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,

For and on behalf of

Huatai Financial Holdings (Hong Kong) Limited

Dan ZHANG

Director, Responsible Officer, Co-Head of Merger & Acquisition

**APPENDIX III-B: LETTER IN RELATION TO THE UNDERLYING FORECAST TO
THE VALUATION OF GUANGDONG CCID**

The Board of Directors
CCID Consulting Company Limited
10th Floor, CCID Plaza,
66 Zizhuyuan Road,
Haidian District,
Beijing, PRC

20 July 2020

Dear Sirs,

We refer to the valuation report dated 20 July 2020 (the “Valuation Report”) prepared by China United Assets Appraisal Group Co., Ltd. (the “Valuer”) in relation to the valuation of 100% equity interest in Guangdong CCID Industrial and Information Research Center Co., Ltd. (the “Guangdong CCID”) as at 31 May 2020 (the “Valuation”).

The principal assumptions upon which the Valuation is based are included in the announcement of CCID Consulting Company Limited. (the “Company”) dated 20 July 2020 (the “Announcement”), of which this letter forms part.

We noted that the Valuation has been developed based on the discounted cash flow approach which is regarded as profit forecast (the “Profit Forecast”) under Rule 19.61 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and this letter is issued in compliance with the requirement under Rule 19.62(3) of the GEM Listing Rules.

We have reviewed the Profit Forecast of the Valuation, for which you as the directors of the Company (the “Directors”) are solely responsible for. We have attended the discussions involving the management of the Company, the management of Guangdong CCID and the Valuer regarding the bases and assumptions upon which the Profit Forecast has been made to arrive at the Valuation.

We have considered the letter addressed solely to and for the sole benefit of the Directors dated 20 July 2020 from SHINEWING (HK) CPA Limited, the reporting accountants of the Company (the “Reporting Accountants”), regarding the calculations upon which the Profit Forecast has been made as set out in Appendix I-B to the Announcement regarding the Valuation Report.

With regard to the Valuer’s qualifications and experience, we have conducted reasonable checks to assess the relevant qualifications, experience and expertise of the Valuer, including reviewing the supporting documents on the qualifications of the Valuer and conducting discussions with the Company and the Valuer on their qualifications and experience.

The Profit Forecast has been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur and, as such, the Profit Forecast may not be appropriate for purposes other than for deriving the Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the Profit Forecast since such anticipated events frequently may or may not occur as expected and the variation may be material.

We have not independently verified the computations leading to the Valuer's determination of the valuation of 100% equity interest of Guangdong CCID. We have had no role or involvement and have not provided and will not provide any assessment of the valuation of 100% equity interest of Guangdong CCID and, accordingly, we take no responsibility and express no views therefor.

We confirm that the assessment, review and discussions carried out by us as described above are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the date of this letter and that we have, in arriving at our views, relied on information and materials supplied to us by the Valuer, the Company and the Reporting Accountants and opinions expressed by, and representations of, the employees and/or management of the Valuer, the Company and the Reporting Accountant.

We have assumed that all information, materials and representations referred to or contained in the Announcement were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Announcement and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations.

Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review.

On the basis of the foregoing and without giving any opinion on the reasonableness or sufficiency of the valuation method, we confirm that we are satisfied that the Profit Forecast underlying the Valuation, for which you as the Directors are solely responsible, has been made by you, the Directors, after due and careful enquiry.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 19.62(3) of the GEM Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,

For and on behalf of

Huatai Financial Holdings (Hong Kong) Limited

Dan ZHANG

Director, Responsible Officer, Co-Head of Merger & Acquisition

This Appendix IV sets out the existing Articles of Association of the Company and the proposed amendments thereto for the purpose of information. The terms used herein shall have the same meanings as those defined in the Articles of Association.

The English version of this Appendix IV is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

Original articles	Amended articles
<p>Note: In the marginal notes of the Articles of Association, “MP” means Mandatory Provisions for Articles of Association of Companies Listing Overseas promulgated by the former China Securities Committee under the State Council and the former State Committee on Economic System Reform; “Zheng Jian Hai Han” means Circular Regarding Comments on the Amendment of Articles of Association of Companies Listing Overseas in Hong Kong (Zheng Jian Hai Han [1995] No.1), which was promulgated by the Overseas-Listing Department of China Securities Regulatory Commission and the Production System Department of the former State Committee on Economic System Reform; “Opinions” means Opinions Regarding the Promotion of Legally Compliant Operations and the Further Reform of Companies Listing Overseas, which was promulgated by the State Economic and Trade Commission and China Securities Regulatory Commission (“CSSCC”); and “Practice Guidelines for Company Secretary” means Practice Guidelines for Company Secretary of Companies Listing Overseas; “A3” means the Appendix Three of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited; “A11C” means the Part C of the Appendix 11 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.</p>	<p>Note: In the marginal notes of the Articles of Association, “MP” means Mandatory Provisions for Articles of Association of Companies Listing Overseas promulgated by the former China Securities Committee under the State Council and the former State Committee on Economic System Reform; “Zheng Jian Hai Han” means Circular Regarding Comments on the Amendment of Articles of Association of Companies Listing Overseas in Hong Kong (Zheng Jian Hai Han [1995] No.1), which was promulgated by the Overseas-Listing Department of China Securities Regulatory Commission and the Production System Department of the former State Committee on Economic System Reform; “Opinions” means Opinions Regarding the Promotion of Legally Compliant Operations and the Further Reform of Companies Listing Overseas, which was promulgated by the State Economic and Trade Commission and China Securities Regulatory Commission (“CSSCC”); and “Practice Guidelines for Company Secretary” means Practice Guidelines for Company Secretary of Companies Listing Overseas; <u>“A3” means the Appendix Three of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “A13D” means the Part D of the Appendix 13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</u></p>

<p>Article 1</p> <p>CCID CONSULTING COMPANY LIMITED (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (“PRC”) (the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”) and other relevant laws and regulations of the State.</p> <p>The Company was established by means of promotion with the approval of the State Economic and Trade Commission, as evidenced by approval document “Guo Jing Mao Qi Gai [2002] No. [115]”. It is registered with and was granted a business licence by Beijing Administration Bureau of Industry and Commerce on 15 March 2002. The Company’s business licence number is: 1100001199461. On 26 October 2015, the Company renewed its business licence with Beijing Administration Bureau of Industry and Commerce. The business licence has been affiliated with creditability code, being 91110000722619729C.</p> <p>The founders of the Company are the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (formerly known as Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry), Beijing CCID Riyue Investment Company Limited, Deng Zhicheng, Xu Mutu, Lu Shan, Yang Tianxing and Luo Wen.</p>	<p>Article 1</p> <p>CCID CONSULTING COMPANY LIMITED (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (“PRC”) (the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”) and other relevant laws and regulations of the State.</p> <p>The Company was established by means of promotion with the approval of the State Economic and Trade Commission, as evidenced by approval document “Guo Jing Mao Qi Gai [2002] No. [115]”. It is registered with and was granted a business licence by Beijing Administration Bureau of Industry and Commerce on 15 March 2002. The Company’s business licence number is: 1100001199461. On 26 October 2015, the Company renewed its business licence with Beijing Administration Bureau of Industry and Commerce. The business licence has been affiliated with creditability code, being 91110000722619729C.</p> <p>The founders of the Company are the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (formerly known as Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry), Beijing CCID Riyue Investment Company Limited, Deng Zhicheng, Xu Mutu, Lu Shan, Yang Tianxing and Luo Wen.</p>
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The Company, having been approved by the CSSCC on the basis of Document “Zheng Jian Guo He Zi (2002) No. 27”, completed the placing of 209,000,000 Shares on December 11, 2002, listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, with its Overseas Listed Foreign Shares comprising 29.86% of the Company’s Shares upon placement.

The Company, having been approved by the CSSCC on the basis of Document “Zheng Jian Guo He Zi (2002) No. 27”, completed the placing of 209,000,000 Shares on December 11, 2002, listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, with its Overseas Listed Foreign Shares comprising 29.86% of the Company’s Shares upon placement. **Upon approval by The Stock Exchange of Hong Kong Limited, Overseas Listed Foreign Shares issued by the Company in Hong Kong, being H Shares, were transferred from the GEM to the Main Board on [date].**

This Appendix V sets out the details of the Authorisation to the Board.

It is proposed that the Board and/or persons authorised by the Board be authorised to deal with the following matters which are relevant to the Transfer of Listing or the Articles Amendments:

1. the Board and/or persons authorised by the Board are authorised to do all such acts or things and to take all such steps and execute any documents (and where applicable, to affix the seal of the Company) as they consider necessary, desirable or expedient to effect and implement the Transfer of Listing, including but not limited to:
 - (i) determining the timetable thereof;
 - (ii) making any applications, filings, submissions and reports to the Stock Exchange, the CSRC and other government authorities (if any) in relation to the Transfer of Listing;
 - (iii) entering into and amending any documents/agreements (including but not limited to any agreements for the engagement of the financial or legal advisers); and
 - (iv) executing (with or without amendments) all other documents, submitting for approval of filing any such or related documents, taking all other steps and actions as the Board in its opinion considers necessary, desirable or expedient to implement the Transfer of Listing;

2. the Board and/or persons authorised by the Board are authorised to, before the successful listing of and commencement of dealings in the H Shares on the Main Board, further amend the Articles incorporating the Articles Amendments as approved by Shareholders at the EGM and Class Meetings in accordance with the relevant rules and regulations in Hong Kong and the PRC, the Main Board Listing Rules and the requirements of relevant regulatory bodies; to do all such acts or things and to take all such steps and to execute any documents (and where applicable, to affix the seal of the Company) as the Board considers necessary, desirable or expedient to give effect to the Articles Amendments, including but not limited to seeking approval for the amended Articles and registering and filing the same with the relevant government authorities of the PRC and Hong Kong, and making further amendments as any governmental authority of the PRC may require (other than matter(s) the authorisation of which to the Board is prohibited by the Articles);

3. the Board and/or persons authorised by the Board are authorised to effect filings, report or registrations with the relevant government authorities in Hong Kong and the PRC in accordance with the rules and regulations in Hong Kong and the PRC, including but not limited to submitting a written report in respect of the Transfer of Listing to the CSRC within 15 working days upon listing of and commencement of dealings in the H Shares on the Main Board;
4. the Board and/or persons authorised by the Board are authorised to deal with other matters which are relevant to the Transfer of Listing or the Articles Amendments; and
5. the authorisation granted hereunder shall be effective within the 12 months commencing on the date on which this resolution is passed.

1. DISCLOSURE OF INTERESTS

(a) Interests of the Directors, Supervisors and the chief executive of the Company

As at the Latest Practicable Date, none of the Directors, Supervisors and the chief executive of the Company or their close associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and/or short position taken or deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (c) were required, pursuant to the required standards of dealings by the Directors and Supervisors as mentioned in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Among the Directors, (i) Ms. Xia Lin is the chief investment officer of CCID Group Co., and (ii) Mr. Qin Hailin is the general manager of CCID Group Co.. Save for above, none of the Directors was a director or an employee of any shareholders of the Company or a company which has an interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interests of the Substantial Shareholders of the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons and corporations (other than the Directors, Supervisors or the chief executive of the Company) had or deemed to have any interest or short position in the Shares and underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued capital
CCID <i>(Note 1)</i>	Interest of controlled corporation	Long position	491,000,000 Domestic Shares	100%	70.14%
Research Centre <i>(Note 1)</i>	Beneficial owner	Long position	392,610,000 Domestic Shares	79.96%	56.09%
CCID Riyue <i>(Note 1)</i>	Beneficial owner	Long position	98,390,000 Domestic Shares	20.04%	14.06%
Legend Holdings Limited <i>(Note 2)</i>	Interest of controlled corporation	Long position	20,000,000 H Shares	9.57%	2.86%

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued capital
Lenovo Group Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H Shares	9.57%	2.86%
Legend Holdings (BVI) Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H Shares	9.57%	2.86%
Legend Express Agency & Services Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H Shares	9.57%	2.86%
Grade Win International Limited (Note 2)	Beneficial owner	Long position	20,000,000 H Shares	9.57%	2.86%
Lam William Ka Chung (Note 3)	Interest of controlled corporation	Long position	14,600,000 H Shares	6.99%	2.09%
J.P. Morgan Fleming Asset Management Holdings Inc. (Note 4)	Investment manager	Long position	15,000,000 H Shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc. (Note 4)	Investment manager	Long position	15,000,000 H Shares	7.18%	2.14%
JF Asset Management Limited (Note 4)	Investment manager	Long position	10,700,000 H Shares	5.12%	1.53%

Notes:

- (1) CCID, through Research Centre (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly owned by CCID) 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.
- (2) Grade Win International Limited directly holds 20,000,000 H Shares. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited. Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited and Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Legend Group Limited. Legend Holdings Limited holds 57.76% equity interests in Legend Group Limited. Therefore, the above-mentioned corporations are deemed to be interested in 20,000,000 H Shares.

- (3) Kingsway Financial Services Limited directly holds 13,510,000 H Shares. Kingsway Financial Services Limited is a wholly-owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Kingsway Lion Spur Technology Limited directly holds 1,090,000 H Shares. Kingsway Lion Spur Technology Limited is a wholly owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited directly holds 74% of the share capital of SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly owned subsidiary of Kingsway International Holdings Limited. Lam William Ka Chung directly and indirectly holds approximately 40% equity interests in the share capital of Kingsway International Holdings Limited. Lam William Ka Chung is deemed to be interested in 14,600,000 H Shares.
- (4) JF Asset Management Limited directly holds 10,700,000 H Shares. JF International Management Inc. directly holds 4,300,000 H Shares. J.P. Morgan Fleming Asset Management (Asia) Inc. respectively holds 99.99% and 100% equity interests of JF Asset Management Limited and JF International Management Inc. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person or corporation who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register kept by the Company pursuant to Section 336 of the SFO, or who/which was, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group, or any options in respect of such capital.

(c) Directors' and Supervisors' Service Contracts

As at the Latest Practicable Date, none of the Directors or Supervisors had or was proposed to have any service contract with any member of the Enlarged Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

(d) Directors' or Supervisors' Interest in Assets or Contracts

As at the Latest Practicable Date, none of the Directors or Supervisors (i) had any direct or indirect interest in any assets which had been, since 31 December 2019, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group; or (ii) was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Enlarged Group.

(e) Directors', Supervisors' or Controlling Shareholders' Interests in Competing Businesses

As at the Latest Practicable Date, in so far as the Directors were aware, none of the Directors, Supervisors, the controlling shareholder of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in any business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group or any other conflict of interest which any such person has or may have with the Group.

2. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

3. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the experts who have provided conclusions, opinions or recommendations which are contained in this circular:

Name	Qualification	Date of conclusions, opinions or recommendations
China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司)	a PRC qualified valuer	20 July 2020
Huatai Financial Holdings (Hong Kong) Limited	a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO	20 July 2020
SHINEWING (HK) CPA Limited	Certified Public Accountants	20 July 2020
Maxa Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Capital Increase Agreement and the transactions contemplated thereunder	4 September 2020

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the references to its letter or opinion in the form and context in which they respectively appear herein.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Independent Valuer, Huatai Financial Holdings (Hong Kong) Limited, SHINEWING (HK) CPA Limited and the Independent Financial Adviser does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. As such, the above experts are third parties independent of the Company and its connected persons.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which had been, since 31 December 2019, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group.

4. MATERIAL ADVERSE CHANGE

The Group recorded a loss of approximately RMB15 million for the six months ended 30 June 2020, which is mainly attributable to the outbreak of the novel coronavirus (COVID-19) in the first half of 2020. Please refer to the interim results announcement of the Company dated 7 August 2020 for details. Save for that, the Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 December 2019, being the date up to which the latest published audited consolidated accounts of the Group were made.

5. MISCELLANEOUS

- (a) The registered office of the Company is at Room 311, No. 2 Building, No. 28 Zhen Xing Road, Chang Ping District, Beijing, PRC. Its principal place of business is located at 9th and 10th Floor, CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing, PRC. Its principal place of business in Hong Kong is at 40/F, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong.
- (b) The Company's Hong Kong H Share registrar and transfer office is Tricor Tengis Limited at 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Ms. Chan Yin Wah. Ms. Chan Yin Wah 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.
- (d) The compliance officer of the Company is Ms. Xia Lin.
- (e) The English text of this circular, except for the Proposed Articles Amendments set out in the Appendix IV of this circular, shall prevail over its respective Chinese text for the purpose of interpretation.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 40F, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the Capital Increase Agreement;
- (b) the valuation reports from China United Assets Appraisal* (中聯資產評估集團有限公司), the text of which is set out in Appendix I to this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;

- (d) the letter from the Independent Financial Advisor, the text of which is set out in this circular;
- (e) Reports from Shinewing (HK) CPA Limited, the text of which is set out in Appendix II to this circular;
- (f) Letters from Huatai Financial Holdings (Hong Kong) Limited, the text of which is set out in Appendix III to this circular;
- (g) the respective written consent of China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), Huatai Financial Holdings (Hong Kong) Limited, SHINEWING (HK) CPA Limited, and Maxa Capital Limited referred to in the section headed “Qualifications and Consents of Experts” above; and
- (h) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.

*This notice, for which the directors (the “**Director(s)**”) of CCID Consulting Company Limited* (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**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 notice 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 notice misleading.*

CCID Consulting

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: 08235)

www.ccidconsulting.com

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the EGM of CCID Consulting Company Limited* (the “**Company**”) will be held at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC on Wednesday, 23 September 2020 at 2:00 p.m. for the purpose of considering and if thought fit, passing the following resolutions of the Company.

Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 4 September 2020 (the “**Circular**”) unless otherwise specified, please refer to the Circular for details of the proposed resolutions.

ORDINARY RESOLUTION

- (1) to consider and approve the transactions contemplated under the Capital Increase Agreement;

SPECIAL RESOLUTIONS

- (2) to consider and approve the Transfer of Listing;

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) to consider and approve the Articles Amendments; and
- (4) to consider and approve the Authorisation to the Board.

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

Beijing, the PRC, 4 September 2020

As at the date of this notice, the Board comprises one executive Director namely Ms. Xia Lin, one non-executive Director namely Mr. Qin Hailin, and three independent non-executive Directors namely Mr. Guo Xinping, Ms. Li Xuemei and Mr. Chen Yung-cheng.

Notes:

1. In order to determine the Shareholders who are entitled to attend and vote at the EGM, the register of the Shareholders will be closed from Monday, 21 September 2020 to Wednesday, 23 September 2020, both days inclusive, during which period no transfer of the Shares will be effected. In order to qualify for attending the EGM, all transfer documents of the Shares accompanied by the relevant share certificate(s) must be lodged to the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for Domestic Shares) or the Company's H share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shares) not later than 4:30 p.m. on Friday, 18 September 2020.

Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 18 September 2020 will be entitled to attend and vote at the EGM.

2. A Shareholder entitled to attend and vote at the EGM convened by the above notice is entitled to appoint in written form one or more proxies to attend and vote at the EGM on his/her behalf. A proxy needs not be a Shareholder.
3. A proxy form for the EGM is enclosed. In order to be valid, the instrument appointing a proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation or a legal person, it shall be executed under common seal or under the hand of its director or attorney duly authorised in writing.
4. The instrument appointing a proxy shall be deposited at the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for Domestic Shares) or the Company's H share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shares), not less than 24 hours before the time designated for holding the EGM (i.e. at 2:00 p.m. on Tuesday, 22 September 2020) or 24 hours before the time designated for any adjournment thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. A completed and signed reply slip shall be deposited by mail, by fax, or in person at the Company's H shares registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shares) or the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for Domestic Shares), on or before 4:30 p.m., 17 September 2020.
6. Shareholders who attend the EGM shall bear their own traveling and accommodation expenses.
7. The Company's principal place of business in the PRC:

10th Floor, CCID Plaza
No. 66 Zizhuyuan Road
Haidian District, Beijing, the PRC
Tel No.: (8610) 8855 8512
Fax No.: (8610) 8855 9009

The Company's H share registrar, Tricor Tengis Limited:

Level 54, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Tel No.: (852) 2980 1333
Fax No.: (852) 2810 8185

This notice will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcement" pages for at least seven days from the date of this posting and on the "Investor Relations" page of the Company's website at www.ccidconsulting.com.

NOTICE OF DOMESTIC SHARE CLASS MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.

*This notice, for which the directors (the “**Director(s)**”) of CCID Consulting Company Limited* (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**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 notice 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 notice misleading.*

CCID Consulting

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: 08235)

www.ccidconsulting.com

NOTICE OF DOMESTIC SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the Domestic Share Class Meeting of CCID Consulting Company Limited (the “**Company**”) will be held at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC on Wednesday, 23 September 2020 at 2:00 p.m. (immediately after the EGM of the Company) for the purpose of considering and, if thought fit, passing the following resolutions of the Company.

SPECIAL RESOLUTIONS

- (1) to consider and approve the Transfer of Listing;
- (2) to consider and approve the Articles Amendments; and

* For identification purpose only

NOTICE OF DOMESTIC SHARE CLASS MEETING

(3) to consider and approve the Authorisation to the Board.

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

Beijing, the PRC, 4 September 2020

As at the date of this notice, the Board comprises one executive Director namely Ms. Xia Lin, one non-executive Director namely Mr. Qin Hailin, and three independent non-executive Directors namely Mr. Guo Xinping, Ms. Li Xuemei and Mr. Chen Yung-cheng.

Notes:

1. In order to determine the Shareholders who are entitled to attend and vote at the Domestic Share Class Meeting, the register of Shareholders will be closed from Monday, 21 September 2020 to Wednesday, 23 September 2020, both days inclusive, during which period no transfer of the shares will be effected. In order to qualify for attending the Domestic Share Class Meeting, all transfer documents of the Shares accompanied by the relevant share certificate(s) must be lodged to the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC not later than 4:30 p.m. on Friday, 18 September 2020.

Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 18 September 2020 will be entitled to attend and vote at the Domestic Share Class Meeting.

2. A Shareholder entitled to attend and vote at the Domestic Share Class Meeting convened by the above notice is entitled to appoint in written form one or more proxies to attend and vote at the Domestic Share Class Meeting on his/her behalf. A proxy needs not be a Shareholder.
3. A proxy form for the Domestic Share Class Meeting is enclosed. In order to be valid, the instrument appointing a proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation or a legal person, it shall be executed under common seal or under the hand of its director or attorney duly authorised in writing.
4. The instrument appointing a proxy shall be deposited at the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC not less than 24 hours before the time designated for holding the Domestic Share Class Meeting or 24 hours before the time designated for any adjournment thereof.

NOTICE OF DOMESTIC SHARE CLASS MEETING

5. A completed and signed reply slip shall be deposited by mail, by fax, or in person at the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC, on or before 4:30 p.m., 17 September 2020.
6. Shareholders who attend the Domestic Share Class Meeting shall bear their own traveling and accommodation expenses.
7. The Company's principal place of business in the PRC:

10th Floor, CCID Plaza
No. 66 Zizhuyuan Road
Haidian District, Beijing, the PRC
Tel No.: (8610) 8855 8512
Fax No.: (8610) 8855 9009

This notice will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting and on the "Investor Relations" page of the Company's website at www.ccidconsulting.com.

NOTICE OF H SHARE CLASS MEETING

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CCID Consulting

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: 08235)

www.ccidconsulting.com

NOTICE OF H SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the H Share Class Meeting of CCID Consulting Company Limited (the “**Company**”) will be held at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC on Wednesday, 23 September 2020 at 2:00 p.m. (immediately after the Domestic Share Class Meeting of the Company) for the purpose of considering and, if thought fit, passing the following resolutions of the Company.

SPECIAL RESOLUTIONS

- (1) to consider and approve the Transfer of Listing;
- (2) to consider and approve the Articles Amendments; and

* For identification purpose only

NOTICE OF H SHARE CLASS MEETING

(3) to consider and approve the Authorisation to the Board.

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

Beijing, the PRC, 4 September 2020

As at the date of this notice, the Board comprises one executive Director namely Ms. Xia Lin, one non-executive Director namely Mr. Qin Hailin, and three independent non-executive Directors namely Mr. Guo Xiping, Ms. Li Xuemei and Mr. Chen Yung-cheng.

Notes:

1. In order to determine the Shareholders who are entitled to attend and vote at the H Share Class Meeting, the register of H Shareholders will be closed from Monday, 21 September 2020 to Wednesday, 23 September 2020, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for attending the H Share Class Meeting, all transfer documents of H Shares accompanied by the relevant share certificate(s) must be lodged to the Company's H share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 18 September 2020.

Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 18 September 2020 will be entitled to attend and vote at the H Share Class Meeting.

2. A Shareholder entitled to attend and vote at the H Share Class Meeting convened by the above notice is entitled to appoint in written form one or more proxies to attend and vote at the H Share Class Meeting on his/her behalf. A proxy need not be a Shareholder.
3. A proxy form for the H Share Class Meeting is enclosed. In order to be valid, the instrument appointing a proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation or a legal person, it shall be executed under common seal or under the hand of its director or attorney duly authorised in writing.
4. The instrument appointing a proxy shall be deposited at the Company's H share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time designated for holding the H Share Class Meeting or 24 hours before the time designated for any adjournment thereof.

NOTICE OF H SHARE CLASS MEETING

5. A completed and signed reply slip shall be deposited by mail, by fax, or in person at the Company's H shares registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before 4:30 p.m., 17 September 2020.
6. Shareholders who attend the H Share Class Meeting shall bear their own traveling and accommodation expenses.
7. The Company's H share registrar, Tricor Tengis Limited:

Level 54, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Tel No.: (852) 2980 1333
Fax No.: (852) 2810 8185

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