

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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*This announcement, for which the directors (the “**Director(s)**”) of CCID Consulting Company Limited* (“**we**” or “**our**” or “**us**” or the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2020, turnover of the Group amounted to approximately RMB211,954,000, representing a decrease of approximately 19% from approximately RMB261,529,000 for the last year (restated).
- For the year ended 31 December 2020, gross profit and total comprehensive income of the Group were approximately RMB100,683,000 and RMB28,321,000, respectively, representing decrease of approximately 29% and 60% from approximately RMB141,915,000 (restated) and RMB71,031,000 (restated), respectively, for the last year.
- For the year ended 31 December 2020, basic and diluted earnings per share were RMB3.03 cents, compared to RMB8.97 cents (restated) for the year ended 31 December 2019.
- The Board has proposed the payment of a final dividend of RMB1.53 cents (2019: RMB1.43 cents) per share for the year ended 31 December 2020, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 11 June 2021 (Friday).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board of Directors (the “**Board**”) of the Company hereby announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”), together with the audited comparative figures for the corresponding period of 2019 as follows.

The consolidated statement of profit or loss and other comprehensive income as well as the consolidated statement of financial position for the period of 2019 have been restated to include the operating results, changes in equity, cash flows, assets and liabilities of Guangdong CCID as if the acquisition completed in September 2020 had been completed on 1 January 2019.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i> (restated)
Revenue	3	211,954	261,529
Cost of sales		<u>(111,271)</u>	<u>(119,614)</u>
Gross profit		100,683	141,915
Other income and gains	5	4,626	5,212
Selling and distribution expenses		(14,904)	(16,547)
Administrative and other operating expenses		(56,314)	(52,019)
Impairment loss recognised on accounts and other receivables	6	<u>(585)</u>	<u>(85)</u>
Profit before taxation		33,506	78,476
Income tax expense	7	<u>(6,909)</u>	<u>(10,290)</u>
Profit for the year	8	<u>26,597</u>	<u>68,186</u>
Other comprehensive income for the year <i>Item that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of financial assets at fair value through other comprehensive income, net of tax		<u>1,724</u>	<u>2,845</u>
Total comprehensive income for the year		<u>28,321</u>	<u>71,031</u>
Profit for the year attributable to:			
Owners of the Company		21,224	62,799
Non-controlling interests		<u>5,373</u>	<u>5,387</u>
		<u>26,597</u>	<u>68,186</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		22,169	64,691
Non-controlling interests		<u>6,152</u>	<u>6,340</u>
		<u>28,321</u>	<u>71,031</u>
Earnings per share (RMB cents):	9		
Basic		<u>3.03</u>	<u>8.97</u>
Diluted		<u>3.03</u>	<u>8.97</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		31 December 2020 <i>RMB'000</i>	31 December 2019 <i>RMB'000</i> (restated)	1 January 2019 <i>RMB'000</i> (restated)
Non-current assets				
Property, plant and equipment		16,137	17,867	17,430
Intangible asset		14,681	14,681	14,681
Financial assets at fair value through other comprehensive income		12,015	8,311	4,749
Pledged bank deposits		1,336	482	—
Deferred tax assets		1,016	2,965	5,781
		45,185	44,306	42,641
Current assets				
Accounts receivables	11	27,137	32,701	18,400
Prepayments, deposits and other receivables		11,689	9,335	11,638
Financial assets at fair value through profit or loss		45,087	35,122	30,188
Tax recoverable		2,607	1,841	655
Pledged bank deposits		1,862	1,575	—
Amount due from a related party		1,000	—	—
Cash and cash equivalents		263,723	233,021	168,647
		353,105	313,595	229,528
Current liabilities				
Accounts payables	12	1,661	2,394	4,271
Accruals and other payables		50,384	46,285	30,752
Contract liabilities	13	85,100	63,302	57,536
Amounts due to related parties		4,471	3,408	5,251
Income tax payable		997	5,146	2,969
		142,613	120,535	100,779
Net current assets		210,492	193,060	128,749
Net assets		255,677	237,366	171,390
Equity				
Share capital		70,000	70,000	70,000
Reserves		126,251	136,282	76,646
Total equity attributable to owners of the Company		196,251	206,282	146,646
Non-controlling interests		59,426	31,084	24,744
Total equity		255,677	237,366	171,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

CCID Consulting Company Limited (the “**Company**”) registered in the People’s Republic of China (the “**PRC**”) as a joint stock company with limited liability and its H shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock code: 08235) since 12 December 2002.

The Company is immediately held by China Software Testing Center (Research Centre of Ministry of Industry and Information Technology Software and Integrated Circuit Promotion)* (“**Research Centre**”) (中國軟件評測中心(工業和信息化部軟體與積體電路促進中心) (formerly known as China Software Testing Center (Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development))* (中國軟件評測中心(工業和信息化部計算機與微電子發展研究中心)), a company established in the PRC, and ultimately held by China Center of Information Industry Development* (“**CCID**”) (中國電子信息產業發展研究院), a company established in the PRC and the ultimate controlling party of which is the Ministry of Industry and Information Technology of the People’s Republic of China).

The address of the registered office of the Company is Room 311, No.2 Building, No. 28 Zhen Xing Road, Chang Ping District, Beijing, the PRC. Its principal place of business in the PRC is located at 10th Floor, CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing, PRC. Its principal place of business in Hong Kong is changed from 40th Floor, Sunlight Tower, No. 248 Queen’s Road East, Wanchai, Hong Kong to 40/F, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong with effective from 23 March 2021.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are the provision of management and strategic consultancy services, market consultancy services, information engineering supervision services, data information design services, training courses services and subscription to information system services. The subsidiary also engaged in industry spatial management services which is included in management and strategic consultancy services segment since the merger with Guangdong CCID Industrial and Information Research Center Company Limited* (“**Guangdong CCID**”) (“廣東賽迪工業和信息化研究院有限公司”).

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries.

* *The English translation is for identification only.*

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“HKFRSs”) and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to Hong Kong Accounting Standard (“HKAS”) 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group had not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts and related amendments ⁵
Amendments to HKFRS 3	Reference to Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ³
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ¹
Amendment to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle ³

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2023.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue mainly represents revenue arising from provision of management and strategic consultancy services, market consultancy services, information engineering supervision services, industry spatial management services and other services for the year. An analysis of the Group's revenue for the year is as follows:

	2020 RMB'000	2019 <i>RMB'000</i> (restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
— Provision of management and strategic consultancy services	81,234	115,829
— Provision of market consultancy services	26,440	21,336
— Provision of information engineering supervision services	76,083	89,442
— Provision of industry spatial management services	22,138	20,710
— Provision of other services	6,059	14,212
	211,954	261,529
	2020 RMB'000	2019 <i>RMB'000</i> (restated)
Disaggregation of revenue from contracts with customers by:		
Timing of revenue recognition		
At a point in time	113,733	151,377
Overtime	98,221	110,152
Total revenue from contracts with customers	211,954	261,529

Transaction price allocated to the remaining performance obligations

As at 31 December 2020, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately RMB95,681,000 (2019 (restated): approximately RMB100,872,000). The amount mainly represents revenue expected to be recognised in the future from provision of information engineering supervision services. The Group will recognise this revenue over the next 18 months (2019: next 18 months).

4. SEGMENT INFORMATION

Segment revenue and result

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 2020

	Management and strategic consultancy services <i>RMB'000</i>	Market consultancy services <i>RMB'000</i>	Information engineering supervision services <i>RMB'000</i>	Other services <i>RMB'000</i>	Total <i>RMB'000</i>
External sales	103,372	26,440	76,083	6,059	211,954
Inter-segment sales	<u>7,033</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,033</u>
Segment revenue	<u>110,405</u>	<u>26,440</u>	<u>76,083</u>	<u>6,059</u>	218,987
Eliminations					<u>(7,033)</u>
Group revenue					<u>211,954</u>
Segment profit	<u>53,871</u>	<u>13,108</u>	<u>31,275</u>	<u>2,429</u>	100,683
Impairment loss recognised on accounts and other receivables					(585)
Unallocated income					4,626
Unallocated expenses					<u>(71,218)</u>
Profit before taxation					<u>33,506</u>

For the year ended 2019 (restated)

	Management and strategic consultancy services <i>RMB'000</i>	Market consultancy services <i>RMB'000</i>	Information engineering supervision services <i>RMB'000</i>	Others services <i>RMB'000</i>	Total <i>RMB'000</i>
External sales	136,539	21,336	89,442	14,212	261,529
Inter-segment sales	<u>4,065</u>	<u>—</u>	<u>68</u>	<u>1,509</u>	<u>5,642</u>
Segment revenue	<u>140,604</u>	<u>21,336</u>	<u>89,510</u>	<u>15,721</u>	267,171
Eliminations					<u>(5,642)</u>
Group revenue					<u>261,529</u>
Segment profit	<u>67,962</u>	<u>15,215</u>	<u>50,899</u>	<u>7,839</u>	141,915
Impairment loss recognised on accounts and other receivables					(85)
Unallocated income					5,212
Unallocated expenses					<u>(68,566)</u>
Profit before taxation					<u>78,476</u>

Segment profit represents the profit earned by each segment without allocation of other income and gains, selling and distribution expenses, administrative and other operating expenses and impairment loss recognised on accounts and other receivables. This is the measure reported to the chief operating decision maker (the “**CODM**”) for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market price.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Management and strategic consultancy services	15,868	19,309
Market consultancy services	1,129	4,559
Information engineering supervision services	8,396	7,972
Other services	<u>1,744</u>	<u>861</u>
Total segment assets	27,137	32,701
Unallocated assets	<u>371,153</u>	<u>325,200</u>
Consolidated assets	<u><u>398,290</u></u>	<u><u>357,901</u></u>

Segment liabilities

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Management and strategic consultancy services	45,532	59,022
Market consultancy services	2,949	317
Information engineering supervision services	36,431	6,174
Other services	<u>1,849</u>	<u>183</u>
Total segment liabilities	86,761	65,696
Unallocated liabilities	<u>55,852</u>	<u>54,839</u>
Consolidated liabilities	<u><u>142,613</u></u>	<u><u>120,535</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, intangible asset, financial assets at fair value through other comprehensive income (“FVTOCI”), deferred tax assets, prepayments, deposits and other receivables, financial assets at fair value through profit or loss (“FVTPL”), tax recoverable, pledged bank deposits, amount due from a related party and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than accruals and other payables, amounts due to related parties and income tax payable.

Other segment information

For the year ended 31 December 2020

	Management and strategic consultancy services <i>RMB'000</i>	Market consultancy services <i>RMB'000</i>	Information engineering supervision services <i>RMB'000</i>	Others services <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Additions to non-current assets (<i>Note</i>)	114	15	114	14	257
Depreciation of property, plant and equipment	1,243	476	266	2	1,987
Impairment loss recognised on accounts and other receivables	197	62	326	—	585
Income tax expense	<u>5,619</u>	<u>1,139</u>	<u>—</u>	<u>151</u>	<u>6,909</u>

For the year ended 31 December 2019 (restated)

	Management and strategic consultancy services <i>RMB'000</i>	Market consultancy services <i>RMB'000</i>	Information engineering supervision services <i>RMB'000</i>	Others services <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Additions to non-current assets (<i>Note</i>)	858	153	619	98	1,728
Depreciation of property, plant and equipment	634	113	458	73	1,278
Loss on written off of property, plant and equipment	12	1	—	—	13
Impairment loss recognised on accounts and other receivables	34	4	47	—	85
Income tax expense	<u>5,701</u>	<u>816</u>	<u>3,267</u>	<u>506</u>	<u>10,290</u>

Note: Non-current assets excluded financial assets and deferred tax assets.

Geographical information

The Group's revenue from external customers presented based on the location of the operations is derived solely in the PRC (country of domicile). Non-current assets of the Group presented based on the location of the assets are all located in the PRC. As a result, geographical information has not been presented.

Information about major customers

During the years ended 31 December 2020 and 2019, there is no single customer or a group of customers contributing over 10% of the total revenue of the Group.

5. OTHER INCOME AND GAINS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Interest income from bank deposits	952	2,125
Investment income arising from FVTPL	2,560	1,682
Government grant (<i>Note (a)</i>)	647	1,009
Sundry income (<i>Note (b)</i>)	467	396
	<u>4,626</u>	<u>5,212</u>

Notes:

- (a) Government grants recognised as other income and gains are awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants are one-off with no specific condition attached.
- (b) The amount includes fair value gain arising from consideration receivable amounted to approximately RMB110,000.

6. IMPAIRMENT LOSS RECOGNISED ON ACCOUNTS AND OTHER RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Accounts receivables	121	52
Other receivables	464	33
	<u>585</u>	<u>85</u>

7. INCOME TAX EXPENSE

Income tax:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Current tax:		
— PRC Enterprise Income Tax	5,260	8,191
Deferred tax:		
— Current year	<u>1,649</u>	<u>2,099</u>
	<u>6,909</u>	<u>10,290</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25%. During the years ended 31 December 2019 and 2020, the Company and Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd.* (“CCID Supervision”) (北京賽迪工業和信息化工程監理中心有限公司), a subsidiary of the Company, are high and new technology enterprises (the “HNTE”) registered in Beijing New Technology Enterprise Development Zone. Pursuant to the Income Tax Law of the PRC, they are subject to an enterprise income tax at a rate of 15% (2019: 15%).

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8. PROFIT FOR THE YEAR

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Profit for the year has been arrived at after charging (crediting):		
Directors’, supervisors’ and general manager’s emoluments	1,043	2,626
Staff costs (excluding directors’, supervisors’ and general manager’s emoluments)		
— Salaries, wages, allowances and other benefits	116,238	114,925
— Contributions to retirement benefits scheme	<u>11,230</u>	<u>18,072</u>
Total staff costs	<u>127,468</u>	<u>132,997</u>
Auditor’s remuneration	800	800
Depreciation of property, plant and equipment	1,987	1,278
Fair value gain from consideration receivable	(110)	—
Fair value loss arising from FVTPL	35	66
Loss on written off of property, plant and equipment	—	13
Research and development costs	23,347	19,498
Rental expenses on short term leases in respect of rented office premises	<u>3,349</u>	<u>3,128</u>

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2020	2019 (restated)
Profit for the year attributable to owners of the Company (RMB'000)	<u>21,224</u>	<u>62,799</u>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	<u>700,000</u>	<u>700,000</u>
Basic and diluted earnings per share (RMB cent)	<u><u>3.03</u></u>	<u><u>8.97</u></u>

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the years ended 31 December 2020 and 2019.

10. DIVIDENDS

	2020 RMB'000	2019 RMB'000
2019 final dividend (Note (a))	<u><u>10,010</u></u>	<u><u>—</u></u>
2018 final dividend (Note (b))	<u><u>—</u></u>	<u><u>5,055</u></u>

Notes:

- (a) Pursuant to the resolution of the shareholders meeting of 2019 on 12 June 2020, the Company distributed cash dividends of RMB1.43 cents per share (tax included) based on 700,000,000 shares held amounting to approximately RMB10,010,000 during the year ended 31 December 2020. The dividends were paid in RMB.
- (b) Pursuant to the resolution of the shareholders meeting of 2018 on 20 May 2019, the Company distributed cash dividends of RMB0.72 cents per share (tax included) based on 700,000,000 shares held amounting to approximately RMB5,040,000 during the year ended 31 December 2019. The dividends were paid in Hong Kong Dollars amounted to approximately RMB5,055,000, including exchange difference of approximately RMB15,000.

Subsequent to the end of the reporting period, a final dividend of RMB1.53 cents per share (2019: RMB1.43 cents) in respect of the years ended 31 December 2020 and 2019 has been proposed by the directors of the Company and is subject to approval by the shareholder in the forthcoming general meeting.

11. ACCOUNTS RECEIVABLES

	At 31 December 2020 <i>RMB'000</i>	At 31 December 2019 RMB'000 (restated)
Receivables at amortised cost comprise:		
Accounts receivables	35,712	41,691
Less: allowance for impairment of accounts receivables	<u>(8,575)</u>	<u>(8,990)</u>
Net accounts receivables	<u><u>27,137</u></u>	<u><u>32,701</u></u>

At as 31 December 2020, the gross amount of accounts receivable arising from contracts with customers amounted to approximately RMB35,712,000 (2019: RMB41,691,000).

The Group allows an average credit period of 60 to 365 days to its trade customers. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period upon clients' request. The following is an aged analysis of accounts receivables, net of allowance for impairment of accounts receivable, presented based on the invoice dates, which approximates the respective revenue recognition date, at the end of the reporting period:

	Related parties <i>RMB'000</i>	Third parties <i>RMB'000</i>	Total <i>RMB'000</i>
2020			
0 to 60 days	—	11,173	11,173
61 to 180 days	—	1,147	1,147
181 to 365 days	—	323	323
More than 365 days	<u>6</u>	<u>14,488</u>	<u>14,494</u>
	<u><u>6</u></u>	<u><u>27,131</u></u>	<u><u>27,137</u></u>
2019 (restated)			
0 to 60 days	150	21,863	22,013
61 to 180 days	—	2,386	2,386
181 to 365 days	—	3,169	3,169
More than 365 days	<u>6</u>	<u>5,127</u>	<u>5,133</u>
	<u><u>156</u></u>	<u><u>32,545</u></u>	<u><u>32,701</u></u>

Amounts due from fellow subsidiaries are analysed as follows:

Name of fellow subsidiaries	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
CCID Network Information Technology Co., Ltd.* (北京賽迪網信息技術有限公司)	6	6
CCID Industrial and Information Development (Tianjin) Co., Ltd.* (賽迪工業和信息化產業發展(天津)有限公司)	—	150
Total	<u>6</u>	<u>156</u>

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The amounts due from fellow subsidiaries are trade nature, unsecured, interest-free and repayable at a credit period of 60 days as at 31 December 2019.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses, which is based on the categories of customers, expected credit loss rates and ageing analysis of gross carrying amount. Expected loss rates are determined by reference to historical data over the past 3 years (2019: 2 years) adjusted with the credit quality of grouped debtors, current economic conditions and the forecast economic conditions over the expected lives of the accounts receivables. In view of the macroeconomic in the PRC showing no material unfavourable factors to the customers of the Group, the management does not expect significant credit loss due to credit curtailment. There has been no change in the estimation techniques or significant assumptions made during the year from preceding reporting period.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group recognised lifetime expected credit loss for accounts receivables based on ageing of customers collectively that are not individually significant as follows:

As at 31 December 2020, the director of the Company considered to the ECL rate is insignificant for accounts receivables from low risk customers and high risk customers past due within 365 days with gross carrying amount of approximately RMB24,994,000 (2019: RMB30,453,000) and ECL allowance amounted to nil (2019: nil).

As at 31 December 2020, the director of the Company considered to the ECL rate is 80% (2019: 80%) for accounts receivables from high risk customers past due for more than 365 days with gross carrying amount of approximately RMB10,718,000 (2019: RMB11,238,000) and ECL allowance amount of RMB8,575,000 (2019: RMB8,990,000).

The movement in lifetime expected credit loss that has been recognised for accounts receivables under the simplified approach is set out below:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	8,990	10,904
Impairment loss recognised	252	52
Amounts reversed	(131)	—
Amount written off as uncollectible	(536)	(1,966)
	<u>8,575</u>	<u>8,990</u>
At the end of the year	<u>8,575</u>	<u>8,990</u>

The Group writes off accounts receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the accounts receivables are over 4 years past due, whichever occurs earlier. The Group has taken legal action against the debtors to recover the amount due.

12. ACCOUNTS PAYABLES

Accounts payables represented payables to suppliers. The credit terms granted by suppliers were stipulated in the relevant contracts and the payables were usually due for settlement from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is the aged analysis of accounts payables presented based on the invoice date at the end of the reporting period:

	Related parties	Third parties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2020			
Within 30 days	—	803	803
Over 365 days	—	858	858
	<u>—</u>	<u>858</u>	<u>858</u>
Total	<u>—</u>	<u>1,661</u>	<u>1,661</u>
2019 (restated)			
Within 30 days	104	1,262	1,366
Over 365 days	882	146	1,028
	<u>986</u>	<u>1,408</u>	<u>2,394</u>
Total	<u>986</u>	<u>1,408</u>	<u>2,394</u>

Amounts due to fellow subsidiaries are analysed as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Name of fellow subsidiaries		
CCID Property Management Co., Ltd* (北京賽迪物業管理有限公司)	—	104
Beijing CCID International Software Certification Co., Ltd* (北京賽迪國軟認證有限公司)	—	882
	<hr/>	<hr/>
Total	—	986
	<hr/> <hr/>	<hr/> <hr/>

* *The English translation is for identification only*

The amounts due to fellow subsidiaries are unsecured, interest-free and repayable at a credit period of 60 days.

13. CONTRACT LIABILITIES

Contract liabilities represents advances received from customer for unsatisfied or partially satisfied service contracts.

Information about the significant payment terms of the revenue from contracts with customers is set out below:

Type of revenue	Significant payment terms
Management and strategic consultancy services, market consultancy services and other services (data information design services, training course services and subscription to information system services)	By milestone payments per agreed terms at contract inception (ranging from 20% to 40% deposits), delivery of first draft, revised draft and final report upon acceptance
Information engineering supervision and industry spatial management services	By milestone payments per agreed terms at contract inception (ranging from 20% to 40% deposits), project implementation, progress acceptance and final acceptance check upon completion

The significant changes in contract liabilities in 2020 were mainly due to the continuous increase in the Group's customer base and the postponement of projects under COVID-19 pandemic.

Revenue recognised during the year ended 31 December 2020 that was included in the contract liabilities at the beginning of the year is approximately RMB45,841,000 (2019 (restated): RMB11,757,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

BUSINESS REVIEW

Accelerated Business Transformation and Upgrade

Adhering to its digital transformation strategy, the Group accelerated its business upgrade, product digitalisation, service platformisation and profit capitalisation in 2020. The expansion of the comprehensive planning business was boosted by rolling out several services such as industrial and digital development planning as well as national economic and social development outline planning in different provinces (including Anhui, Shanxi, Jiangxi and Qinghai), municipalities (including Guangzhou, Xiamen and Zhuhai) and districts and counties (including Nanshan, Taicang and Jiashan). To seize development opportunities in the digital industry, capture potential new value in the market and step up our business expansion, several consultancy services in relation to economic digitalisation and government digitalisation under the “Digital New Infrastructure” policy were completed in co-operation with local governments in, among other places, Zibo and Tai’an as well as businesses such as Huawei and JD.com. Guangdong CCID sped up the development of its industry spatial management services and optimised its collaboration and synergies with local governments by providing industrial complex planning services in places including Hainan and Zhejiang. CCID Design, on the other hand, rolled out emerging businesses such as county-wide digital transformation design and consultation as well as complete lifecycle smart project performance analysis, management and consultation. To formulate a new county-wide digital transformation model and achieve breakthrough in business transformation and upgrade, it worked out strategies, directions and road maps to formulate county-wide digital transformation with all its efforts by taking into account the entire industry chain and the future development of industrial clusters.

Enhanced Digitalised and Customised Collaborations

In 2020, the Group further enhanced its product development capacity in respect of digitalisation based on CCID brain for industries according to clients’ needs. CCID brain for industries improved our product line, developed products with different capacities and prices, and built up digital consultation abilities for local economies and industrial development by ways of horizontal expansion of features, vertical development of functions and modularisation. The power of its functions was constantly enhanced. Contents were displayed through optimised models and digital outputs. The number of its functions has also increased. Products were categorised into several groups with different standards in order to be rolled out in modularised and customised forms with the aim of satisfying the specific need and budget of every client. In 2020, CCID brain for industries carried out collaborations in, among other places, Chongqing, Tianjin, Shandong, Shanxi, Nanjing and Guangzhou. Completed projects included high-quality development evaluation platforms, park evaluation platforms, project evaluation platforms, investment attraction platforms and knowledge mapping platforms.

Captured Trends and Delved Deeply into Hot Topics

The Group rigorously conducted high-quality studies of hot topics in 2020. It captured the latest trends and conducted forward-looking researches in order to promote product standardisation and establish a diversified product mix. It also strengthened training in quick, correct and modern research writing skills, shored up basic research capability, and presented results and outcomes with better framework, logic and practicability. A strategic research department was set up to coordinate collaborations amongst multiple departments and launch researches on key topics. With the aims of promoting product innovation and upgrade and rationalising key product lines, a diversified product portfolio comprised of annual reports, white papers, rankings, index reports, monitoring reports and blue papers was formulated. Three bases, namely information base, talent base and database, and related methodologies for knowledge studies were established. We published 76 pieces of 2020 Insight regarding 30 key topics such as artificial intelligence, ultra-high definition video clips, digital economy and internet of things; 110 annual reports covering hot industrial topics for the year such as artificial intelligence, digital economy, internet of industries, autopilot and municipal business environment; 54 white papers including county-wide economies, digital cities and hydrogen-powered cities; rankings such as top 100 biopharmaceutical parks; 5 index reports in the fields of digital economy, urban technologies and innovation, and advanced manufacturing city development; 73 monitoring reports including weekly medicine and healthcare reports, monthly long-term care industry reports, monthly sport industry reports, quarterly eSports reports and bi-weekly energy-conservation and environmental protection reports; and 2 blue papers, namely the Blue Paper of 2019-2020 on the Development of Smart Manufacturing Industry (《2019–2020年智能製造產業發展藍皮書》) and the Blue Paper of 2019-2020 on Investment in Emerging Industries in China (《2019–2020年中國新興產業投資藍皮書》).

Combated Pandemic and Expedited Re-Opening

Against the backdrop of the COVID-19 pandemic in 2020, the Group coordinated the resumption of work and production by its employees in an orderly manner. The party committee, labour union and the Youth League Committee brought their roles and functions into full play to refine information monitoring and reporting, policy communication, publicity about achievements and notice dissemination. The Group enlisted the full support of its departments to secure smooth business operation. It also motivated its employees and raised their satisfaction with the Group. An innovative new online work arrangement was created to conduct contract renewal, brand promotion and other activities online. Webinars such as “Everything about New Infrastructure (聚焦新基建)” and “Ten Sessions on Emerging Industries (新興產業十講)” were held. Industry planning services were offered to cities such as Guangzhou, Mianyang and Zhijiang for the procurement of emergency supplies and protective equipment and the development of pilot medical prevention and control industrial parks. To provide safe and reliable information support for the fight against COVID-19, CCID Supervision took up a project in relation to the provision of emergency information about areas affected by

COVID-19 as well as a project in relation to information construction supervision services. Making Hubei Province its top priority, it provided the province with several services such as software project pricing evaluation services, emergency project management consultancy services and information business project supervision and management training services free of charge in order to help it control the pandemic and carry out relevant digitalisation.

Carried out Branding and Marketing

Holding the belief that brand represents a high level of integration between corporate branding and personal branding, the Group continued to enhance its brand influence in all aspects by reforming its culture and promoting its brand. The Group constantly raises its brand awareness with innovative media publicity. Our total clicks on media systems such as WeChat, TouTiao.com and Sohu.com reached approximately 1,358,000. CCTV's Morning News, BCC, China Economic Times, Economic Daily, the Paper and other news outlets conducted 42 interviews, which were widely quoted by over 107 media, with us. Our Insight, white papers and quick comments were reported by Xinhuanet, www.chinanews.com (中新網), the Paper, the National Business Daily, tech.sina.cn (新浪科技), med.sina.cn (新浪醫藥), ce.cn (中國經濟網), www.cb.com.cn (中國經營網), the website of the National Business Daily and other media. Ten special salons were conducted. 18 white papers and special articles were published jointly with media such as Xinhuanet, the Paper, tech.sina.cn (新浪科技) and www.cb.com.cn (中國經營網). To help small and medium enterprises re-open and overcome difficulties, 20 live seminars on topics such as ICT, biopharmaceuticals, environmental protection, 5G, investment, internet of things and smart manufacturing were held in collaboration with Xinhuanet, the Paper, the technology section of zhihu.com, the Shenzhen Stock Exchange and the National Business Daily during the pandemic. Large-scale branding activities such as "ITMC 2020 (2020IT市場年會)", "2020 WSCE (2020世界半導體大會)" and the "2020 China's Manufacturing Power Forum (2020製造強國論壇)" were successfully organised to cultivate a good corporate image and enhance its brand reputation.

Promoted Management Innovation

In 2020, the Group continued to promote management innovation. Following a thorough study of its employee appraisal mechanism, a remuneration assessment system that caters to our business development was developed to motivate our staff. A talent identification project was also launched and demonstrated to front-line staff in order to identify, retain and deploy talented employees and build up human resources. The OA office system was upgraded to implement comprehensive audit and visualised office work throughout the entire process. A virtual interaction and work platform based on our computer network was established to deliver comprehensive and sophisticated joint management of office work and documentation as well as better communication and sharing of information between all departments. Data collection and classification was strengthened to enhance the format and contents of our data analysis. To realise completely digitalised contract management, employees were taught how to use electronic signature and third-party

electronic signature platforms while contract registration and documentation processes were perfected. A revamp of our quality control system was carried out smoothly. Review of our external quality certifications and our ISO9001 quality management system were completed.

BUSINESS OUTLOOK

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

Advance Comprehensive Industrial Innovation Services

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

Establish CCID Brain for Industries

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

Persist in Perfecting Corporate Governance

In 2021, the Group will further perfect its corporate governance structure, optimise its internal and risk control systems, improve the listed company's operating practices and ultimately enhance its governance standard.

Despite the challenges ahead, the board of Directors (the “**Board**”) and I have full confidence in our future development. I will continue to lead the Group to proactively overcome the difficulties together with all employees in order to create the greatest value for all shareholders.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2020, the Group recorded a turnover of approximately RMB211,954,000 (for the year ended 31 December 2019 (restated): approximately RMB261,529,000), representing a decrease of approximately 19% as compared to the corresponding period of last year. Under the COVID-19 pandemic, varied preventive and control measures have been implemented across the globe to contain the spread of the virus. Subsequently, the management and strategy consultancy services of the Group were adversely affected.

In the first half of 2020, approximately 60% of the Group's outstanding projects were temporarily delayed mainly as a result of the COVID-19 pandemic. Due to limited chances to conduct on-site implementation, some of the Group's projects were delayed for approximately 4 months on average. The Group has accordingly adjusted the manpower allocated to such projects with the aims of expediting their progress, minimising the impact of their suspension and preventing delay in their completion. As at the date of this announcement, the Directors confirmed that the suspension of these outstanding projects did not result in any material delay in their progress, and that the COVID-19 pandemic has not resulted in any material changes to the contractual terms of the outstanding projects.

The Group's financial results were adversely affected by the COVID-19 pandemic. For the nine months ended 30 September 2020, revenue of the Group amounted to approximately RMB96,600,000, representing a decrease of approximately 26.9% as compared to approximately RMB132,200,000 for the nine months ended 30 September 2019. It was mainly due to the considerable delay in project implementation and completion in the first half of 2020 as a result of the COVID-19 pandemic, which was expected to reduce the net profit of the Group for the year ended 31 December 2020. Nevertheless, operations of the Group recovered in the three months ended 30 September 2020. For the three months ended 30 September 2020, the Group recorded a revenue of approximately RMB56,300,000, representing an increase of approximately 27.5% as compared to approximately RMB44,200,000 for the corresponding period of last year.

The operations and financial position of the Group as a whole were not materially affected. In addition, the total contract sum of the outstanding projects as at 30 September 2020 was approximately RMB306,200,000. Attributable to (i) the successful containment of the COVID-19 pandemic in the PRC; (ii) the recovery of the Group's business operations since March 2020; and (iii) the active negotiation between the Group and its clients over the progress of those contracts affected by the COVID-19 pandemic, there have not been any material changes to the contractual terms of the outstanding projects. The Directors believe that the Group will be able to satisfy outstanding obligations resulting from the COVID-19 pandemic. As at the date of this announcement, none of the Group's clients was subject to any compensation or claims in respect of these outstanding obligations.

An analysis of the Group's turnover for the year is as follows:

	2020		2019 (Restated)	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Management and strategy consultancy services	103,372	49%	136,539	52%
Market consultancy services	26,440	12%	21,336	8%
Information engineering supervision services	76,083	36%	89,442	34%
Other services	6,059	3%	14,212	6%
Total	<u>211,954</u>	<u>100%</u>	<u>261,529</u>	<u>100%</u>

The Group continued to implement its digital transformation business strategy and focused on comprehensive industrial innovation services, particularly emphasising key industrial parks, industrial players and investment institutions. With CCID brain for industries at our core, we have built a business innovation platform driven by big data, pushed forward with the comprehensive upgrade of product lines, and enhanced our brand influence.

Costs and expenses

For the year ended 31 December 2020, the Group's costs and expenses amounted to a total of approximately RMB182,489,000 (for the year ended 31 December 2019 (restated): RMB188,180,000), representing a decrease of approximately 3% as compared to the corresponding period of last year, which was in line with the delay in project implementation and completion caused by the COVID-19 pandemic.

Income tax

In accordance with the requirements under the Law of the People's Republic of China on Enterprise Income Tax and its implementation regulations, the Opinions of the State Council Concerning Accelerating the Development of the Technological Service Sector (Guo Fa [2014] No. 49), the Notice of the State Taxation Administration on Issues concerning the Administration of Enterprise Income Tax Deduction and Exemption (Guo Shui Fa [2008] No. 111), the Supplementary Notice of the State Taxation Administration on Issues Concerning the Administration of Enterprise Income Tax Preferences (Guo Shui Han [2009] No. 255), the Notice of the State Taxation Administration on Issuing the Measures for the Administration of Tax Deduction or Exemption (for Trial Implementation) (Guo Shui Fa [2005] No. 129) and the Notice of the State Taxation Administration on Issues Concerning the Implementation of the Preferential Income Tax for High and New Technology Enterprises (Guo Shui Han [2009] No. 203), the Company is officially entitled to a preferential enterprise income tax rate of 15% with effect from 2016 and a tax reduction and exemption of approximately RMB2,035,000 for the year ended 31 December 2020.

Profit and total comprehensive income for the year

For the year ended 31 December 2020, the Group reported profit and total comprehensive income for the year of approximately RMB26,597,000 and RMB28,321,000 (for the year ended 31 December 2019 (restated): approximately RMB68,186,000 and RMB71,031,000), respectively, representing decrease of approximately 61% and 60%, respectively, as compared to the corresponding period of last year. Such decrease was mainly due to the delay in project implementation and completion in various cities under the COVID-19 pandemic.

Liquidity and Financial Resources

As at 31 December 2020, cash and cash equivalents of the Group amounted to approximately RMB263,723,000, which included approximately RMB263,723,000 and US\$Nil (as at 31 December 2019 (restated): approximately RMB233,021,000, which included approximately RMB233,021,000 and US\$Nil). The amount of cash and cash equivalents increased by approximately 13% as compared to the corresponding period of last year. The Group's primary source of funds was cash flow generated from operating activities. The management believes that the Group had adequate working capital for its present needs.

Capital Structure

The capital structure of the Group as at 31 December 2020 is summarised as follows:

	<i>RMB'000</i>	<i>%</i>
Total shareholders' equity attributable to equity holders of the Company	196,251	77%
Non-controlling interests	<u>59,426</u>	<u>23%</u>
Total	<u><u>255,677</u></u>	<u><u>100%</u></u>

Operating Segment Information

Operating segment information is set out in note 4 to the consolidated financial statements.

Capital Commitment and Contingent Liabilities

As at 31 December 2020, the Group had no capital commitment (as at 31 December 2019: Nil).

As at 31 December 2020, the Group had no contingent liabilities (as at 31 December 2019: Nil).

Pledge of Assets

As at 31 December 2020, the Group had pledged bank deposits amounted to approximately RMB3,198,000 (as at 31 December 2019: RMB2,057,000).

Gearing Ratio

As at 31 December 2020, the Group's gearing ratio was approximately 62% (as at 31 December 2019 (restated): 57%). The gearing ratio was calculated by dividing the aggregate of total liabilities and proposed final dividend less amounts due to related parties by total equity less proposed final dividend.

Major Investments

For the year ended 31 December 2020 and as at the date of this announcement, the Group subscribed wealth management products as set out in the following table:

Subscription Date	Counterparty	Name of Wealth Management Product	Currency of Principal and Return	Subscription Amount	Term of Product	Expected Annualised Yield Rate
16 January 2020	China Construction Bank	“Qianyuan-Rixinyueyi” (daily) Open-ended Asset Portfolio RMB Wealth Management Product (「乾元—日鑫月溢」(按日) 開放式資產組合型人民幣理財產品)	RMB	45,000,000	347 days (expired on 27 December 2020)	3.30%
4 June 2020	China Minsheng Bank	Interest Rate Linked Structured Product	RMB	30,000,000	182 days (expired on 4 December 2020)	If n=0 day during the observation period and the actual term of the product is 182 days, the rate of return will be 1.5%. If n=182 days during the observation period and the actual term of the product is 182 days, the rate of return will be 3.15%. If n=91 days during the observation period and the actual term of the product is 182 days, the rate of return will be 2.325%.
29 December 2020	China Construction Bank	“Qianyuan-Rixinyueyi” (daily) Open-ended Asset Portfolio RMB Wealth Management Product (「乾元—日鑫月溢」(按日) 開放式資產組合型人民幣理財產品) of the Beijing Branch of China Construction Bank	RMB	45,000,000	400 days (expiring on 2 February 2022)	3.15%

For the year ended 31 December 2020, the Company recorded gains of approximately RMB1,339,000, RMB474,000 and nil from the products subscribed on 16 January 2020, 4 June 2020 and 29 December 2020, respectively. The Board believes that with greater stability and stronger liquidity but lower risk exposure compared to other non-banking wealth management products, these wealth management products can provide the Group with better return on its idle funds, which is in the interests of the Group and the shareholders as a whole.

On 25 November 2020, the Company entered into a fund partnership agreement in relation to the establishment of a fund that is expected to reach a total capital contribution of RMB30,000,000 with an initial capital contribution of RMB6,000,000 upon subscription, pursuant to which, the Company (as a limited partner), China Electronic Science and Technology Exchange Centre* (中國電子工業科學技術交流中心) (the “Exchange Centre”) (as a limited partner), Hubei Xiachuan Venture Capital Management Limited* (湖北夏創資本投資管理有限公司) (“Xiachuan Capital”) (as a limited partner) and Beijing CCID Tiandi Investment Management Company Limited* (北京賽迪天地投資管理有限公司) (“CCID Tiandi”) (as a general partner) have agreed to subscribe for the fund interests of RMB8,400,000, RMB15,300,000, RMB6,000,000 and RMB300,000, respectively. CCID Tiandi also serves as the fund manager.

During the Reporting Period, the fund has not yet begun to enter the investment period. Therefore, the Company did not record any gains.

Save as disclosed above, as at 31 December 2020, there were no other major investment.

Major Acquisition and Disposal

On 20 July 2020 (after trading hours), the Company, CCID Design, CCID Group Co. and Guangdong CCID entered into a 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 RMB30,000,000 will be credited as the registered 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 RMB50,000,000 as at 20 July 2020 to approximately RMB80,000,000. The capital increase was completed on 27 September 2020. After the capital increase, (a) Guangdong CCID became a wholly-owned subsidiary of the Company on 9 October 2020, (b) the Company’s interest in CCID Design decreased from 95% to approximately 59.37%, and (c) CCID Group Co.’s interest in CCID Design increased from 5% to approximately 40.63%. CCID Design continues to be a subsidiary of the Company.

According to the announcement published on 20 July 2020, CCID Group Co. was a company ultimately controlled by CCID, the controlling shareholder of the Company which indirectly held 491,000,000 domestic shares of the Company through Research Centre and CCID Riyue, representing approximately 70.14% of the issued share capital of the Company. Therefore, CCID Group Co. was a connected person of the Company. Being a wholly-owned subsidiary of CCID Group Co., Guangdong CCID was 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.

CCID Group Co. undertakes that the net profit of Guangdong CCID for the year ended 31 December 2020 shall be no less than RMB6,000,000 (“**Guaranteed Profit**”). CCID Design is entitled to appoint an auditor to conduct an audit and issue an auditor’s report on Guangdong CCID for the year ended 31 December 2020. In the event that the net profit of Guangdong CCID is less than RMB6,000,000, CCID Group Co. shall pay the shortfall to Guangdong CCID in cash within 30 days upon the publication of the abovementioned auditor’s report.

In respect of the year ended 31 December 2020, the net profit of Guangdong CCID was approximately RMB5,890,000 that has not met the Guaranteed Profit, and CCID Group Co. is liable to pay a consideration receivable of approximately RMB110,000. The independent non-executive Directors of the Company considered that the connected person will fulfil its obligations.

Major Future Investment

As at the date of this announcement, the Group had no major investment plan.

Exchange Rate Risk

The Group has maintained a conservative policy in respect of foreign exchange risk and interest rate management with all of its deposits denominated in Renminbi.

Significant Event after the Reporting Period

As at the date of this announcement, the Group had no significant event after the Reporting Period which needs to be disclosed.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the Reporting Period.

FINAL DIVIDEND

The Board has proposed the payment of a final dividend of RMB1.53 cents (tax inclusive) per share for the year ended 31 December 2020 to the shareholders whose names appear on the register of members of the Company on 23 June 2021 (the “**2020 Final Dividend**”). Based on the number of issued shares as at the date of this announcement, the 2020 Final Dividend, if declared and paid, will amount to an aggregate of approximately RMB10,710,000 (tax inclusive). For the distribution of the 2020 Final Dividend, dividend on domestic shares will be paid in Renminbi and dividend on H shares will be paid in Hong Kong Dollars (at the average closing prices of Hong Kong dollars announced by the People’s Bank of China one week prior to the announcement of the dividend, i.e. the date of the annual general meeting of the

Company to be held on 11 June 2021 (the “**2020 AGM**”). The proposed payment of the 2020 Final Dividend will be paid on or about 6 August 2021 and subject to the approval by the shareholders at the 2020 AGM.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Group has adopted and complied with the code provisions (the “**Code Provision(s)**”) of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the “required standard of dealings” in Rules 5.48 to 5.67 of the GEM Listing Rules as the standard of conduct for securities transactions by the Directors and the supervisors (“**Supervisor(s)**”) of the Company, and regulates securities transactions by the Directors and Supervisors pursuant to the requirements thereof. Having made enquiry of all Directors and Supervisors, the Company confirmed that, during the year ended 31 December 2020, all Directors and Supervisors have complied with the “required standard of dealings”. The Company was not aware of any non-compliances during the Reporting Period.

COMPETING INTEREST

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

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 20 November 2002. Pursuant to the share option scheme, the Board of the Company may, at its discretion, grant options to any employees of the Group to subscribe for shares up to a maximum of 30% of the Company’s H shares then in issue. The exercise price shall be determined by the Board, and shall not be less than the higher of: (a) the closing price of the H shares as stated in GEM’s daily quotation sheet on the date of offer, which must be a trading day; (b) the average closing price of the shares as stated in the daily quotation sheets for the five trading days immediately preceding the date of offer; and (c) the nominal value of an H share. However, employees who are Chinese nationals are not entitled to exercise their options until these persons are allowed to subscribe for or deal in H shares under the PRC laws and regulations. As at the end of the year, the share option scheme is not yet effective. As at 31 December 2020, no option has been granted to any employees of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this announcement.

PRELIMINARY RESULTS ANNOUNCEMENT AGREED BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts stated in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The Audit Committee comprises four independent non-executive Directors, namely Ms. Li Xuemei, Mr. Guo Xinping, Mr. Chen Yung-cheng and Mr. Hu Bin. The main responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control systems.

The Audit Committee has reviewed the annual results and the audited consolidated financial statements of the Group for the year together with the management and the independent auditor of the Company, and is of the opinion that these statements have complied with the applicable accounting standards and that adequate disclosures have been made.

ANNUAL GENERAL MEETING (“AGM”)

The AGM will be held on 11 June 2021. The notice of AGM will be published and dispatched to the shareholders in due course.

In order to determine the shareholders who are entitled to attend and vote at the 2020 AGM, the register of H shareholders will be closed from 8 June 2021 to 11 June 2021, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for attending the 2020 AGM, 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 7 June 2021 for registration. Shareholders whose names appear on the registers of members of the Company at the close of business on 7 June 2021 will be entitled to attend and vote at the 2020 AGM.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of GEM and the Company. The annual report of the Company for the year ended 31 December 2020 will be dispatched to the shareholders of the Company and available on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
CCID Consulting Company Limited*
Ms. Xia Lin
Chairlady

Beijing, the PRC, 23 March 2021

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

This announcement 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 purpose only