CCIDConsulting

CCID Consulting Company Limited

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

Stock Code: 08235

思維 創造世界

ANNUAL REPORT 2020

CCIDConsulting

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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.

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

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

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

* *for identification purpose only*

CONTENTS

Corporate Information	2
Chairlady's Statement	4
Management Discussion and Analysis	6
Directors, Supervisors and Senior Management	16
Corporate Governance Report	22
Environmental, Social and Governance Report	34
Report of the Directors	42
Report of the Supervisory Committee	62
Independent Auditor's Report	63
Consolidated Statement of Profit or Loss and Other Comprehensive Income	68
Consolidated Statement of Financial Position	69
Consolidated Statement of Changes in Equity	71
Consolidated Statement of Cash Flows	72
Notes to the Consolidated Financial Statements	74
Five-Year Financial Summary	150

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Xia Lin *(Chairlady)*
Qin Hailin *(General Manager)* (appointed on 8 May 2020) *(Executive Director)* (appointed as non-executive Director on 12 June 2020 and re-designated from a non-executive Director to an executive Director on 7 December 2020)

Non-Executive Director
Sun Huifeng *(General Manager)* (resigned on 8 May 2020) *(Non-Executive Director)* (resigned on 12 June 2020)

Independent Non-Executive Directors
Guo Xinping
Li Xuemei
Chen Yung-cheng
Hu Bin (appointed on 23 December 2020)

AUDIT COMMITTEE

Li Xuemei *(Chairlady of the Committee)*
Guo Xinping
Chen Yung-cheng
Hu Bin (appointed on 7 December 2020)

REMUNERATION COMMITTEE

Guo Xinping *(Chairman of the Committee)*
Li Xuemei
Xia Lin

NOMINATION COMMITTEE

Xia Lin *(Chairlady of the Committee)*
Guo Xinping
Li Xuemei
Chen Yung-cheng

SUPERVISORY COMMITTEE

Chen Ying *(Chairlady of the Committee)* (resigned on 25 November 2020)
Gong Ping *(Chairman of the Committee)* (appointed on 25 November 2020)
Jia Yinghui (appointed on 25 November 2020)
Lian Jing

COMPLIANCE OFFICER

Xia Lin

COMPANY SECRETARY

Chan Yin Wah

AUTHORISED REPRESENTATIVES

Xia Lin
Chan Yin Wah

REGISTERED ADDRESS

Room 311, No. 2 Building, No. 28 Zhen Xing Road
Chang Ping District, Beijing, PRC

OFFICE AND CORRESPONDENCE ADDRESS

10th Floor, CCID Plaza, 66 Zizhuyuan Road
Haidian District, Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.ccidconsulting.com

STOCK CODE

08235

AUDITORS

SHINEWING (HK) CPA Limited
(appointed on 6 February 2020)
Qual-Mark CPA Limited (resigned on 6 February 2020)

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
54/F, Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation
Bank of Beijing Co., Ltd.

Chairlady's Statement

I am pleased to present the annual report of CCID Consulting Company Limited* (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2020.

FINANCIAL RESULTS

For the year ended 31 December 2020 (the "period" or the "year"), the Group recorded a turnover of approximately RMB211,954,000 and a gross profit of approximately RMB100,683,000. Profit and total comprehensive income for the year amounted to RMB26,597,000 and RMB28,321,000, respectively, and basic earnings per share amounted to approximately RMB3.03 cents. 2020 was an unprecedented year. Despite the Novel Coronavirus ("COVID-19") pandemic, we rose to the challenge, strove to expedite the resumption of operation, bolstered our business and maintained healthy development.

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, persist in perfecting 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.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank all our shareholders, customers and partners for their support and trust as well as all our employees for their dedication and contribution to the Group.

Xia Lin
Chairlady

Beijing, the People's Republic of China
23 March 2021

Management Discussion and Analysis

INDUSTRY OVERVIEW

Upgrade of Consulting Business

As China enters a new development stage, new development concepts are needed in order to devise a new development framework. New circumstances and new necessities call for consultation and decision-making with better strategies, completeness, comprehensiveness, insight and practicability, for which various types of think tanks and consulting firms are needed to carry out forward-looking, targeted and progressive policy and response studies in order to enhance general analysis, strategic-planning and decision-making ability when governments at different levels consider critical issues, such as high-quality development, technological innovation, industrial transformation and upgrade, industry and supply chains, domestic consumption stimulation, carbon emission peak and carbon neutrality.

Digitalisation of Products and Outcomes

Digital transformation has become the key to the paradigm shift in the consulting industry. It represents not only a technological revolution, but also a fundamental change in our understanding and thinking. Utilising information technologies and related methodologies, it revolutionises products, services and, in turn, business models according to customers' experience. The magic formula for digital transformation is the effective integration of digital technologies and the consultation business plus the digitalisation of the consultation processes, services and products. Against such backdrop, traditional and monotonous consultancy services are under threat. The consulting industry needs to shake up its product mix, consolidate internal and external resources, create top-down product designs, service plans and demonstrative platforms, and implement comprehensive digital transformation and upgrade. At the same time, the consulting industry also needs to continuously explore possible ways to digitalise and upgrade consultation products, develop visual platforms to display such products, delineate product portfolio, and demonstrate outcomes in a modular and digital manner.

Capitalisation of Business Model

As clients pay more attention and heed to the consulting industry as well as the rollout and implementation of consultation strategies rather than such strategies per se, the consulting industry will enjoy enormous room for development. Furthermore, China is experiencing rapid economic development and has entered the age of capital. Consultation firms are shifting their attention from the pursuit of profit to the pursuit of cash flows, from human resource management to equity management, from strategic collaboration to merger and acquisition. With these paradigm shifts in thinking and strategies, the business model of the consulting industry is increasingly capital-oriented. This change will prompt some of the consultation firms in the industry to alter their charges from consultation fees into equity interests and seek higher return from listings and other corporate activities. Consultation firms will place higher importance on the provision of better services to their clients in order to create higher corporate value and expand their scale.

BUSINESS REVIEW

Accelerated Business Transformation and Upgrade

Adhering to its digital transformation strategy, the Group accelerated its business upgrade, product digitalisation, service platformatisation 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

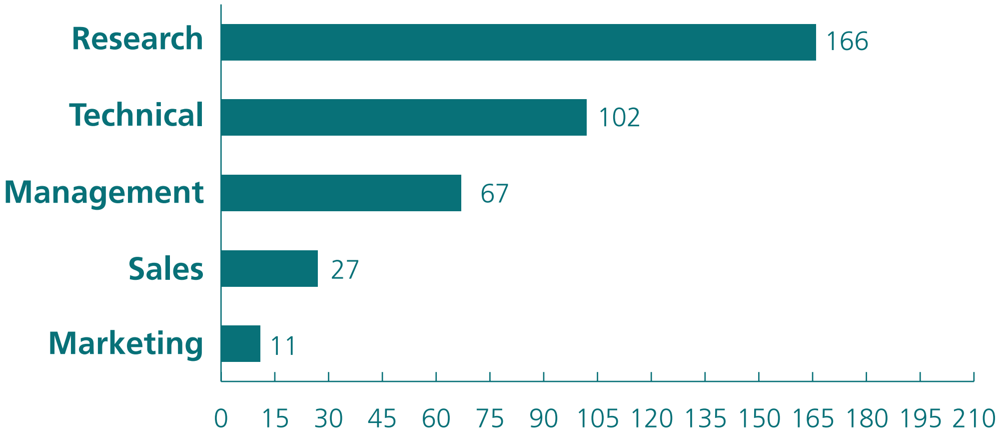
Holding the belief that brand represents a high level of integration between corporate branding and personal branding, the Group continued to enhance its brand influence in all aspects by reforming its culture and promoting its brand. The Group constantly raises its brand awareness with innovative media 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.

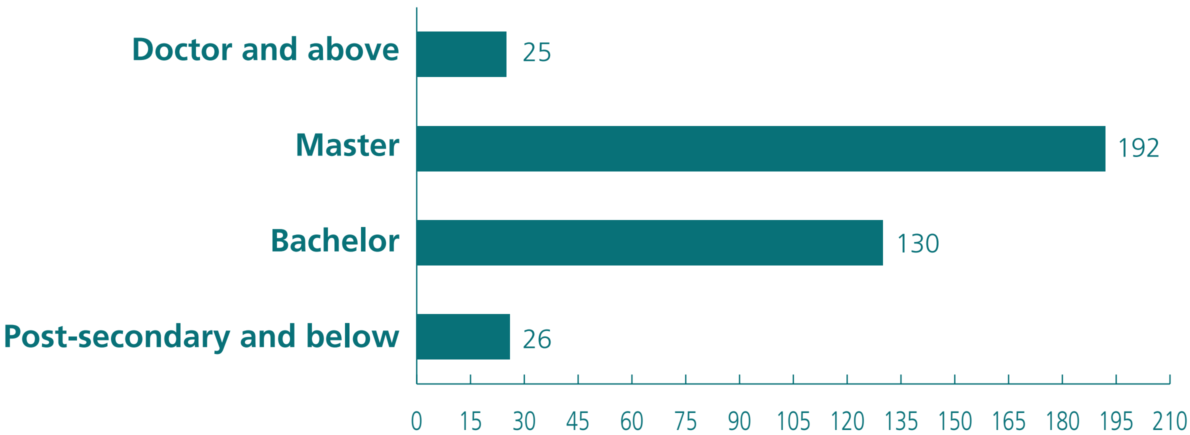
Promoted Management Innovation

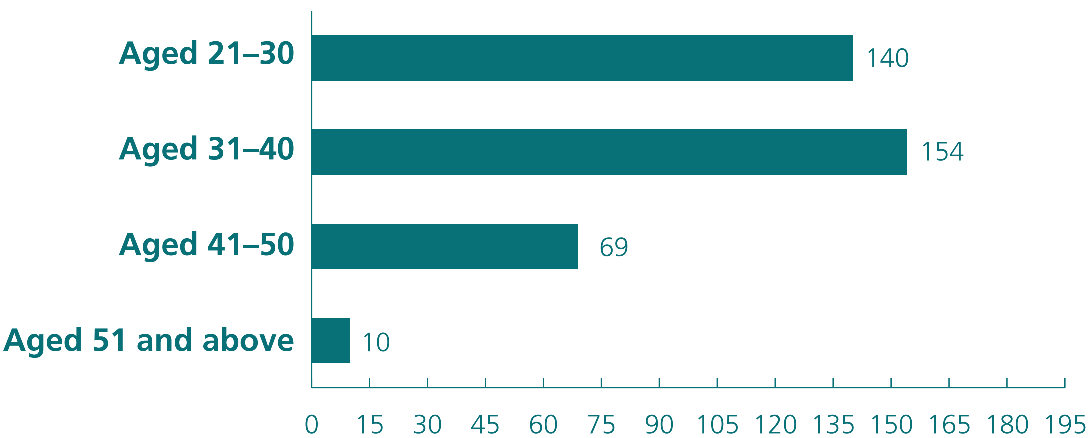
In 2020, the Group continued to promote management innovation. Following a thorough study of its employee appraisal mechanism, a remuneration assessment system that caters to our business development was developed to motivate our staff. A talent identification project was also launched and demonstrated 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.

Employee and Remuneration Policy

As at 31 December 2020, the Group had a total of 373 (2019: 324) employees, the composition of which was as follows:







The Group adopts a results-oriented performance appraisal method to determine employees' remuneration based on their performance, qualifications and experience. The Group provides employees with benefits such as housing provident fund, basic retirement insurance, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance in accordance with applicable PRC laws and regulations, as well as additional commercial insurance such as supplementary medical and accidental injuries insurance.

The Group fully understands that employees are the key to the sustainable development of its business. The Group provides employees with training and career planning, reasonable promotion opportunities and comprehensive remuneration system to ensure that employees enjoy legal rights and perform relevant obligations. The Group works together with its employees to provide quality products and services for our customers.

ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

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 report, 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 report, 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)	
	RMB'000	%	RMB'000	%
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	**211,954**	**100%**	261,529	100%

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:

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

Operating Segment Information

Operating segment information is set out in note 9 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 report, 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 (「乾元一日鑫月溢」(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 (「乾元一日鑫月溢」(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 (as Limited Partner), the Exchange Center (as Limited Partner), Xiachuan Capital (as Limited Partner) and CCID Tiandi (as General Partner) entered into the Fund Partnership Agreement that is expected to reach a total capital contribution of RMB30 million with an initial capital contribution of RMB6 million upon subscription. As the Fund Partnership Agreement constitutes an exempted connected transaction, its details are set out in the paragraph headed "CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS" in the Report of the Directors.

During the reporting period, the fund has not yet begun to enter the investment period. Therefore, the Company did not record any gains. The Board believes that the Fund Partnership Agreement can obtain reasonable and long-term investment income, thus creating better income and investment returns for the Company and its shareholders.

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 Group, 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. As the capital increase agreement constitutes a non-exempted connected transaction, its details are set out in the paragraph headed "CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS" in the Report of the Directors.

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 report, 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 report, the Group had no significant event after the reporting period which needs to be disclosed.

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

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

Qin Hailin (秦海林), aged 42, was re-designated from a non-executive Director to an executive Director with effect from 7 December 2020, was appointed as the general manager of the Company with effect from 8 May 2020, and was re-elected on 25 November 2020. Mr. Qin served as a non-executive Director from 12 June 2020 to 6 December 2020. Mr. Qin has been the general manager of CCID Academy of Industry and Information Technology Limited* since April 2020. From July 2011 to April 2020, Mr. Qin served as the general manager of CCID AlmavivA Information Technology (Shanghai) Co., Ltd.* (賽迪埃脈韋瓦信息技術(上海)有限公司), and the deputy president of the Institute of Finance* (財經研究所) (responsible for operation) and the director of the Industrial Economics Institute* (工業經濟研究所) of China Centre for Information Industry Development* (中國電子信息產業發展研究院). From August 2014 to August 2015, Mr. Qin served as a member of the party group and deputy director of the Economic and Information Technology Commission in Hengyang of Hunan Province* (湖南省衡陽市經濟和信息化委員會). From July 2007 to June 2011, Mr. Qin served as the Company's analyst, department manager, business director, assistant general manager, vice president and general manager of the Shanghai branch. Mr. Qin graduated from Jilin University (吉林大學) with a doctoral degree in economics in July 2007. Mr. Qin is a senior economist entitled to the State Council's special allowance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Guo Xinping (郭新平), aged 57, was appointed as an independent non-executive Director with effect from 25 May 2002, and was re-elected on 25 November 2020. Mr. Guo has over 30 years of experience in the fields of enterprise operation and finance. Mr. Guo has been the vice-chairman of the board of Yonyou Network Technology Co., Ltd.* (用友網絡科技股份有限公司, formerly known as Yonyou Software Co., Ltd.* (用友軟件股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600588)) since May 2002, the chairman of the supervisory committee of Chanjet Information Technology Company Limited* (暢捷通信息技術股份有限公司, the shares of which are listed on the Stock Exchange (stock code: 01588)) since September 2011, and an independent director of Glodon Company Limited* (廣聯達軟件股份有限公司, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002410)) from April 2008 to April 2014 and since 25 April 2017. Mr. Guo worked for the Fiscal and Taxation Reform Department* (財稅體制改革司) of the Ministry of Finance (財政部) from August 1985 to June 1989. He was the general manager and chief finance officer of Yonyou Software Co., Ltd.* from December 1999 to April 2002 and from April 2007 to April 2010, and an independent director of Tus-Sound Environmental Resources Company Limited* (啟迪桑德環境資源股份有限公司, currently known as Tus Environmental Science and Technology Development Co., Ltd.* (啟迪環境科技發展股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000826)) from July 2009 to October 2015. Mr. Guo graduated from Hubei Institute of Finance and Economics* (湖北財經學院) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) with a bachelor's degree in July 1985 and from Hong Kong University of Science and Technology with an MBA degree in November 2007. He is a senior accountant recognised by the Personnel Department of Hubei Province* (湖北省人事廳) in January 1998.

Li Xuemei (李雪梅), aged 52, was appointed as an independent non-executive Director with effect from 25 November 2011, and was re-elected on 25 November 2020. Ms. Li has been working in the School of Economics and Management (經濟管理學院) of Beijing Jiaotong University (北京交通大學) since December 1995, and has been a professor and PhD supervisor since October 2010. She has also been serving as a managing director of China Association of International Business Negotiation* (中國管理現代化研究會國際商務談判專業委員會) since July 2010, and a director of the Beijing Big Data Association* (北京大數據協會) and the Beijing Applied Statistics Association* (北京應用統計學會) since October 2019. Ms. Li has been engaged in teaching and scientific research for a long time, presided over and participated in more than 50 scientific research projects commissioned by the Ministry of Science and Technology (科技部), National Natural Science Foundation of China (中國國家自然科學基金委員會), the Ministry of Railways (鐵道部), Beijing Municipal Science and Technology Commission (北京市科學技術委員會), Beijing Municipal Education Commission (北京市教育委員會) and many enterprises. Her research results won the second prize of Science and Technology of the China Railway Society (中國鐵道學會) in 2014. Ms. Li was a visiting scholar at the University of Nevada from August 2014 to December 2014 and a visiting professor at Dartmouth College from December 2014 to September 2015. Ms. Li graduated from Heilongjiang University (黑龍江大學) with a bachelor of science degree in July 1989, Harbin University of Civil Engineering and Architecture (哈爾濱建築大學) (now incorporated into Harbin Institute of Technology (哈爾濱工業大學)) with a master's degree in engineering in May 1995, and Beijing Jiaotong University with a doctoral degree in management in October 2007.

Chen Yung-cheng (陳永正), aged 64, was appointed as an independent non-executive Director with effect from 20 May 2019 and was re-elected on 25 November 2020. Mr. Chen has accumulated more than three decades of experience in telecommunications, media and technology (''TMT'') and corporate management in multinational corporations. Mr. Chen has been the vice president of Suirui Technology Limited* (隨銳科技股份有限公司, a company listed on the National Equities Exchange and Quotations (stock code: 835990)) since February 2019, an independent non-executive director of BeiGene, Ltd. (the shares of which are listed on the Stock Exchange (stock code: 06160)) since February 2016, and a non-executive director of Asia Pacific Telecom Co., Ltd. (the shares of which are listed on the Taiwan Stock Exchange (stock code: 3682)) since August 2016. Previously, Mr. Chen held various senior positions in various corporations, including the president of Motorola Solutions (China) Co., Ltd.* (摩托羅拉系統(中國)有限公司), the president of Alibaba Health Information Technology Limited (formerly known as CITIC 21CN Company Limited, the shares of which are listed on the Stock Exchange (stock code: 00241)), the president of the Greater China Region of Microsoft, the president of NBA China, a partner of GL Capital Group and the chairman of CSL Holding Limited. In addition, Mr. Chen served as an independent director of Guiyang Longmaster Information & Technology Company Limited* (貴陽朗瑪信息技術股份有限公司, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300288)) from October 2010 to October 2013, the president of Telstra International from November 2012 to December 2015, the chairman of Autohome, Inc. (NYSE: ATHM) from 2012 to May 2016, an independent director of Qingdao Haier Co., Ltd. * (青島海爾股份有限公司, currently known as Haier Smart Home Co., Ltd.* (海爾智家股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600690)) from September 2014 to 31 May 2016, the general manager of Asia Pacific Telecom Co., Ltd. from August 2016 to January 2017, and the chairman of Foxconn Industrial Internet Co., Ltd. (富士康工業互聯網股份有限公司, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601138)) from January 2018 to October 2018. Mr. Chen obtained an MBA degree from the University of Chicago in June 1991 and a bachelor's degree from National Chiao Tung University in June 1978.

Hu Bin (胡斌), aged 39, was appointed as an independent non-executive Director with effect from 23 December 2020. Mr. Hu is a senior economist and associate professor. Mr. Hu has been the chairman of Xinjin Investment Holdings Limited* (信金投資控股有限公司) since July 2019. Mr. Hu was a member of the executive committee of CSC Financial Co., Ltd. (中信建投証券股份有限公司) and the chief executive officer of China Securities (International) Finance Holding Company Limited (中信建投(國際)金融控股有限公司) from January 2016 to July 2019. Mr. Hu served as the managing director and a member of the management team of CSC Financial Co., Ltd. from June 2014 to January 2016. Mr. Hu was a director-level cadre (正處級幹部) of CITIC Group General Office* (中信集團辦公廳) from January 2010 to June 2014. Mr. Hu was a vice president of the capital markets department of CITIC Securities Co., Ltd.* (中信證券股份有限公司) from September 2006 to January 2010. Mr. Hu was a trader in the treasury department at the headquarters of Huaxia Bank (華夏銀行) from September 2004 to September 2006. Mr. Hu obtained a master of investment degree from the Birmingham Business School of the University of Birmingham in the United Kingdom in September 2004, a Bachelor of Business Management with Finance degree from the Business School of Edinburgh Napier University in the United Kingdom in September 2003 as well as a bachelor of economics degree from the department of finance of Shandong University of Finance and Economics (山東財經大學) in July 2002.

SUPERVISORS

Gong Ping (龔平), aged 43, served as a supervisor of the Company from June 2017 to November 2017, appointed as a supervisor of the Company with effect from 20 May 2019, and was re-elected on 25 November 2020. Mr. Gong has been the general manager of the Finance Centre of CCID Academy for Industry and Information Technology Limited* since February 2019 and a deputy general manager of CCID Academy for Industry and Information Technology Limited* since April 2020. He joined CCID Group Co. in 2009, served as the manager of the finance department of Beijing CCID Media Investments Co. Ltd.* (currently known as Nanhua Bio-medicine Co., Ltd.*, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000504)) from May 2009 to February 2010, and served as a deputy head of the finance department of China Centre for Information Industry Development* from January 2015 to October 2016. Mr. Gong was the standing deputy general manager of the Finance Centre of CCID Academy for Industry and Information Technology Limited* from November 2016 to January 2019. Mr. Gong holds various qualifications, including senior accountant and certified public accountant, conferred by the Ministry of Industry and Information Technology (工業和信息化部) of the People's Republic of China in January 2017 and Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in January 2011, respectively. Mr. Gong graduated from Beijing Institute of Technology (北京理工大學) with an MBA degree in June 2012.

Jia Yinghui (賈映輝), aged 36, was appointed as a supervisor of the Company with effect from 25 November 2020. He has been a director and senior deputy general manager of CCID Academy for Industry and Information Technology Limited* since April 2020. He has also been a deputy secretary of the Youth League Committee of the agencies directly under the Ministry of Industry and Information Technology since September 2020. Mr. Jia served as a Deputy Director of the Personnel Department and Secretary of the Youth League Committee of China Centre for Information Industry Development* from December 2012 to April 2020. Mr. Jia served as a researcher in the Industrial Policy Research Institute (產業政策研究所) and a cadre of the Personnel Department of China Centre for Information Industry Development* from July 2009 to December 2012. During this period, Mr. Jia worked for the Department of Policies and Regulations (政策法規司) and the Department of Personnel and Education (人事教育司) of the Ministry of Industry and Information Technology on secondment for three years. Mr. Jia was certified in December 2018 by the Ministry of Industry and Information Technology as senior economist. Mr. Jia graduated from Liaoning Normal University with a master degree in science in June 2009.

Lian Jing (廉晶), aged 50, was elected as an employee representative supervisor at an employee representative meeting on 20 December 2019 and re-elected on 25 November 2020. Ms. Lian has more than 20 years of work experience. She is currently the director of the general office of the Company and has been a supervisor of CCID (Shanghai) Advanced Manufacturing Research Centre Co., Ltd.* (賽迪（上海）先進製造業研究院有限公司), a subsidiary of the Company, since March 2018. Ms. Lian has been the director of the general office since she joined the Company on 12 June 2016. Ms. Lian graduated from California State University, East Bay with a master's degree in business administration economics and foreign trade in June 2006.

SENIOR MANAGEMENT

Wen Fang (文芳), aged 42, has been a deputy general manager since 16 March 2016. Ms. Wen joined the Company on 30 June 2004 and has served as the deputy general manager, the general manager and the chief computer and software business executive of the Computer Industry Research Centre* (計算機產業研究中心), a deputy general manager of the Company, the general manager of Beijing CCID City Strategy Consulting Co., Ltd.* (北京賽迪方略城市經濟顧問有限公司) (currently known as Beijing CCID County Strategy Consulting Co., Ltd.* (北京賽迪方略縣域經濟顧問有限公司)), and the president of the Industrial Economics Institute* and a deputy director of the Technological Development Department (科技發展處) of China Centre for Information Industry Development*. She has 16 years of experience in the research of electronic information, software, industry planning and urban economy. Ms. Wen graduated from Beijing Jiaotong University with a master's degree in May 2004.

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

Li Ke (李珂), aged 44, has been a deputy general manager of the Company since 22 September 2011. Mr. Li joined the Company on 1 May 2003 and has served as the general manager of the Semiconductor Industry Research Centre* and the director of semiconductors and consumer electronics business group. He has over 18 years of experience in industrial research of semiconductors, optoelectronics and internet of things. Mr. Li graduated from Beijing Institute of Technology with a bachelor degree in July 1999.

Fu Changwen (付長文), aged 40, has been a deputy general manager and the secretary of the Board since 10 January 2014 and 25 November 2008, respectively. He is the general manager of Beijing CCID County Strategy Consulting Co., Ltd.*. Mr. Fu joined the Company on 8 July 2004 and has served in the investment consulting business department, strategy consulting business department and investment management department. He has over 16 years of experience in industrial study, strategy consulting and corporate governance. Mr. Fu graduated from the Renmin University of China with a master's degree in economics in June 2004.

Lu Ping (呂萍), aged 42, has been a deputy general manager of the Company since 16 March 2016. Ms. Lu has over 16 years of experience in market research, industry planning and government consultation. Ms. Lu joined the Company on 22 June 2004 and has served as a deputy general manager of the Development Zone Consultation Centre* (開發區諮詢中心) and a deputy general manager of the Electronic Information Industry Research Centre* (電子信息產業研究中心). She served as a deputy president of the World Industrial Research Institute* (世界工業研究所) (responsible for operation) and a deputy director of the Technological Development Department of China Centre for Information Industry Development* from February 2012 to January 2015 and from January 2015 to March 2016, respectively. Ms. Lu graduated from Peking University with a master's degree in law in June 2004. She is a senior economist.

Dong Kai (董凱), aged 35, joined the Company as a deputy general manager on 8 August 2018. Mr. Dong has 9 years of experience in intelligent manufacturing, intelligent equipment and industrial internet. He served as a deputy director and the secretary of the Youth League Committee of the Soft Science Division (軟科學處) of China Centre for Information Industry Development* from March 2013 to August 2018 and from September 2014 to August 2018, respectively. Mr. Dong graduated from the University of British Columbia (UBC) with a master's degree in November 2009.

Zhao Weidong (趙衛東), aged 49, joined the Company as a deputy general manager on 15 March 2019. Mr. Zhao has over 20 years of experience in startup innovation, strategic management, internationalisation development, corporate and public service systems, industry planning, and investment and financing. Mr. Zhao has been the general manager of Beijing CCID Capital Consulting Co., Ltd.* (北京賽迪經智投資顧問有限公司) since July 2020. He was an associate professor of the Administration and Management Institute* (鄉鎮企業管理幹部學院) of the Ministry of Agriculture (農業部) (also known as Agricultural Management Institute* (農業管理學院) of the Ministry of Agriculture) from August 1995 to July 2003. He also served as a deputy director of the SME Research Institute* (中小企業研究所) (responsible for operation) of China Centre for Information Industry Development* from May 2013 to March 2019. Mr. Zhao graduated from the Renmin University of China with a doctoral degree in management science in June 2011.

Hu Yun (胡雲), aged 47, has been the financial controller of the Company since 14 June 2017. Ms. Hu has 20 years of experience in audit, internal control consultation and financial management. Ms. Hu joined the CCID Group Co. on 29 October 2007 and worked for the Company and Beijing CCID Media Investments Co. Ltd.*, respectively. Ms. Hu was a supervisor of the Company from 25 November 2014 to 13 June 2017 and was appointed as the financial controller of the Company on 14 June 2017. She served as the financial controller of China Software Testing Centre* (中國軟件評測中心) from January 2011 to June 2017. She worked for various accounting firms between 2001 and 2007 and was responsible for the annual audit, internal control consultation and financial training affairs of large state-owned enterprises. Ms. Hu graduated from the Business School (商學院) of Hubei University (湖北大學) with a bachelor's degree in economics in July 1995. She is a senior accountant and taught at the Business School of Hubei University from July 1995 to November 2000.

COMPANY SECRETARY

Chan Yin Wah (陳燕華), aged 45, is the company secretary and an authorised representative. She joined the Company in March 2012. Ms. Chan is an Associate Director of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). Ms. Chan has worked for various internationally well-known professional firms and listed companies in Hong Kong and has over 15 years of professional experience in handling the company secretarial services, compliance services and share registry services for listed companies in Hong Kong. Ms. Chan holds a bachelor's degree in economics and a master's degree in professional accounting. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute for Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants.

Corporate Governance Report

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.

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 conducts 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 period.

BOARD OF DIRECTORS

Throughout the year, the Board, who comprises four independent non-executive Directors, has complied with the minimum requirements under the GEM Listing Rules of appointing at least three independent non-executive Directors, the number of which represented one-third of the total number of members of the Board. At the same time, one of the independent non-executive Directors had appropriate professional qualifications or accounting or related financial management expertise. In accordance with the requirements under Rule 5.09 of the GEM Listing Rules, the Company has obtained a written confirmation of independence from each independent non-executive Director, and therefore considers that all independent non-executive Directors are independent from the Company. To the knowledge of the Company, there was no relationship, including financial, professional, family, or other significant/relevant relationship, between the members of the Board.

For the year ended 31 December 2020 and as at the date of this annual report, the composition of the Board is set out as follows:

Executive Directors
Xia Lin *(Chairlady)*
Qin Hailin *(General Manager)* (appointed as non-executive Director on 12 June 2020 and re-designated from a non-executive Director to an executive Director on 7 December 2020)

Non-Executive Director
Sun Huifeng (resigned on 12 June 2020)

Independent Non-Executive Directors
Guo Xinping
Li Xuemei
Chen Yung-cheng
Hu Bin (appointed on 23 December 2020)

Biographical details of all our Directors are set out on page 16 to page 18 of this annual report.

DUTIES AND AUTHORITIES OF THE BOARD

The Board is responsible for the overall management of the Company's business and is jointly responsible for the direction and supervision of the Group's affairs. All Directors and Supervisors of the Company comply with applicable laws and regulations, exercise their authorities conscientiously and safeguard the interests of the Company and the shareholders.

Duties of the Board include but are not limited to:

(i) determining the Company's business plan and investment program;

(ii) formulating the Company's annual financial budget and final accounts;

(iii) formulating the Company's profit distribution plan and loss recovery plan;

(iv) formulating plans for increasing or decreasing the registered capital of the Company and for the issuance of corporate bonds;

(v) appointing or dismissing the general manager of the Company, and appointing or dismissing the deputy general manager and other senior management personnel (including the person in charge of finance) of the Company in accordance with the nomination made by the general manager, as well as determining their remunerations; and

(vi) performing any other duties conferred by the general meeting and the articles of association of the Company.

The Board has established three Board committees, namely the audit committee (the "Audit Committee"), the nomination committee (the "Nomination Committee") and the remuneration committee (the "Remuneration Committee") and delegated duties within their respective terms of reference to them. The power and responsibility to carry out daily operations and business management have been delegated by the Board to the executive Directors and senior management of the Group.

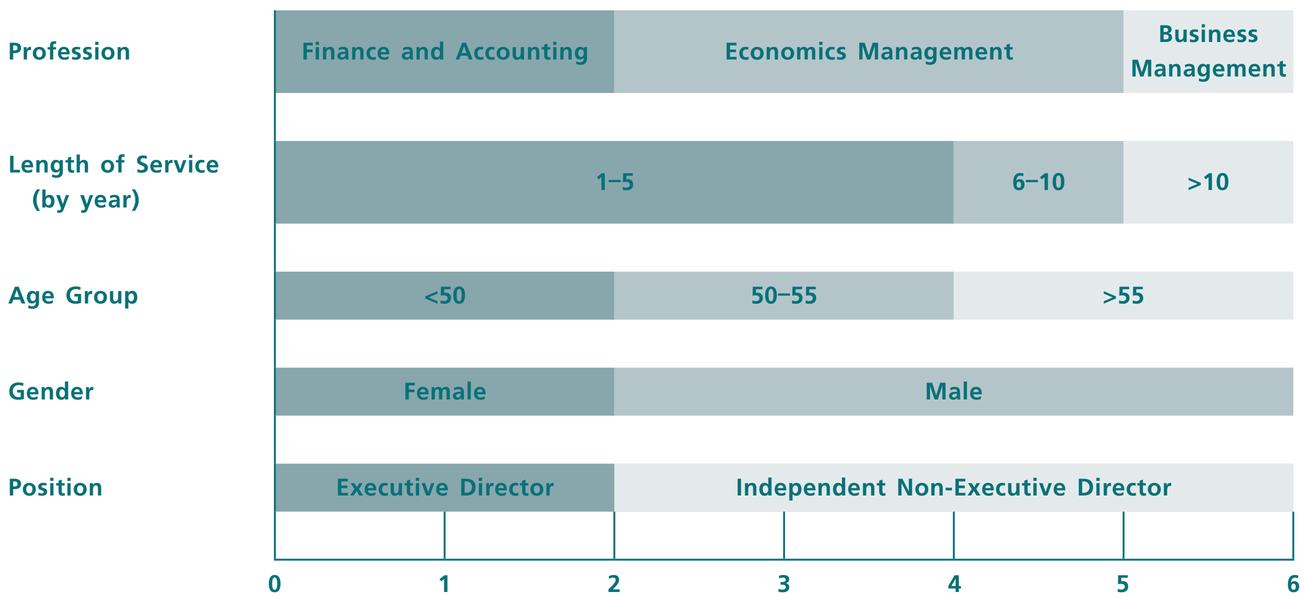
The Company has arranged appropriate insurance coverage against liabilities incurred by the Directors and officers for conducting the Group's business. The Company reviews the insurance coverage on an annual basis.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse board to the quality of its performance. All board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of board diversity. The Nomination Committee supervises the implementation of the board diversity policy to safeguards its effectiveness.

The board diversity policy aims to set out policies to achieve board diversity. In designing the composition of the Board, the Company has taken into account various measurable factors in board diversity, including but not limited to gender, age, length of service, knowledge, and professional and industrial backgrounds. As at the date of this annual report, the Board is comprised of 6 Directors, in which 4 are independent non-executive Directors, who are responsible for enhancing management procedures through stringent review and control. The Board enjoys a high degree of diversity, whether in terms of gender, age, culture and education backgrounds, professional experiences, skills, knowledge or length of services.

As at the date of this report, the Board's composition by key diversification criteria is summarised as follows:



Biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" in this report. The Company considered that the current structure of the Board can ensure the balance between power and authority.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out in Code Provision D.3.1 of the CG Code:

— to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

— to review and monitor the training and continuous professional development of Directors and senior management;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

— to review the Company's compliance with the CG Code and the disclosure in the Corporate Governance Report.

For the year ended 31 December 2020, the above corporate governance functions have been performed by the Board.

Chairlady and General Manager

Ms. Xia Lin, an executive Director, acts as the chairlady of the Company, and Mr. Qin Hailin, an executive Director, acts as the general manager. The positions of the chairlady and the general manager are clearly separated. The chairlady is responsible for the operation of the Board, and the general manager is responsible for the management of the Company's daily business operation. The Articles of Association of the Company have set out the respective duties of the chairlady and the general manager in details.

Appointment and Re-election of Directors

Ms. Xia Lin was re-elected by the Board as an executive Director and the chairlady of the Board with effect from 25 November 2020. She has entered into a service agreement with the Company for a term from 25 November 2020 to 25 November 2023.

Mr. Qin Hailin was re-elected as a non-executive Director of the Company with effect from 25 November 2020 and was re-designated as an executive Director of the Company with effect from 7 December 2020. He has entered into a service agreement with the Company for a term from 7 December 2020 to 25 November 2023.

Mr. Guo Xinping, Ms. Li Xuemei and Mr. Chen Yung-cheng, independent non-executive Directors of the Company, were re-elected with effect from 25 November 2020, and have entered into service agreements with the Company for a term of three years from 25 November 2020 to 25 November 2023. Mr. Hu Bin was appointed as an independent non-executive Director with effect from 23 December 2020, and has entered into a service agreement with the Company for a term from 23 December 2020 to 25 November 2023.

Directors' Training and Continuous Professional Development

All Directors confirmed that they have complied with Code Provision A.6.5 in relation to directors' training. During the year, all Directors have participated in continuous professional development by attending seminars and/or reading materials in relation to the following topics to develop and update their knowledge and skills, and have provided their training records to the Company:

Director	Corporate Governance, Rules and Regulations	Financial Management and Other Affairs
Ms. Xia Lin	√	√
Mr. Qin Hailin (appointed on 12 June 2020)	√	√
Mr. Sun Huifeng (resigned on 12 June 2020)	√	√
Mr. Guo Xinping	√	√
Ms. Li Xuemei	√	√
Mr. Chen Yung-cheng	√	√
Mr. Hu Bin (appointed on 23 December 2020)	√	√

Remuneration Committee

The Company has established the Remuneration Committee according to the relevant requirements under the GEM Listing Rules. The Remuneration Committee, which is chaired by Mr. Guo Xinping, an independent non-executive Director, and comprised of Ms. Xia Lin, an executive Director, and Ms. Li Xuemei, an independent non-executive Director, is in compliance with the requirement under the GEM Listing Rules that the Remuneration Committee shall comprise a majority of independent non-executive directors.

The Company has set out the Remuneration Committee's authorities and duties in writing. The primary duties of the Remuneration Committee include making recommendations to the Board on the specific remuneration packages of individual executive Directors and members of the senior management, including benefits in kind, non-monetary benefits, retirement and pension rights and compensation payments, compensation payable for loss of office or upon joining and compensation amounts (including any compensation payable for loss or termination of their office or appointment), and making recommendations to the Board on the remuneration of the non-executive Directors. The Remuneration Committee shall consider various factors including the salaries paid by comparable companies, the time commitment and responsibilities of the Directors, the employment conditions of the Company and the feasibility of performance-based remuneration.

During the period, the Remuneration Committee held 3 meetings, at which the existing terms of the service contracts of all Directors have been reviewed. The Remuneration Committee considers that the existing terms of the service contracts of all Directors are fair and reasonable.

Nomination Committee

The Company has established the Nomination Committee according to the relevant requirements under the GEM Listing Rules. The Nomination Committee is chaired by Ms. Xia Lin, the chairlady of the Board, and comprised of Mr. Guo Xinping, Ms. Li Xuemei and Mr. Chen Yung-cheng, who are independent non-executive Directors.

The Company has set out the Nomination Committee's authorities and duties in writing. The primary duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board regularly according to the shareholding structure of the Company and management and operation requirements of the Company, and making recommendations on any proposed changes to the Board; identifying individuals suitably qualified to become Directors, and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

During the period, the Nomination Committee held 5 meetings, at which the structure, size and composition of the Board that are in compliance with the relevant requirements under the GEM Listing Rules and the Articles of Association are reviewed, the independence of the independent non-executive Directors was confirmed, and the board diversity policy was reviewed.

Nomination Policy

In accordance with the CG Code, the Company has adopted a nomination policy, which provides written guidelines for the Nomination Committee to identify individuals suitably qualified to become board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to specified criteria. The Board is ultimately responsible for the selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. In general, they are competent in the areas that are relevant and material to the Group.

The Nomination Committee shall assess, on a regular basis or as required, whether any vacancy on the Board shall be created or is expected to come up.

The Nomination Committee utilises various methods to identify candidates for directorship, including recommendations from Board members, the management, and professional headhunters. All candidates for directorship, including incumbents and candidates nominated by the shareholders, are evaluated by the Nomination Committee based on directors' qualifications. Candidates for directorship will be evaluated on the same criteria through review of resume, personal interview and background checks. The Nomination Committee reserves the discretion to establish the relative weighting of such criteria, which may vary based on diversified perspectives such as the composition, skill set, age, gender and experience of the collective Board rather than on the individual candidate, for the purpose of meeting the requirements of the Company's business.

Nomination Process

(1) after sufficient communication, the Nomination Committee shall carefully consider the Company's needs, nomination policy and board diversity policy and prepare written materials;

(2) the Nomination Committee shall identify suitable candidates from the Company internally and from the talent market and make recommendations to the Board on the candidates after preliminary review of the profession, academic qualifications, job title and detailed work experience, including existing jobs, of such candidates;

(3) other follow-up work shall be performed according to the decisions and feedbacks of the Board.

Selection Criteria

The factors listed below shall be used for reference by the Nomination Committee in assessing the suitability of a proposed candidate:

(1) Reputation for integrity;

(2) Commitment in respect of available time and efforts to relevant affairs; and

(3) Board diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

These factors are for reference only and are not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person as it considers appropriate.

Audit Committee

The Company has established the Audit Committee that comprises four independent non-executive Directors. The Audit Committee is chaired by Ms. Li Xuemei and comprised of Mr. Guo Xinping, Mr. Chen Yung-cheng and Mr. Hu Bin. Ms. Li Xuemei has corresponding professional qualifications and financial experience. The Company has set out the Audit Committee's authorities and duties in writing according to the requirements under Rule 5.29 of the GEM Listing Rules.

During the period, the Audit Committee held 7 meetings, at which the financial statements and annual report for the year ended 31 December 2019, the 2020 interim report and quarterly reports for the periods ended 31 March 2020 and 30 September 2020, respectively, were reviewed. The Audit Committee was of the view that the preparation of such results has complied with applicable accounting standards and relevant regulatory and legal requirements, and that sufficient disclosures have been made. The Audit Committee has also reviewed contents including related party transactions as well as the effectiveness of risk management and internal control procedures and the internal audit function, and has submitted its opinions to the Board for consideration and approval.

The Audit Committee has reviewed the financial statements and annual report for the year ended 31 December 2020, and was of the view that the preparation of such results has complied with applicable accounting standards and relevant regulatory and legal requirements, and that sufficient disclosures have been made.

Attendance of Directors at Board Meetings, Board Committee Meetings and General Meetings

During the period, 14 board meetings, which were attended by all Directors, 1 annual general meeting, 3 class meetings and 5 extraordinary general meetings were held. Set out below is a record of the attendance of the Directors at the meetings held during the period:

	Attendance at Meetings Held During the Period					
Name of Director	Board	Remuneration Committee	Nomination Committee	Audit Committee	Extraordinary General Meetings	Annual General Meeting Total Number of Meetings
Total Number of Meetings	14	3	5	7	5	1
Ms. Xia Lin	14/14	3/3	5/5	N/A	5/5	1
Mr. Qin Hailin (appointed on 12 June 2020)	10/14	N/A	N/A	N/A	2/5	0
Mr. Guo Xinping	14/14	3/3	5/5	7/7	2/5	1
Ms. Li Xuemei	14/14	3/3	5/5	7/7	2/5	1
Mr. Chen Yung-cheng	14/14	N/A	5/5	7/7	2/5	1
Mr. Hu Bin (appointed on 23 December 2020)	1/14	N/A	N/A	1/7	0/5	0
Mr. Sun Huifeng (resigned on 12 June 2020)	4/14	N/A	N/A	N/A	1/5	1

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-executive Directors without the presence of other Directors during the year.

Remuneration of Senior Management by Remuneration Band

Pursuant to Code Provision B.1.5, the remunerations of the senior management by remuneration band for the year ended 31 December 2020 are set out below:

Remuneration band	Number of individuals
RMB300,000 and below	—
RMB301,000 to RMB500,000	10
RMB501,000 to RMB1,000,000	14
RMB1,001,000 or above	6

Further details of Directors' emoluments and the five highest paid individuals required to be disclosed pursuant to Rule 18.30 of the GEM Listing Rules are set out in notes 14 and 15 to the consolidated financial statements on pages 116 to 119 of this annual report.

AUDITOR'S REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit engagements performed by the external auditor, including whether such non-audit engagements would have any potential material adverse effect on the Company. During the year, an aggregate of RMB800,000 was payable by the Company to the external auditor as remuneration for their auditing services. Apart from the above, no non-audit service has been provided by the external auditor to the Company.

DIRECTORS' AND AUDITOR'S FINANCIAL REPORTING RESPONSIBILITIES

The Board is responsible for presenting balanced, clear and comprehensive annual reports and interim reports, inside information announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements. The Directors are responsible for preparing accounts that present a true and fair view of the Group's operation, financial position and cash flow on a going concern basis. The accounts of the Group are prepared in accordance with the requirements under all relevant laws and regulations and the applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently and that judgments and estimates made are prudent and reasonable.

The responsibilities of the auditor of the Company with respect to the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 63 to 67.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue as a going concern in the foreseeable future and, therefore, it is appropriate to prepare the financial statements on the going concern basis.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has adopted effective process to identify, evaluate and manage risks that potentially affects its ability to achieve its business objectives. The Board is responsible for evaluating the nature and extent of the risks it is willing to take in achieving the Group's business objectives; it should oversee the risk management and internal control systems on an ongoing basis and make judgement about their effectiveness; the internal audit team is responsible for identifying potential risks faced by the Company and their impacts, as well as assessing the risk portfolio and considering countermeasures against such risks; and the management is responsible for operating appropriate and effective risk management and internal control systems, as well as determining the departments and procedures to carry out relevant risk management based on the Group's organisational structure.

The Group operates its risk management and internal control systems mainly on a dynamic and ongoing basis. Constant follow-ups and records are used to identify and assess major risks that affects the Group's ability to achieve its business objectives. Such risks are then assessed and reviewed based on their possibilities and consequences, the level of which will determine the level of attention and efforts to be paid by the management. The effectiveness of these systems are ensured by formulating and updating countermeasures and testing the internal control procedures on an ongoing basis.

The Board has conducted a review on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2020. Based on a review of the internal audit team's findings as well as an assessment of the risk management and internal control systems conducted by the Audit Committee, the Board was of the view that the risk management and internal control systems, including financial, operational and compliance controls, accounting policies, internal control procedures, staff qualifications and experience, staff training programmes and relevant budget of the Group are effective and adequate. No material defect in the risk management and internal control systems was identified in the review. Therefore, the Board believed that the risk management and internal control systems were effective and that appropriate resources were allocated.

To tighten control over its inside information and maintain true, accurate, complete and timely disclosures, the Group has taken appropriate measures to ensure that proper guarantee mechanisms are in place to prevent any violation of the relevant GEM Listing Rules, including but not limited to:

— only a limited number of employees may access inside information wherever necessary, and Directors, Supervisors, senior management and employees in possession of inside information shall fully understand their confidentiality obligations;

— confidentiality clauses shall be incorporated into any significant negotiations and contracts entered into by the Group;

— the management of the Group shall inform the Board of any possible leakage or divulgement of inside information as soon as practicable so that appropriate actions can be taken in a timely manner;

— if there is any evidence of gross violation of the inside information policies, the Board shall appoint or designate appropriate personnel to take remedial actions with respect to the relevant issues.

COMPANY SECRETARY

Ms. Chan Yin Wah ("Ms. Chan"), the Company Secretary of the Company, has complied with the requirements set out in Rule 5.15 of the GEM Listing Rules. Ms. Chan is an Associate Director of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). Ms. Chan's primary contact persons in the Company are Mr. Fu Changwen, the secretary of the Board, and Ms. Hu Yun, the financial controller.

SHAREHOLDERS' RIGHTS

(1) Procedures for shareholders to convene extraordinary general meetings or class meetings

Pursuant to Article 73 of the Articles of Association, two or more shareholders holding ten per cents (10%) or more of the shares carrying the right to vote at the meeting sought to be held may, by signing one or more counterpart requisitions stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall as soon as possible proceed to do so. The shareholdings referred to shall be calculated as at the date of the delivery of the requisitions. If the Board fails to issue a notice of such a meeting within thirty (30) days from the date of the receipt of the requisition, the requisitionists may themselves convene such a meeting in a manner as nearly as possible as where meetings are to be convened by the Board, provided that any meeting so convened shall not be convened after the expiration of four months from the date of receipt of the requisition by the Board. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors to duly convene a meeting shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.

(2) Procedures for shareholders to direct enquiries to the Board

Shareholders have the right to make enquiries to the Board. All enquiries shall be submitted in writing to the following contact addresses:

Principal Place of Business in Hong Kong

Address: 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Beijing

Address: 10th Floor, CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing, PRC

(3) Procedures for shareholders to put forward proposals at a general meeting

Pursuant to Article 55 of the Articles of Association, in an annual general meeting of the Company, shareholders holding more than five (5) per cent. (including 5%) of total voting shares of the Company are entitled to propose new resolutions in written form (please refer to the following contact addresses). The Company shall include those matters which are within the scope of duties of the general meeting into the agenda of such meeting.

Shareholders have the right to make enquiries to the Board. All enquiries shall be submitted in writing to the following contact addresses:

Principal Place of Business in Hong Kong

Address: 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Beijing

Address: 10th Floor, CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing, PRC

ARTICLES OF ASSOCIATION

The Articles of Association have been amended with the approval of the shareholders at the extraordinary general meetings and class meetings held on 11 August 2020 and 23 December 2020.

Environmental, Social and Governance Report

The Board hereby presents this environmental, social and governance report, which was prepared pursuant to the Environmental, Social and Governance Reporting Guide in the Appendix 20 to the GEM Listing Rules.

ENVIRONMENT AND NATURAL RESOURCES

The Group complies with the Environmental Protection Law of the People's Republic of China and other relevant laws and regulations. Currently, it is principally engaged in consultancy services, which poses comparatively limited impacts on the environment. However, environmental protection remains a major concern, and the Group advocates environmental protection and enhances the environmental awareness of its employees.

The Group will review its environmental conditions from time to time and may consider implementing further environmental protection measures and sustainability objectives and practices in its business operations to advocate the principles of conservation, recycle and reuse and minimize its impacts on the environment.

Use of Resources

In compliance with the Water Law of the People's Republic of China, the Energy Conservation Law of The People's Republic of China, the Circular Economy Promotion Law of the People's Republic of China, the Design Standard for Energy Efficiency of Public Buildings and other relevant laws and regulations, the Group adopts a series of measures to protect the environment under the principles and practices of recycling and conservation. In light of the business nature of consultancy services, the main resources consumed by the Group included office water, power and paper. The Group does not need to use any packaging materials since it has no physical products for sale. The following table sets out major resources used by the Group during the year ended 31 December 2020:

Types of resources used	Unit	Amount used	Amount used per capita
Power consumption	kWh	135,334.90	362.83
Water consumption	ton	2,097.37	5.62
Paper consumption	ton	12.00	0.03

* Not applicable because the total and per capita paper consumption of the Group are relatively low and minimal.

Power and water consumption of the Group decreased in 2020 due to COVID-19 and the consequential work-from-home arrangement. The Group advocates water conservation and encourages the use of recycled paper for printing and photocopying as well as double-sided printing and photocopying in the office. The Group has adopted a computerized and network-based office system utilizing modern information technology to not only promote a paperless work environment and reduce paper consumption, telecommunication fees and postage, but also minimize the use of social resources such as telecommunication lines and postal services by using less telephone, fax, and postal services. Employees are regularly given educational and promotional materials about environmental protection, and are encouraged to practice reuse and recycling, as well as to use refillable instead of disposable office supplies and stationery.

EMISSIONS

According to the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Action Plan for Prevention and Control of Water Pollution, the Regulation on Urban Drainage and Sewage Treatment, and the Air Pollution Prevention and Control Action Plan, the Group pays close attention to its pollutants emissions. The Group mainly generates pollutants from daily office operations and does not generate and hazardous waste as its business operation does not involve any manufacturing activity. Waste generated during the year mainly included domestic sewage, office waste and vehicle exhaust. Emissions generated from the domestic sewage included chemical oxygen demand (COD), biochemical oxygen demand (BOD), suspended solids (SS) and ammonia nitrogen. The following table sets out emissions generated by the Group from office waste and vehicle exhaust for the year ended 31 December 2020:

Types of emissions	Amount of emissions (ton)	Emission per capita (ton)
Office waste		
Including: Waste paper	0.06	N/A
Garbage	22.98	0.06
Vehicle exhaust		
Including: Carbon monoxide	0.005	N/A

During the year, the Group's total greenhouse gas emissions amounted to 163.37 tons of CO2 equivalent, and the per capita greenhouse gas emissions was 0.44 tons of CO2 equivalent.

In 2020, the Group maintained best environmental practices, used energy efficiently and reduced greenhouse gas emissions under the supervision of the administration department. These practices included: maximizing efficiency by keeping lamps and lightings clean, turning all idling lights and electrical appliances off, turning idling computers into standby or sleep modes automatically, and reviewing the Group's internal policies and practices regularly with the aim of incorporating environmental factors into its work procedures. Recyclable waste and waste paper of the Group were centrally collected by qualified property companies for recycling and processing.

SOCIAL

Employment

The Group is in strict compliance with relevant laws and regulations, including the Labor Law of the People' Republic of China, the Labor Contract Law of the People's Republic of China, the Regulation on the Implementation of the Employment Contract Law of the People's Republic of China, and the Social Insurance Law of the People's Republic of China, pursuant to which labor contracts are entered into with the employees to establish labor contract relationship with all employees and clarify the interests and obligations of the employees. The legitimate rights of the employees are protected pursuant to the law. The Group established and continues to improve human resource policies including remuneration systems and incentive mechanisms, while revising and improving relevant management systems including labor and employment and fringe benefits. All employees are entitled to various types of leave, including national statutory holidays, weekends, paid annual leave, wedding leave and maternity leave.

The Group adheres to the principle of accountability and has thus established a basic employee salary system and a performance-based assessment system that fit job requirements, clarify job standards and consider job performance in accordance with the relevant positions. In this way, the employees' competence, attitude and performance in their positions will be objectively and fairly evaluated. To ensure an effective employee performance management system, the Company conducts monthly performance-based assessment, which quantifies assessment indicators. The employees' performance assessment results directly affect their salary and income. This in return will effectively motivate the employees to work harder and enhance and stabilize the harmonious relationship between the employees and the employer.

The Group does not discriminate against its employees based on their gender, disability, pregnancy, family conditions, ethnicity, skin color, religion, age, sexual orientation, nationality, union membership or other conditions as recognized by the law. Staff representative supervisors are elected pursuant to the requirements of the Company Law and the Articles of Association, thereby ensuring that the employees fully enjoy their rights in the Company's corporate governance. Meanwhile, the Company proactively supports the staff representative meeting to carry out its work according to the law. The staff representative meeting takes the lead in improving the Company based on "reasonable and constructive implementation opinions". Through seminars and other means, the staff representative meeting listens to the opinions and recommendations of the employees and proposes rectifications to address reasonable demands raised by the employees, thereby safeguarding the employees' rights to democratic management.

To enrich the spiritual and cultural life of the employees, the Group regularly or from time to time encourages employees to participate in a variety of activities, including public charity events, singing contests, get-together parties and badminton games. These activities provide a stage for the employees to demonstrate their talents, thereby enriching their spiritual and cultural life, motivating them to help and care about each other, and enhancing cohesion and sense of belongings across the enterprise.

In 2020, the Group lived up to its core values of being honest, responsible, scientific and innovative. A general party branch was set up to reinforce the double duty system (一崗雙責) and develop the Company's business under the guidance of the party. A series of activities such as sharing by long-time employees, a rope skipping competition and LEAP (奪冠) film viewing activity were held under a campaign named "Stay True, Stay on Track and Start out Again (不忘初心，牢記使命，再出發)" to raise the employees' identification with our philosophy, satisfaction and sense of accomplishment. The Group won the 2nd prize (individual), merit prize and best organisation award (group) in the English speech contest called "With Heart and Voice (聲情並茂)" in CCID's foreign language activities for youth, namely "The Sound 80 90 (乘聲破浪的8090)". Paying attention to the hobbies and activities of its staff, the Group organised badminton and table tennis activities. Participants from the Group won the 3rd prize in the men's singles, the 3rd prize in the women's singles as well as the 3rd prize in the team event of the CCID Cup (賽迪杯) staff table tennis championship. In respect of social responsibility, the Group donated books to schools in less affluent regions, and knitted scarfs for poor families in a charity event called 百萬家庭一線牽 organised by the women's committee of the central government and state organs.

As at 31 December 2020, the Group had a total of 373 employees. Breakdowns of the Group's employee composition by employment type, gender, age group and geographical region are as follows:

	Year	
Total workforce by gender	**2020**	2019
Male	**219**	199
Female	**154**	125

	Year	
Total workforce by employment type	**2020**	2019
Full-time	**373**	324
Part-time	**0**	0

	Year	
Total workforce by age group	**2020**	2019
18–25	**25**	25
26–35	**201**	167
36–45	**108**	98
46–55	**35**	31
56 and above	**4**	3

	Year	
Total workforce by geographical region	**2020**	2019
Mainland China	**373**	324

Employee turnover

During the reporting period, 47 employees left the Group, representing an overall turnover rate of 12.6%. The Group has implemented various measures to minimize it staff turnover, such as strengthening control over recruitment, letting candidates understand the Group's work environment and control, and reinforcing the staff training system in order to meet the employees' needs on their career development. Employee turnover rate of the Group by gender, age group and geographical location is set out as follows:

Employee turnover rate by gender	Year	
	2020	2019
Male	**7%**	8.6%
Female	**5.6%**	5.6%

Employee turnover rate by age group	Year	
	2020	2019
18–25	**0.5%**	0.9%
26–35	**10.2%**	10.2%
36–45	**1.9%**	3.1%
46–55	**0**	0
56 and above	**0**	0

Employee turnover rate by geographical region	Year	
	2020	2019
Mainland China	**12.6%**	14.2%

Health and Safety

In compliance with the Social Insurance Law of the People's Republic of China, the Regulations on Unemployment Insurance, the Provisional Regulations on Collection and Payment of Social Insurance Premiums, the Regulation on Work-Related Injury Insurances and other relevant laws and regulations, the Group has arranged and made monthly contributions in full to the housing provident fund, social retirement pension, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and other social insurances. In accordance with the relevant regulations set by the labor authorities, the Group processes the relevant formalities regarding labor contracts and social insurance policies for newly recruited and departed employees in a timely manner, thereby ensuring that employees enjoy the protection of social insurances and receive timely support and compensation due to their retirement, sickness, work-related injury, unemployment, pregnancy and other conditions. In addition, employees are entitled to paid annual leave and other benefits in order for them to work and develop steadily in a fair and equitable environment. The Group was not aware of any non-compliances in relation to the health and safety of its employees, nor any work-related fatalities or lost days due to work injury, during the reporting period.

To cope with COVID-19, the Group has formulated a series of preventive measures regarding its business operations, such as timely receipt, delivery and circulation of information and documents in relation to pandemic prevention, provision of sufficient personal protective equipment to the employees, more frequent cleaning of workplaces, tracking employees health, activities and movement, implementation of work-from-home arrangement, and preparation of procedures to report suspected cases and implement emergency measures.

Development and Training

The Group pays attention to employee training and career planning, and has therefore established a well-developed training system comprised of induction training, on-the-job training, professional training, off-duty continuing education and other training. For new employees, the Company proactively organize induction training based on its comprehensive training materials and detailed training processes, thus facilitating employees' early adaptation to their workplace. During daily operation, diverse training methods, including in-house training, seminars, elite courses and monthly training, are provided. To strengthen professional training, the Company's internal management platform enables timely release of all training information related to its business operations, and employees are encouraged to actively participate in such training so as to improve their expertise and skills.

As at 31 December 2020, the training rate of senior management and middle management of the Group was 100%.

	Year	
Training and development data	**2020**	2019
Percentage of employees trained by gender		
Male	**100%**	100%
Female	**100%**	100%
Percentage of employees trained by employee category		
Senior management	**100%**	100%
Middle management	**100%**	100%
Frontline and other staff	**100%**	100%

	Year	
Training and development data	**2020**	2019
Average training hours completed per employee by gender		
Male	**77**	78
Female	**77**	78
Average training hours completed per employee by employee category		
Senior management	**52**	44
Middle management	**44**	56
Frontline and other staff	**56**	62

Labor Standards

In compliance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor and other laws and regulations, the Group prohibits the use of any forced or child labor. All contracts entered into with any third-party suppliers also stipulate that the Group practices a zero-tolerance policy against any forced and child labor, pursuant to which all suppliers are required to accept and comply with the terms and code of conduct therein in order to avoid direct or indirect involvement of the Group in any violation against human rights while ensuring that all work executed on its behalf complies with all relevant labor laws and regulations.

SUPPLY CHAIN MANAGEMENT

With a strong sense of responsibility, the Group, together with its suppliers and customers, is committed to building supply-chain partnerships that promote equality, stability, good faith and mutual benefits. By constantly improving its operating systems, including organization, quality control, financial control and procedural control, the Group provides its customers with premium products and services and greater value. In addition, the Group insists on improving its value. In conjunction with its suppliers and customers, the Group carries out mutual supervision, common advancement and continuous improvement. By so doing, the Group promotes the interests and improvement of the entire industry chain while generating greater social value.

The Group has taken measures to improve its procurement procedures. It ensures that environmental, social and relevant factors are considered in the evaluation of cost efficiency when it makes decisions regarding procurement. To perfect its procurement process and mechanism, it has formulated an open and transparent screening process to stringently screen suppliers for its supply chain in the preparation and strict implementation of its well-established procurement management system. In the process of selecting suppliers, the Group conducts stringent reviews over suppliers in terms of their qualification, quality assurance abilities, product and service capacities and other related aspects. During the procurement, the Company collects, tracks and evaluates the quality, delivery schedule, technical support, after-sales services and other information related to the supplier.

The Group complies with national laws, regulations and social norms in an effort to cultivate a fair and healthy business environment. Anti-corruption and discipline training is organized for employees in various functions, including management and procurement. The Group strictly monitors and prevents commercial bribery and improper transactions. Any supplier that perpetuates commercial bribery and unfair competition will be prohibited by the Group from being admitted to its list of supplier partners.

PRODUCT RESPONSIBILITY

In compliance with the Product Quality Law of the People's Republic of China and relevant laws and regulations, the Group fully implements procedures to maintain information privacy and data security in order to protect individual privacy, safeguard sensitive trade information and prevent children and young people from accessing improper information. During the reporting period, no gross violation of the relevant laws and regulations that have a significant impact on the Group was not found. As of 31 December 2020, no products sold or shipped by the Group have been subject to recalls for safety and health reasons.

By capitalizing on the increasingly diversified channels and means, including product design and innovation, integration of online and offline operations, and establishment of platforms, the Group continues to improve customer satisfaction. The Company establishes and enhances the mechanism for close and smooth communication with customers. Through follow-up calls, meetings, e-mails, conferences, WeChat, Weibo and other channels, the Company ensures that its research team timely and accurately collect and process customers' comments, recommendations and other requirements. According to the "Measures to Operate and Manage the Customer Request Hotline as well as Measures to Investigate and Evaluate Customer Satisfaction" released and implemented by the Group, the customer request hotlines match sales regions and research areas in order to provide customers with highly efficient and professional services. The integration of customer satisfaction survey and project management and payment collection assessment improved customer satisfaction in terms of project consultancy services. Meanwhile, the Company shifted the focus of its customer satisfaction survey from post-event evaluation to in-progress control. Furthermore, quality control over the suspicious projects was implemented. These engagements played a positive role in improving the overall customer satisfaction of the Company and managing payment collection.

ANTI-CORRUPTION

The Group stringently complies with the Company Law of the People's Republic of China, the Bidding Law of the People's Republic of China and the Interim Provisions on Banning Commercial Bribery for the prevention of unethical behavior. It attaches utmost importance to integrity and does not tolerate any impropriety. It is committed to maintaining a high level of corporate governance, the principles of which emphasize that the Company's business operations shall in all aspects be in full and strict compliance with the ethics, transparency, accountability and integrity. According to the Group's operating rules and corporate responsibility policy, Directors, management and employees of the Company are required to act in accordance with the highest ethical standards. The Group strictly prohibits any bribery or corruption in any form or to any degree from taking place in any aspect of its business operations. The Company has already set up a whistle-blowing channel, whereby the employees and other persons may report any unethical or illegal actions in a confidential and/or anonymous manner.

Any person in violation of the Group's policies and/or relevant laws may be subject to disciplinary and administrative penalties, as well as civil or criminal liabilities. In case of any non-compliance with the policies of the Company, the involved employee may be subject to termination of employment or other actions. In 2020, the Company was not involved in any concluded legal cases regarding corrupt practices.

COMMUNITY INVESTMENTS

The Group cares about its sick employees and their family members. By so doing, a healthy and positive community and organization is created for the entire staff.

Report of the Directors

The Board hereby presents its report and the audited financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group is principally engaged in management and strategy consultancy, market consultancy, data information management, information engineering supervision, training courses services and subscription to information system services and other services. There was no significant change in the nature of the Group's principal activities during the year. The principal activities and other details of the Company and its subsidiaries are set out in note 1 and note 36 to the consolidated financial statements.

BUSINESS REVIEW

The fair review of the Group's business is set out in detail in the Management Discussion and Analysis on pages 7 to 9 of this annual report. Such discussion constitutes a part of this Report of the Directors.

BUSINESS OUTLOOK

The business outlook of the Group's business is set out in detail in the Chairlady's Statement on pages 4 to 5 of this annual report. Such statement constitutes a part of this Report of the Directors.

PRINCIPAL RISKS AND UNCERTAINTIES

Market Risk

Major customers of the Group include government authorities at all levels, industrial parks and enterprises. Against the new backdrop of the rise of new think tanks with Chinese characteristics, the market is increasingly competitive as think tanks and consultancy institutions such as key academies of social science, institutes of administration under the party school, institutions of higher education and private entities are going to step up their services to governments and industrial parks. Furthermore, economic development in China has entered the era of new normal, under which economic growth shifted from high gear to medium-to-high gear. As the growth in fiscal revenue of local governments slowed down, there has been a significant change in the market environment faced by enterprises. Such changes may result in lower demands, budgets or investments of the governments and industrial parks for consultancy services and, thus, may affect the business growth of the Group.

Risk of Losing Talent

The Group always attaches great importance to incentives for talent. Although it has established and refined relevant remuneration and benefit systems, there can be no assurance that all outstanding talents and core personnel can be retained. Meanwhile, increasing competition among consultancy institutions has to a certain extent intensified the competition for professionals and exposed the Group to the risk losing talent.

Financial Risk

For details, please see note 7 to the consolidated financial statements on pages 100 to 106 of this annual report.

Save as mentioned above, there may be other risks and uncertainties that are unknown to the Group or which may not be material at present but may become material in the future.

RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 December 2020 and the financial position of the Company and Group as at that date are set out on pages 68 to 70 of this annual report.

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 annual report, 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 is subject to the approval by the shareholders at the 2020 AGM.

Pursuant to the Notice of the State Taxation Administration on Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Who Are Overseas Non-resident Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), a PRC resident enterprise, when distributing dividends for the year 2008 and for the years thereafter to holders of H shares who are overseas non-resident enterprises, shall be subject to enterprise income tax withheld at a uniform rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or bodies, will be treated as shares held by non-resident enterprise shareholders and, consequently, will be subject to the withholding of the enterprise income tax.

Pursuant to relevant laws and regulations and regulatory documents such as the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法》), the Implementation Regulation of the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Taxation Administration on Printing and Distributing the Administrative Measures for Non-residents to Enjoy the Treatments of Tax Treaties (for Trial Implementation) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法（試行）〉的通知》(國稅發[2009]124號）) and the Notice of the State Taxation Administration on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]45號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), dividends received by overseas resident individual shareholders from stocks issued by domestic non-foreign investment enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld by the withholding agents according to the law. However, overseas resident individual shareholders of stocks issued by domestic non-foreign investment enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions of the tax treaties signed between the countries in which they are residents and China and the tax arrangements between Mainland China and Hong Kong (Macau). For individual holders of H shares, dividends payable to them are subject to the individual income tax withheld at a tax rate of 10% in general unless otherwise specified by tax regulations and relevant tax treaties.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company shall prioritise payments of dividends by cash to its shareholders to share profits with them.

Any proposed dividend payment shall be determined by the Board at its absolute discretion after taking into consideration the financial results and future prospect of the Group and other factors, and shall be subject to the Articles of Association, investment and operation requirements of the Company, and any other factors that have material impacts on the Company. Announcement of any dividend payment is conditional upon the approval of the shareholders.

CLOSURE OF REGISTER OF MEMBERS

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.

In order to determine the shareholders who are entitled to receive the 2020 Final Dividend, the register of H shareholders will be closed from 18 June 2021 to 23 June 2021, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for receiving the 2020 Final Dividend, 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 17 June 2021 for registration.

Shareholders whose names appear on the registers of members of the Company at the close of business on 23 June 2021 are entitled to receive the 2020 Final Dividend. The proposed 2020 Final Dividend will be paid on or about 6 August 2021 subject to approval at the 2020 AGM.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years extracted from audited financial statements are set out on page 150. Such summary is not a part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Movements in the Company's registered, issued and fully paid share capital during the year are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the Company Law of the PRC. Therefore, the Company is not obliged to offer new shares on pro rata basis to existing shareholders.

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 year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 37 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

LOANS AND BORROWINGS

The Group had no loans or borrowings during the year.

DISTRIBUTABLE RESERVES

For the year ended 31 December 2020, no capital reserve of the Group was available for distribution by way of a future capitalisation issue. Other than that, the Company had retained profits of approximately RMB99,168,000 available for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's top five customers accounted for approximately 16% of the total sales of the Company for the year, of which sales to the top customer accounted for 5%.

The Group provided companies that had the same ultimate shareholders as the Company with certain consultancy services, details of which are set out in note 32 to the consolidated financial statements, "Related Parties Relationships and Transactions". Save as disclosed above, none of the Directors or any of their associates or any other shareholder which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had any interests in the Company's top five customers.

As the nature of the Group's main activities are the provision of consultation and research services, which may be obtained from various suppliers at similar prices, there is no major supplier (as defined in Chapter 18 of the GEM Listing Rules). The Group maintains sustained and stable relationships with its customers and suppliers and provides its customers with products and services of good quality. The Group's business does not rely on any individual customers and suppliers who may have a material impact on the Group.

BOARD OF DIRECTORS

For the year ended 31 December 2020 and as at the date of this annual report, the Board comprised:

Executive Directors
Xia Lin *(Chairlady)*
Qin Hailin *(General Manager)* (appointed as non-executive Director on 12 June 2020 and re-designated from a non-executive Director to an executive Director on 7 December 2020)

Non-Executive Director
Sun Huifeng (resigned on 12 June 2020)

Independent Non-Executive Directors
Guo Xinping
Li Xuemei
Chen Yung-cheng
Hu Bin (appointed on 23 December 2020)

Pursuant to the requirements of the Articles of Association, the term of all existing Directors is three years and all existing Directors can elect to be re-elected.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the biographies of the Directors, Supervisors and senior management of the Company are set out in pages 16 to 21 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Ms. Xia Lin, an executive Director of the Company, was re-elected with effect from 25 November 2020 and has entered into a service agreement with the Company for a term from 25 November 2020 to 25 November 2023.

Mr. Qin Hailin, an executive Director of the Company, was appointed as a non-executive Director with effect from 12 June 2020 and has entered into a service contract with the Company with effect from the date of his appointment to the date of his re-designation. He was re-designated as an executive Director of the Company with effect from 7 December 2020, and has entered into a service agreement with the Company for a term from 7 December 2020 to 25 November 2023. After his re-designation, Mr. Qin continued to act as the General Manager of the Company and has entered into a service contract with the Company in respect of his appointment as General Manager with effect from 8 May 2020.

Mr. Guo Xinping, Ms. Li Xuemei and Mr. Chen Yung-cheng, independent non-executive Directors of the Company, were re-elected with effect from 25 November 2020 and have entered into service agreements with the Company for terms of three years from 25 November 2020 to 25 November 2023. Mr. Hu Bin, an independent non-executive Director of the Company, was appointed with effect from 23 December 2020 and has entered into a service agreement with the Company for a term from 23 December 2020 to 25 November 2023.

Mr. Gong Ping, a Supervisor of the Company, was re-elected with effect from 25 November 2020 and has entered into a service agreement with the Company for a term from 25 November 2020 to 25 November 2023. Mr. Jia Yinghui, a Supervisor of the Company, was appointed with effect from 25 November 2020 and has entered into a service agreement with the Company for a term from 25 November 2020 to 25 November 2023. Ms. Lian Jing was elected as the employee representative supervisor at an employee representative meeting and has entered into a service agreement with the Company for a term from 25 November 2020 to 25 November 2023.

Mr. Sun Huifeng resigned as a non-executive Director with effect from 12 June 2020. He entered into a service agreement with the Company for a term from 20 May 2019 to 12 June 2020.

Ms. Chen Ying resigned as a Supervisor with effect from 25 November 2020. She entered into a service agreement with the Company for a term from 24 November 2017 to 25 November 2020.

Except for the above contracts, during the year ended 31 December 2020, the Directors and the Supervisors did not have any other service contract with the Company and its subsidiaries.

DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and Supervisors' remuneration must be approved by the shareholders at the general meeting. Other emoluments must be fixed by the Board based on the Directors' and Supervisors' responsibilities, duties and performance as well as the Company's results. Details of the Directors' and Supervisors' remuneration are set out in note 14 to the consolidated financial statements.

In accordance with the Notice of the Central Organisation Department of the Communist Party of China on Matters Relating to Part-time Employment of Retired (Resigned) Leaders and Cadres in Social Groups (《中共中央組織部關於規範退 (離)休領導幹部在社會團體兼職問題的通知》), Ms. Chen Ying (resigned as a Supervisor on 25 November 2020) will no longer receive the remuneration paid to Directors and Supervisors from the Company with effect from 2018 as she satisfied the criteria governing part-time employment of retired (resigned) leaders and cadres in social groups. Ms. Xia Lin, Mr. Gong Ping, Mr. Jia Yinghui and Mr. Qin Hailin voluntarily waived their remunerations.

CONTRACT OF SIGNIFICANCE

Apart from those disclosed under the sections relating to connected transactions and continuing connected transactions in this annual report, none of the Company, its holding company or any of its subsidiaries or subsidiaries of the Company has entered into any contract of significance during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2020, the Group has entered into the following continuing connected transactions and connected transactions, of which the disclosure of certain details is in compliance with the requirements of Chapter 20 and/or Chapter 19 of the GEM Listing Rules.

1. Non-Exempted Continuing Connected Transactions (with terms of co-operation from 1 January 2019 to 31 December 2021)

(1) On 19 December 2018, the Company and CCID renewed the information consultancy and supervision services revenue framework agreement that expired on 31 December 2018 (the "Renewed Framework Agreement 1"). Pursuant to the Renewed Framework Agreement 1, the Company and/or its subsidiaries (hereinafter as defined in the announcement of the Company dated 19 December 2018) shall, upon the request of CCID and/or its associates (hereinafter as defined in the announcement of the Company dated 19 December 2018), provide information planning, information engineering supervision and related services to CCID and/or its associates during the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 1 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2021 are RMB6,000,000, RMB6,300,000 and RMB6,615,000 (until the date of termination of the Renewed Framework Agreement 1), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 1 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 1 nor constitute new categories of continuing connected transactions.

(2) On 19 December 2018, the Company and CCID renewed the information consultancy and supervision services expense framework agreement that expired on 31 December 2018 (the "Renewed Framework Agreement 2"). Pursuant to the Renewed Framework Agreement 2, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide information planning, information engineering supervision and related services to the Company and/or its subsidiaries during the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 2 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2021 are RMB1,200,000, RMB1,260,000 and RMB1,323,000 (until the date of termination of the Renewed Framework Agreement 2), respectively. Individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 2 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 2 nor constitute new categories of continuing connected transactions.

(3) On 19 December 2018, the Company and CCID renewed the management and strategy consultancy services revenue framework agreement that expired on 31 December 2018 (the "Renewed Framework Agreement 3"). Pursuant to the Renewed Framework Agreement 3, the Company and/or its subsidiaries shall, upon the request of CCID and/or its associates, provide management and strategic consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to CCID and/or its associates during the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 3 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2021 are RMB5,300,000, RMB5,300,000 and RMB5,300,000 (until the date of termination of the Renewed Framework Agreement 3), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 3 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 3 nor constitute new categories of continuing connected transactions.

(4) On 19 December 2018, the Company and CCID renewed the management and strategy consultancy services expense framework agreement that expired on 31 December 2018 (the "Renewed Framework Agreement 4"). Pursuant to the Renewed Framework Agreement 4, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide management and strategic consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to the Company and/or its subsidiaries during the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 4 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2021 are RMB3,300,000, RMB3,300,000 and RMB3,300,000 (until the date of termination of the Renewed Framework Agreement 4), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 4 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 4 nor constitute new categories of continuing connected transactions.

(5) On 19 December 2018, the Company and CCID renewed the administration services expense framework agreement that expired on 31 December 2018 (the "Renewed Framework Agreement 5"). Pursuant to the Renewed Framework Agreement 5, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide administration services in respect of house leasing, property management, Internet port and telephone and translation to the Company and/or its subsidiaries during the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 5 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2021 are RMB4,000,000, RMB4,200,000 and RMB4,410,000 (until the date of termination of the Renewed Framework Agreement 5), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 5 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 5 nor constitute new categories of continuing connected transactions.

For the category of information consultancy and supervision services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Renewed Framework Agreement 1 and the Renewed Framework Agreement 2 in aggregate do not exceed 25% and the total consideration is less than HK$10,000,000. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

For the category of management and strategy consultancy services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Renewed Framework Agreement 3 and the Renewed Framework Agreement 4 in aggregate do not exceed 25% and the total consideration is less than HK$10,000,000. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

For the category of administration services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Renewed Framework Agreement 5 do not exceed 5%. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

CCID is the ultimate controlling shareholder of the Company and holds approximately 70.14% of the total issued share capital of the Company as at the date of this annual report. Accordingly, CCID and its associates are connected persons of the Company under the GEM Listing Rules. In accordance with Chapter 20 of the GEM Listing Rules, the above renewed framework agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

None of the Directors is materially interested in the continuing connected transactions.

Details of the above continuing connected transactions are set out in the Company's announcement dated 19 December 2018.

2. Non-Exempted Connected Transactions

On 20 July 2020 (after trading hours), the Company, 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 Design"), 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 Group Co.") and 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") entered into a capital increase agreement, the principle terms of which are as follows:

(i) Transaction Structure of the Capital Increase

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 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 RMB50,000,000 as at 20 July 2020 to approximately RMB80,000,000.

Upon the completion of the capital increase, (a) Guangdong CCID will be a wholly-owned subsidiary of the Company, (b) the Company's interest in CCID Design will decrease from 95% to approximately 59.37%, and (c) 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 (a) 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 (b) after arm's length negotiation among the parties. The consideration under the capital increase agreement is subject to potential adjustment(s) to the valuation as required by the competent government authorities. The parties under the capital increase agreement agree to make the adjustment(s) as needed through supplemental agreements.

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 section headed ''Major Assumptions Adopted in the Valuation'' in the announcement of the Company dated 20 July 2020 (the "Announcement") for the major assumptions adopted in the valuation. 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 report from SHINEWING (HK) CPA Limited is contained in Appendix I to the Announcement. 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 letter from Huatai Financial Holdings (Hong Kong) Limited is contained in Appendix II to the Announcement.

(ii) 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 for any changes in the profit or loss of either Guangdong CCID or CCID Design after the valuation benchmark date.

(iii) Conditions Precedent

The completion of the capital increase is conditional upon the fulfilment of the following conditions precedent:

— the capital increase agreement having been duly executed by the parties;

— the approval of the capital increase by the shareholders of CCID Design, CCID Group Co. and Guangdong CCID, respectively;

— the independent shareholders' approval in respect of the capital increase having been obtained at an extraordinary general meeting;

— the approval in respect of the valuation of Guangdong CCID and CCID Design having been obtained from relevant competent government authorities;

— 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

— 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.

(iv) Profit Guarantee

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 (the "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 issuance of the abovementioned auditor's report.

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 governments and corporate customers. The Directors believed that the acquisition of Guangdong CCID will, on the one hand, extend the Company's value chain by supplementing the Company's existing services and providing further value added services to its customers, and on the other hand, strengthen the Company's influence in the Guangdong-Hong Kong-Macau 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, further contributing to a potential appreciation of the Company's market capitalisation.

Listing Rules Implications

Upon the completion of the capital increase, the Company's interest in CCID Design will be diluted from 95% as at the date of the Announcement 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 date of the Announcement, 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.

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.

Save for Research Centre and CCID Riyue and any of their associates, 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 extraordinary general meeting. 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 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.

The transactions contemplated under the capital increase agreement were approved at the extraordinary general meeting held on 23 September 2020. The capital increase was completed on 27 September 2020.

3. Exempted Connected Transaction

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. Principal terms of the fund partnership agreement are as follows:

(i) Valid Duration

The partnership registration period is tentatively set at 9 years (subject to the partnership period finally approved by the enterprise registration authority (企業登記機關)), including an investment period of 3 years and an exit period of 4 to 5 years, and the period subsequent to 5 years after the establishment of the fund will be the extension period. Prior to 3 months before the expiration of the period of the fund, the fund manager may determine that the period of the fund can be extended but not exceed 2 years for each extension with a maximum of two extensions, and inform other partners of the same in writing. Following two extensions of the period of the fund by the fund manager, the partnership period of the fund cannot be further extended unless it is approved at the general meeting of the partners.

(ii) Purpose of the Fund

The fund aims to generate investment returns in favour of the partners by managing investment projects that invest in the enterprises that enjoy a promising market landscape and have the independent capability to innovate, while focusing on the new generation of information technology, advanced equipment manufacturing, biological and other national strategic emerging industries.

(iii) Investment Scope

Equity investments will focus on enterprises that meet any of the following conditions:

(1) any enterprise operating in the new generation of information technology industry, advanced equipment manufacturing industry, advanced materials industry, biological industry and other national strategic emerging industries;

(2) any enterprise that can introduce technologies, services, production values and other resources into Jiangxia District, Wuhan;

(3) any enterprise that is registered or has set up a branch in Jiangxia District, Wuhan; and

(4) any enterprise unanimously approved by the partners.

Listing Rules Implications

As at 25 November 2020, which was the date of the relevant announcement, 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 Beijing CCID Riyue Investment Co., Ltd* (北京賽迪日月投資有限公司), 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., CCID Tiandi was an associate of CCID, and thus also a connected person of the Company. In addition, Exchange Centre was wholly-owned by CCID, and therefore also a connected person of the Company. The establishment of the fund constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 20.74(2) of the GEM Listing Rules) in respect of the transaction contemplated under the fund partnership agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the fund partnership agreement are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Reasons for and Benefits of Entering into the Fund Partnership Agreement

The establishment of the fund by entering into the fund partnership agreement will not only diversify the Company's investment structure to make rational use of idle funds, but also deliver reasonable and long-term investment income, thus creating better income and investment returns for the Company and its shareholders.

The Directors (including the independent non-executive Directors) considers that the terms of this transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

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

Save as disclosed above, during the year ended 31 December 2020, the Group did not enter into any other connected transactions and continuing connected transactions.

4. Confirmation from Directors and Auditor

Further details of the above continuing connected transactions and connected transactions are set out in note 32 to the consolidated financial statements on pages 141 to page 143 of this annual report. The independent non-executive Directors have reviewed the above non-exempted continuing connected transactions and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better (as defined in the GEM Listing Rules); and

(3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 20.54 of the GEM Listing Rules, the auditor has issued a letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 141 to page 143 of this annual report. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

The Group's auditor has reviewed the above non-exempted continuing connected transactions for the year ended 31 December 2020 and confirmed to the Board that nothing has come to their attention that causes them to believe that the continuing connected transactions:

(1) have not been approved by the Board;

(2) were not, in all material respects, in accordance with the pricing policies of the Group if the continuing connected transactions involve the provision of goods or services by the Group;

(3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(4) have exceeded the proposed annual caps as set out in the relevant agreements and announcements.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the sections relating to connected transactions and continuing connected transactions in this annual report, no Directors or Supervisors have, directly or indirectly, any material interests in any transaction, arrangement or contract of significance entered into by the Company or any of its subsidiaries during the year ended 31 December 2020.

Further details of the transactions conducted in relation to these contracts during the year are set out in Significant Related Party Transactions in note 32 to the consolidated financial statements.

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

As at 31 December 2020, none of the Directors, Supervisors and chief executives of the Company or their close associates had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which 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 interests and short positions which they were taken or deemed to have under such provision of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors and Supervisors mentioned in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the period was any right to acquire benefits by means of acquisition of the shares in or debentures of the Company granted to any Director and Supervisor or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enables the Directors and Supervisors to acquire such rights.

EQUITY-LINKED AGREEMENTS

There was no equity-linked agreement entered into by the Company during the year ended 31 December 2020.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 20 November 2002. The principal terms and conditions of the share option scheme were set out in the section headed "Summary of Principal Terms of the Share Option Scheme" under Appendix IV of the prospectus published by the Company on 29 November 2002. 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 date of this report, the share option scheme is not yet effective. As at 31 December 2020, no option has been granted under the share option scheme.

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

As at 31 December 2020, to the knowledge of the Directors, Supervisors and chief executives of the Company, the following corporations or persons (other than the Directors, Supervisors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or required pursuant to Section 336 of the SFO to be recorded in the register required to be kept pursuant thereto:

Long positions in shares

Name	Capacity	Number and class of shares[1]	Approximate percentage in the same class of shares	Approximate percentage of the issued share capital
China Centre of Information Industry Development* (中國電子信息產業發展研究院) ("CCID")[2]	Interest of controlled corporation	491,000,000(L) domestic shares	100%	70.14%
China Software Testing Centre* (Research Centre of Ministry of Industry and Information Technology Software and Integrated Circuit Promotion* ((中國軟件評測中心)工業和信息化部軟件與集成電路促進中心)) ("Research Centre")[2]	Beneficial owner	392,610,000(L) domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd* (北京賽迪日月投資有限公司) ("CCID Riyue")[2]	Beneficial owner	98,390,000(L) domestic shares	20.04%	14.06%
Lenovo Manufacturing Limited[3]	Beneficial owner	20,000,000(L) H shares	9.57%	2.86%
Legend Holdings (BVI) Limited[3]	Interest of controlled corporation	20,000,000(L) H shares	9.57%	2.86%
Lenovo Group Limited[3]	Interest of controlled corporation	20,000,000(L) H shares	9.57%	2.86%

Notes:

1. The letter "L" represents the substantial shareholder's long position in the shares.

2. CCID, through Research Centre (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly-owned by CCID), had effective interests in 491,000,000 domestic shares of the Company comprising 392,610,000 domestic shares directly held by Research Centre and 98,390,000 domestic shares directly held by CCID Riyue. Research Centre was 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)).

3. Lenovo Manufacturing Limited, a wholly-owned subsidiary of Legend Holdings (BVI) Limited, directly held 20,000,000 H shares of the Company. Legend Holdings (BVI) Limited was a wholly-owned subsidiary of Lenovo Group Limited.

Save as disclosed above, as at 31 December 2020, no other corporation or person had interests and short position in the shares and underlying shares which were required to be kept in the register pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the sufficiency of public float required by the GEM Listing Rules as at the latest practicable date prior to the publication of this annual report.

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.

MANAGEMENT CONTRACT

During the year, the Company did not enter into any contracts with respect to the management and administration of all or any substantial part of the business of the Company.

DONATION

During the year, no donation was made by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group currently focuses on consultancy services which have a low impact on the environment. However, environmental protection remains a key concern of the Group, which promotes environmental protection and the environmental awareness of all its employees.

The Group is committed to the principle and practice of recycling and reducing. It adopts a series of measures to protect the environment, such as encouraging water conservation, use of recycled paper for printing and copying, double-sided printing and copying, as well as switching off idle lightings and air conditioners in a timely manner to reduce energy consumption at its offices.

The Group will review its environmental practices from time to time and consider implementing further environmental friendly measures, sustainability targets and practices in the operation of the Group's businesses to embrace the principles of reduce, recycle and reuse, and further minimise our already low impact on the environment.

For more detail about the environmental policies and performance of the Group, please refer to the Environmental, Social and Governance Report set out on pages 34 to 39 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group carried out monitoring in respect of the Company's operations, financial management and staff management in accordance with relevant economic laws, regulations and implementation rules such as the Law of the People's Republic of China on Anti-Unfair Competition (《中華人民共和國反不正當競爭法》), the Contract Law of the People's Republic of China (《中華人民共和國合同法》), the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得税法》). Meanwhile, it also reviewed its compliance with the GEM Listing Rules and the SFO.

To the best of the knowledge of the Board and the management, the Group has complied with the relevant laws and regulations which have material impact on the business and operation of the Company and its subsidiaries in all material respects.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance coverage for Directors', Supervisors' and senior management's liabilities in respect of legal actions against the Directors, Supervisors and senior management arising out of corporate activities.

AUDITORS

SHINEWING (HK) CPA Limited was appointed as the auditor of the Company at the extraordinary general meeting with effect from 6 February 2020 to fill the vacancy following the resignation of Qual-Mark CPA Limited.

The financial statements for the year ended 31 December 2020 have been audited by SHINEWING (HK) CPA Limited, who will retire and offer themselves for re-appointment at the 2020 AGM.

Apart from the above disclosure, there was no change in the Company's auditor in the past three years.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Group and the Group's compliance thereof are set out in the Corporate Governance Report on pages 22 to 33 of this annual report.

CHANGE IN INFORMATION REGARDING DIRECTORS AND SUPERVISORS UNDER RULE 17.50A(1) OF GEM LISTING RULES

Apart from those disclosed in the section headed "Directors, Supervisors and Senior Management" and the paragraphs headed "Directors' And Supervisors' Remuneration" in the Report of the Directors in this report, there was no change in the information regarding any Director or Supervisor required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules since the date of the Company's Interim Report 2020.

SUBSEQUENT EVENTS

There were no significant events occurred after 31 December 2020 and up to the date of this annual report.

By Order of the Board

Xia Lin
Chairlady

Beijing, the People's Republic of China
23 March 2021

Report of the Supervisory Committee

To all Shareholders,

The supervisory committee of CCID Consulting Company Limited (the "Supervisory Committee") has discharged its duties and authorities conscientiously, protected the interests of the shareholders and the benefits of the Company, and performed its work according to the principles of integrity and dedication with reasonable care and diligence on a proactive basis in compliance with the Company Law of the PRC, requirements of the relevant laws and regulations of Hong Kong and the Articles of Association.

During the year, the Supervisory Committee prudently reviewed the operational and development plans of the Company and provided reasonable suggestions and advice to the Board, strictly and effectively supervised the Company's management as to whether the significant decision-making and specific decisions were in compliance with the PRC laws and regulations and the Articles of Association, and whether they were in the interests of the shareholders.

The Supervisory Committee has reviewed conscientiously and gave its consent to the report of the Directors, the audited financial report and the dividend distribution proposal to be proposed at the 2020 AGM. It is of the opinion that the members of the Board, the general manager and other senior management of the Company have strictly observed the principles of integrity and dedication, performed their duties diligently and scrupulously, and have exercised their authority of office in good faith for the best interests of the Company, and have been capable of conducting their work in accordance with the Articles of Association, featuring relatively standardised operation and ever-perfecting internal control system. The transactions between the Company and related companies are executed strictly pursuant to terms in the interests of the shareholders of the Company as a whole and at fair and reasonable considerations. To date, none of the Directors, general manager and senior management members has been found abusing their official positions, prejudicing the interests of the Company and infringing on the interests of shareholders and employees of the Company, or breaching any laws and regulations and the Articles of Association.

The Supervisory Committee is satisfied with the works of and the economic benefits obtained by the Company in the year of 2020 and is fully confident in the future development of the Group.

By Order of the Supervisory Committee

Gong Ping
Chairman of the Supervisory Committee

Beijing, the People's Republic of China
23 March 2021

信永中和 ShineWing

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

TO THE SHAREHOLDERS OF CCID CONSULTING COMPANY LIMITED
賽迪顧問股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of CCID Consulting Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 68 to 149, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Valuation of accounts receivables

REVENUE RECOGNITION

Refer to Note 8 to the consolidated financial statements and the accounting policies on pages 91 to 93.

The key audit matter	How the matter was addressed in our audit
The Group recorded revenue amounted to approximately RMB211,954,000 mainly from provision of management and strategic consultancy services, market consultancy services and information engineering supervision services for the year ended 31 December 2020. The Group recognises revenue at a point in time or overtime by reference to the satisfaction of relevant performance obligations. We identified revenue recognition as a key audit matter as it is quantitatively significant to the consolidated financial statements as a whole and revenue is one of the key performance indicators of the Group. The recognition of each of the Group's revenue stream requires judgement by the directors of the Company in determining the timing of satisfaction of performance obligations.	In relation to the recognition of revenue from provision of management and strategic consultancy service, market consultancy services and information engineering supervision services, we performed the following procedures, on a sample basis. We have assessed the design, implementation and operating effectiveness of key internal controls over the revenue recognition processes; We have inspected customer contracts to identify terms and conditions relating to the provision of services and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; and We have compared specific revenue transactions recorded before and after the financial year end date with underlying documentation, including service contracts and service records, to determine whether the related revenue had been recognised in the appropriate financial period.

EXPECTED CREDIT LOSSES OF ACCOUNTS RECEIVABLES

Refer to Note 22 to the consolidated financial statements and the accounting policies on pages 84 to 87.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2020, the Group's accounts receivables amounted to approximately RMB27,137,000, net of accumulated impairment losses of approximately RMB8,575,000. Loss allowance for accounts receivables is estimated based on lifetime expected credit losses ("ECL") model, which is estimated by taking into account the credit loss experience and forward looking information including both current and forecast general economic conditions. We have identified valuation of accounts receivables as a key audit matter because the impairment assessment of accounts receivables involved a significant degree of management estimation and may be subject to management bias.	Our audit procedures were designed to assess the assumptions and judgements of the Group's ECL model on impairment assessment of accounts receivables. We have evaluated the design and implementation of key control that the Group has implemented to manage and monitor its credit risk and measurement on ECL; We have assessed the reasonableness of management's estimates for loss allowance by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information; and We have also inspected cash received from debtors after year end relating to accounts receivables balance as at 31 December 2020 on a sample basis.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Wing Kit.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong
23 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (restated)
Revenue	8	**211,954**	261,529
Cost of sales		**(111,271)**	(119,614)
Gross profit		**100,683**	141,915
Other income and gains	10	**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	11	**(585)**	(85)
Profit before taxation		**33,506**	78,476
Income tax expense	12	**(6,909)**	(10,290)
Profit for the year	13	**26,597**	68,186
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		**1,724**	2,845
Total comprehensive income for the year		**28,321**	71,031
Profit for the year attributable to:			
Owners of the Company		**21,224**	62,799
Non-controlling interests		**5,373**	5,387
		26,597	68,186
Total comprehensive income for the year attributable to:			
Owners of the Company		**22,169**	64,691
Non-controlling interests		**6,152**	6,340
		28,321	71,031
Earnings per share (RMB cents):	16		
Basic		**3.03**	8.97
Diluted		**3.03**	8.97

Consolidated Statement of Financial Position

At 31 December 2020

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000 (restated)	1 January 2019 RMB'000 (restated)
Non-current assets				
Property, plant and equipment	18	**16,137**	17,867	17,430
Intangible asset	19	**14,681**	14,681	14,681
Financial assets at fair value through other comprehensive income	20	**12,015**	8,311	4,749
Pledged bank deposits	24	**1,336**	482	—
Deferred tax assets	21	**1,016**	2,965	5,781
		45,185	44,306	42,641
Current assets				
Accounts receivables	22	**27,137**	32,701	18,400
Prepayments, deposits and other receivables	23	**11,689**	9,335	11,638
Financial assets at fair value through profit or loss	20	**45,087**	35,122	30,188
Tax recoverable		**2,607**	1,841	655
Pledged bank deposits	24	**1,862**	1,575	—
Amount due from a related party	28	**1,000**	—	—
Cash and cash equivalents	24	**263,723**	233,021	168,647
		353,105	313,595	229,528
Current liabilities				
Accounts payables	25	**1,661**	2,394	4,271
Accruals and other payables	26	**50,384**	46,285	30,752
Contract liabilities	27	**85,100**	63,302	57,536
Amounts due to related parties	28	**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

Consolidated Statement of Financial Position

At 31 December 2020

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000 (restated)	1 January 2019 RMB'000 (restated)
Equity				
Share capital	29	**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

The consolidated financial statements on pages 68 to 149 were approved and authorised for issue by the board of directors of the Company on 23 March 2021 and are signed on its behalf by:

Ms. Xia Lin
Director

Mr. Qin Hailin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company							
	Share Capital RMB'000	**Capital reserve (Note (a))** RMB'000	**Statutory reserve (Note (b))** RMB'000	**Investment revaluation reserve (Note (c))** RMB'000	**Retained profits** RMB'000	**Sub-total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2020, as originally stated	70,000	18,100	20,062	3,727	92,075	203,964	30,962	234,926
Effect of adopting merger accounting for common control combination (Note 30)	—	2,383	21	—	(86)	2,318	(122)	2,440
At 1 January 2020, as restated	70,000	20,483	20,083	3,727	91,989	206,282	31,084	237,366
Profit for the year	—	—	—	—	21,224	21,224	5,373	26,597
Other comprehensive income for the year	—	—	—	945	—	945	779	1,724
Total comprehensive income for the year	—	—	—	945	21,224	22,169	6,152	28,321
Dilution in equity interest as a result of deemed acquisition (Note (a) and 31)	—	(22,190)	—	—	—	(22,190)	22,190	—
Appropriation of statutory reserve	—	—	3,115	—	(3,115)	—	—	—
Dividends recognised as distribution (Note 17)	—	—	—	—	(10,010)	(10,010)	—	(10,010)
At 31 December 2020	70,000	(1,707)	23,198	4,672	100,088	196,251	59,426	255,677
At 1 January 2019, as originally stated	**70,000**	**18,100**	**16,455**	**1,835**	**41,370**	**147,760**	**24,802**	**172,562**
Effect of adopting merger accounting for common control combination (Note 30)		**2,383**	**21**		**(3,518)**	**(1,114)**	**(58)**	**(1,172)**
At 1 January 2019, as restated	**70,000**	**20,483**	**16,476**	**1,835**	**37,852**	**146,646**	**24,744**	**171,390**
Profit for the year (restated)	**—**	**—**	**—**	**—**	**62,799**	**62,799**	**5,387**	**68,186**
Other comprehensive income for the year	**—**	**—**	**—**	**1,892**	**—**	**1,892**	**953**	**2,845**
Total comprehensive income for the year	**—**	**—**	**—**	**1,892**	**62,799**	**64,691**	**6,340**	**71,031**
Appropriation of statutory reserve	**—**	**—**	**3,607**	**—**	**(3,607)**	**—**	**—**	**—**
Dividends recognised as distribution (Note 17)	**—**	**—**	**—**	**—**	**(5,055)**	**(5,055)**	**—**	**(5,055)**
At 31 December 2019	**70,000**	**20,483**	**20,083**	**3,727**	**91,989**	**206,282**	**31,084**	**237,366**

Note:

(a) The capital reserve includes share premium reserve of the Company of approximately RMB18,100,000 which can be used to increase share capital. The remaining balance of (i) approximately RMB2,383,000 representing the merger reserve of the Group arose from the deemed acquisition of a subsidiary under common control and calculating as the difference between the consideration paid for the deemed acquisition and the carrying amount of the net assets of the acquired subsidiary when the Group and the acquired subsidiary become under common control and (ii) approximately RMB22,190,000 representing other reserve of the Group arose from the loss arising from transaction with non-controlling interests and the difference between the fair value of shares acquired of the acquired subsidiary for the deemed acquisition and carrying amount of the net assets of the diluted subsidiary at the date when the Group and the acquired subsidiary at the date of acquisition.

(b) According to the People's Republic of China ("PRC") Company Law, companies in the PRC are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The statutory reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital. The statutory reserve is not distributable as cash dividends and must be made before distribution of dividend to equity owners.

(c) As at 31 December 2020 and 2019, the investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investment in equity instruments designated as at financial assets at fair value through other comprehensive income.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000 (restated)
OPERATING ACTIVITIES		
Profit before taxation	**33,506**	78,476
Adjustments for:		
Depreciation of property, plant and equipment	**1,987**	1,278
Loss on written off of property, plant and equipment	**—**	13
Impairment loss recognised on accounts and other receivables	**585**	85
Interest income from bank deposits	**(952)**	(2,125)
Investment income arising from financial assets at fair value through profit or loss	**(2,560)**	(1,682)
Government grant	**(647)**	(1,009)
Fair value gain arising from consideration receivable	**(110)**	—
Fair value loss arising from financial assets at fair value through profit or loss	**35**	66
Operating cash flows before movements in working capital	**31,844**	75,102
Decrease (increase) in accounts receivables	**5,443**	(14,353)
(Increase) decrease in prepayments, deposits and other receivables	**(2,708)**	2,270
Increase in financial assets at fair value through profit or loss	**(45,000)**	—
Decrease in accounts payables	**(733)**	(1,892)
Increase in accruals and other payables	**4,099**	15,533
Increase in contract liabilities	**21,798**	5,766
Increase in amount due to ultimate holding company	**176**	—
Decrease in amount due to immediate holding company	**(81)**	—
Increase (decrease) in amounts due to fellow subsidiaries	**818**	(712)
Cash generated from operations	**15,656**	81,714
Income taxes paid	**(10,175)**	(7,200)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000 (restated)
NET CASH FROM OPERATING ACTIVITIES	**5,481**	74,514
INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	**(45,000)**	(99,000)
Purchase of financial assets at fair value through other comprehensive income	**(1,680)**	—
Purchase of property, plant and equipment	**(257)**	(1,728)
Proceeds from redemption of financial assets at fair value through profit or loss	**80,000**	94,000
Withdrawal of pledged bank deposits	**866**	—
Placement of pledged bank deposits	**(2,007)**	(2,057)
Interest received from bank deposits	**952**	2,125
Investment income arising from financial assets at fair value through profit or loss	**2,560**	1,682
Advance to a fellow subsidiary	**(1,000)**	—
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**34,434**	(4,978)
FINANCING ACTIVITIES		
Advance from a fellow subsidiary	**150**	—
Advances from immediate holding company	**—**	2,765
Repayment to immediate holding company	**—**	(3,896)
Government grant received	**647**	1,009
Dividends paid	**(10,010)**	(5,040)
NET CASH USED IN FINANCING ACTIVITIES	**(9,213)**	(5,162)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**30,702**	64,374
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**233,021**	168,647
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**263,723**	233,021

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: 8235) 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, the 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 the provision of industry spatial management services (included in management and strategic consultancy services segment) since the merger with Guangdong CCID Industrial and Information Research Centre Company Limited* ("Guangdong CCID") ("廣東賽迪工業和信息化研究院有限公司") as described in note 2.

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. BASIS OF PREPARATION

Merger accounting for business combination involving entities under common control

On 20 July 2020, the Company entered into a capital increase agreement with Beijing CCID Industry and Information Engineering Design Center Company Limited* ("CCID Design") ("北京賽迪工業和信息化工程設計中心有限公司"), a 95% directly owned subsidiary of the Company, CCID Research Institute of Industry and Information Technology (Group) Co., Limited* ("CCID Group Co.") ("賽迪工業和信息化研究院 (集團) 有限公司"), a 5% non-controlling interests of CCID Design, and Guangdong CCID ("Capital Increase Agreement"). Pursuant to the Capital Increase Agreement, CCID Group Co. agreed to make a capital contribution in the amount equivalent to approximately RMB53,710,000 to CCID Design by way of injection of the 100% equity interest in Guangdong CCID, a wholly-owned subsidiary of CCID Group Co. The transaction is considered as deemed acquisition of Guangdong CCID ("Deemed Acquisition") and the Deemed Acquisition has been completed in September 2020. Guangdong CCID is principally engaged in the investments in the provision of 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.

Upon the completion of the Deemed Acquisition, Guangdong CCID became a 100% indirectly-owned subsidiary of the Group as a wholly-owned subsidiary of CCID Design and the authorised share capital of CCID Design increased from RMB50,000,000 to RMB80,000,000 accordingly. The equity interest held in CCID Design held by the Group diluted from 95% to 59.4% and do not result in the Group losing control after the Deemed Acquisition. This resulted in an increase in non-controlling interests of approximately RMB22,190,000 and a decrease in equity attributable to owners of the Company of approximately RMB22,190,000 as an equity transaction. As Guangdong CCID and the Group are commonly controlled by the CCID before and after the Deemed Acquisition, the acquisition of Guangdong CCID was considered as business combination involving entities under common control. As a result, the acquisition of Guangdong CCID is accounted for using the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as set out in note 4 below.

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

* The English translation is for identification only

3. 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is recognised directly in equity and attributed to owners of the Company.

Merger accounting for business combination involving entities under common control

The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible asset with indefinite useful life that is acquired separately is measured at initial recognition at cost. After initial recognition, intangible asset with indefinite useful life is measured at cost less any subsequent accumulated impairment losses, (see the accounting policy in respect of impairment losses on tangible assets below), if any.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position is measured at initial recognition at cost and subsequently measured at cost less accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to allocate their costs, less their residual values over their estimated useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible asset with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit loss ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

Amortised cost and effective interest method (Continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (Note 10).

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the "Investment revaluation reserve". The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Equity instruments designated as at FVTOCI (Continued)

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other income and gains" line item (Note 10).

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "Sundry income" under "Other income and gains" line item (Note 10). Fair value is determined in the manner described in Note 7.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for accounts receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt instrument to have low credit risk when the asset has external credit rating of investment grade in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of low risk. Low risk means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset 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 counterparty 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. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligations is transferred to customers.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred overtime and revenue is recognised overtime by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes sales related taxes.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

The Group recognised revenue from the following major sources:

- provision of management and strategic consultancy services
- provision of market consultancy services
- provision of industry spatial management services
- provision of information engineering supervision services
- provision of other services

Provision of management and strategic consultancy services and market consultancy services

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

Provision of industry spatial management services

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

Provision of information engineering supervision services

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Provision of other services

Revenue from the provision of data information design services and training courses services are recognised at the point in time when the service for the transaction is completed under the terms of each engagement and the revenue can be measured reliable as only that time the Group has a present right to payment for services performed.

Revenue from the provision of subscription to information system services is recognised at the point in time when the service for the transaction is completed under the terms of each engagement or overtime which corresponds to its respective performance obligations. The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Contract costs

Since the amortisation period of the incremental costs of obtaining a contract would be one year or less, the Group has applied practical expedient to recognise all incremental costs of obtaining a contract as expenses when incurred.

Fair value measurement

When measuring fair value except for the value in use of property, plant and equipment and intangible asset for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of input, as follow:

Level 1	—	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period which it is incurred.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing-basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Critical judgements in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Assessment of the indefinite useful life of an intangible asset

Management estimates the useful life of digital management platform based on the expected useful life of the digital management platform. Digital management platform is considered by the management of the Group as having indefinite useful life because the Group relies on information provided by the digital management platform to make profits, and the Group has to maintain the digital management platform and to update its data in the foreseeable future. In addition, the digital management platform could be prolonged indefinitely on the condition that it was under ongoing maintenance and data update which corresponds to the present situation and long-term development orientation of the Group.

The useful life of digital management platform could change significantly as a result of changes in commercial and technological environment. When the actual useful life of digital management platform is different from its estimated useful life due to change in commercial and technological environment, such difference will impact the amortisation charges and the amounts of assets written down for future periods. As at 31 December 2020, the carrying amount of digital management platform with indefinite useful life was approximately RMB14,681,000 (2019: RMB14,681,000).

Judgments in determining the timing of satisfaction of performance obligations

The recognition of each of the Group's revenue stream requires judgment by the directors of the Company in determining the timing of satisfaction of performance obligations.

In making their judgment, the directors of the Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers.

For the provision of management and strategic consultancy services and market consultancy services, the directors of the Company have determined that when the service for the transaction is completed under the terms of each contract, the revenue is recognised at the point in time.

For provision of information engineering supervision services, the directors of the Company have determined that the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

For the provision of industry spatial management services, the directors of the Company have determined that the Group' performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key source of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

The Group recognises revenue from the provision of information engineering supervision service and industry spatial management services over time by measuring the progress towards complete satisfaction of the relevant performance obligation. For the provision of information engineering supervision service, the progress is determined based on the direct measurements of the value of the services transferred to the customer to date. The Group is required to estimate the remaining services of each project promised under the contract, that best depict the Group's performance in transferring control of services. For the provision of industry spatial management services, the progress is determined based on the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The Group is required to estimate the total service costs of each project in measuring the Group's progress towards complete satisfaction of a performance obligation. The computation of the progress and estimation of total service costs for each project require the use of judgement and estimates.

Income taxes

As at 31 December 2020, no deferred tax asset has been recognised on the tax losses of approximately RMB4,545,000 (2019 (restated): RMB3,184,000) due to the unpredictability of future profit streams for certain subsidiaries. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

ECL of accounts receivables

The impairment provisions for accounts receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that those grouped debtors is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Due to the unprecedented nature of the COVID-19 pandemic, its effect on the Group's customers and their ability to meet their financial obligations to the Group is difficult to predict. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. During the year, impairment loss recognised on accounts receivables was approximately RMB121,000 (2019: RMB52,000). At 31 December 2020, the carrying amount of accounts receivables was approximately RMB27,137,000 (2019: RMB32,701,000), net of accumulated loss allowance for ECL of accounts receivables approximately RMB8,575,000 (2019: RMB8,990,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their estimated useful lives, after taking into account their residual values. The determination of useful lives and residual values involve management's estimated based on experience about the economic useful lives of the assets and by making reference to market prices of similar assets. The Group assesses annual residual values and the useful lives of the property, plant and equipment and if the expectation differs from the original estimates, such a difference may impact the depreciation in the year and the estimate will be changes in the future period.

As at 31 December 2020, the carrying amount of property, plant and equipment is approximately RMB16,137,000 (2019 (restated): RMB17,867,000), net of accumulated impairment losses amounted to nil (2019: nil). No impairment loss was recognised during the year ended 31 December 2020 and 2019.

Estimated impairment of an intangible asset

Intangible asset is stated at cost less accumulated impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2020, the carrying amount of an intangible asset is approximately RMB14,681,000 (2019: RMB14,681,000), net of accumulated impairment losses amounted to nil (2019: nil). No impairment loss was recognised during the years ended 31 December 2020 and 2019. Details of the impairment of intangible asset is disclosed in Note 19.

Fair value measurement of financial assets

As described in note 7c, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For unlisted equity investment, assumptions are made based on market approach and the value is based on price-to-book value ratio ("P/B ratio"), adjusted by discount for lack of marketability ("DLOM") and net asset value ("NAV") of the investment and equity interest held by the Group. For unlisted debt instrument, fair value are quoted by the relevant bank based on assumptions supported. The estimation of fair value of unlisted equity investment and unlisted debt instrument include some assumptions not supported by observable market prices or rates.

The carrying amount of the unlisted equity investment and unlisted debt instrument as at 31 December 2020 is approximately RMB12,015,000 (2019: RMB8,311,000) and RMB45,000,000 (2019: RMB35,000,000) respectively. Details of the assumptions used are disclosed in note 7c. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of net debt, which includes total liabilities and proposed final dividends less amounts due to immediate holding company and a fellow subsidiary, and equity attributable to owner of the Company, comprising total equity less proposed final dividend.

The Group's audit committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 50% determined as the proportion of net debt to equity. Based on the committee's recommendations, the Group expects to decrease its gearing ratio closer to 50% through the payment of dividends.

The gearing ratio at the end of the reporting period was as follows:

	2020 **RMB'000**	2019 RMB'000 (restated)
Total liabilities	**142,613**	120,535
Add: Proposed final dividend	**10,710**	10,010
Less: Amount due to immediate holding company	**(1,578)**	(1,578)
Less: Amount due to a fellow subsidiary	**(150)**	—
Net debt	**151,595**	128,967
Total equity	**255,677**	237,366
Less: Proposed final dividend	**(10,710)**	(10,010)
Equity	**244,967**	227,356
Net debt to equity ratio	**62%**	57%

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 RMB'000	2019 RMB'000 (restated)
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	**306,274**	275,347
Financial assets at FVTOCI — Equity instruments designated at FVTOCI	**12,015**	8,311
Financial assets at FVTPL — Financial assets measured at FVTPL	**45,087**	35,122
	363,376	318,780
Financial liabilities		
Financial liabilities at amortised cost	**53,771**	45,412

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTOCI, accounts receivables, deposits and other receivables, financial assets at FVTPL, pledged bank deposits, cash and cash equivalents, accounts payables, accruals and other payables and amounts due from/to related parties. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits (Note 24).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable interest rate linked structural deposits (Note 20).

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

In the opinion of the directors of the Company, the effect on changes in interest rate to the Group related to these interest-bearing instruments is insignificant and therefore sensitivity analysis on interest risk is not presented.

(ii) Other price risk

The Group is exposed to other price risk through its listed and unlisted equity instruments. The Group's equity price risk is mainly concentrated on equity investments operating in exhibition industry sector. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. The directors of the Company considered the Group's exposure to other price risk on these instruments was insignificant. Accordingly, no other price risk sensitivity analysis is presented.

Credit risk

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of our Group mainly arises from cash and cash equivalents, pledged bank deposits, accounts receivables, deposits and other receivables and amount due from a related party. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For accounts receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The management reviews the categories of customers from time to time or at the time when the credit risk is significantly increased since initial recognition. The credit risk of a customer will increase significantly when the contractual payments are more than 60 days (2019: 60 days) past due, based on the background and characteristic of customers in the industry for granting a longer credit period. A trade debt will be regarded as credit-impaired if, having served repetitive reminders, the customer still fails to settle the trade debt. If, having taken all reasonable recovery actions such as civil claim or via collection agency, the customer still fails to settle a trade debt, the trade debt will be regarded as default. It is the Group's policy to write-off credit impaired trade debts either in whole or in part by reference to ageing analysis and defaulted trade debts in full at each reporting date.

The directors of the Company determine concentration of credit risk based on the size of project, location of customers, credit limit and credit terms. The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounts for all accounts receivables as at 31 December 2020 and 2019.

The Group usually requires customer to pay deposits before commencement of work. Progress billings will be served to customer based on the progress of the projects. In the opinion of the directors of the Company, the concentration of credit risk is moderate.

As at 31 December 2020 and 2019, no single customer or a group of customers contribute more than 10% of the Group's revenue. The Group has concentration of credit risk as 23% (2019: 31%) and 11% (2019: 8%) of the total accounts receivables was due from the Group's five largest customers and the largest customer respectively. The concentration of credit risk is limited due to the customer base being large and unrelated.

For other non-traded related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered amount due from a related party to be low credit risk and thus the measurement of the loss allowance was limited to 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and thus the measurement of the loss allowance was limited to 12-month ECL.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Other than the concentration of credit risk on liquid funds which are deposited with several banks with good reputation and high credit ratings, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

— internal credit rating

— external credit rating

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

— actual or expected significant changes in the operating results of the borrower

— significant increase in credit risk on other financial instruments of the borrower

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Basis for recognising ECL
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	There have been a significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit impaired
High risk	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The credit quality of the Group's financial assets and maximum exposure to credit risk by credit rating grades are disclosed in their respective notes.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

All financial liabilities are non-interest bearing and their maturity dates are repayable on demand or due within one year from the end of the reporting period.

7. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the statement of financial position

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets of the Group at fair value in the consolidated statement of financial position are grouped into fair value hierarchy as follows:

Financial instruments	Fair value hierarchy	Fair value as at 31/12/2020 RMB'000	Fair value as at 31/12/2019 RMB'000	Valuation Technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Financial assets at FVTOCI						
— unlisted equity investment	Level 3	**10,335**	8,311	Market approach adopted. The value is based on P/B ratio, adjusted by DLOM (2019: Market approach adopted)	2020: P/B ratio: 1.90 DLOM: 20.6% (2019: P/B ratio: 2.07, DLOM: 27.75%)	The higher the P/B ratio, the higher the fair value. The higher the DLOM, the lower the fair value. (Note (a))
— unlisted equity investment	Level 3	**1,680**	—	Based on NAV of the investment determined based on the fair value of the underlying investment portfolio, which is comprised of discount cash flows and equity interest held by the Group	NAV of the investment: RMB30,000,000	The higher NAV of the investment, the higher the fair value. (Note (b))
Financial assets at FVTPL						
— equity securities listed in the PRC	Level 1	**87**	122	Quoted bid price in an active market	N/A	N/A
— debt instruments: interest rate linked structural deposits	Level 2	**45,000**	35,000	Fair value quoted by the relevant bank	N/A	N/A

There were no transfers between Level 1 and 2 of fair value hierarchy in the current and prior years.

7. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the statement of financial position (Continued)

Notes:

(a) A 5% increase in P/B ratio would result in an increase in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB517,000 (2019: RMB420,000) and vice versa.

A 5% increase in DLOM would result in a decrease in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB134,000 (2019: RMB161,000) and vice versa.

(b) A 5% increase in NAV would result in an increase in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB84,000 and vice versa.

Reconciliation of Level 3 fair value measurements of financial asset:

	2020 RMB'000	2019 RMB'000
Unlisted equity instruments at FVTOCI		
At the beginning of the year	**8,311**	4,749
Addition	**1,680**	—
Changes in fair value recognised in OCI	**2,024**	3,562
At the end of the year	**12,015**	8,311

The above total change in fair value for the year ended 31 December 2020 of approximately RMB2,024,000 (2019: RMB3,562,000) is included in investment revaluation reserve.

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their immediate or short-term maturities.

The directors of the Company also consider that the carrying amounts of non-current financial assets recorded at amortised cost in the consolidated financial statements approximate to their fair values as the impact of discounting of non-current financial assets is not significant and the non-current liabilities are amortised at market interest rates.

8. 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 RMB'000 (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 RMB'000 (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).

9. SEGMENT INFORMATION

Descriptive information about the Group's reportable segments

The Group's operating segments are structured and managed separately, according to the nature of their operations and the products and services they provide. Each operating segment represents a strategic business unit that provides services which are subject to risks and returns that are different from those of other operating segments. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker (the "CODM"), which is the executive director of the Company, for the purpose of resource allocation and performance assessment, the Group has presented the following three reputable segments. The CODM monitors the revenue from the provision of management and strategic consultancy services and the provision of industry spatial management services as a whole for the purpose of making decisions about resources allocation and performance assessment. All of their respective reported revenue and absolute amount of reported profit or loss exceed the 10% threshold prescribed by HKFRS 8: Operating Segment.

- the management and strategic consultancy services segment provides services involving the application and implementation of enterprise management information digitalisation, planning, operation, management and attracting investments for industrial parks in Guangdong province. This incorporates 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 market consultancy services segment provides two kinds of services: standard research on specific sectors and tailor-made research; and

- the information engineering supervision services segment provides information engineering supervision services to undertaken projects.

9. SEGMENT INFORMATION (Continued)

Descriptive information about the Group's reportable segments (Continued)

In addition, the Group also has provision of data information design services segment, training courses services segment and subscription to information system services segment whose scale of operations do not meet quantitative thresholds of reportable segments. Provision of data information design services, training courses services and subscription to interaction system services segment have been included in other segments.

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

9. SEGMENT INFORMATION (Continued)

Segment revenue and result (Continued)

For the year ended 2019 (restated)

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. 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 makers for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market price.

9. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	2020 RMB'000	2019 RMB'000 (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	**1,744**	861
Total segment assets	**27,137**	32,701
Unallocated assets	**371,153**	325,200
Consolidated assets	**398,290**	357,901

Segment liabilities

	2020 RMB'000	2019 RMB'000 (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	**1,849**	183
Total segment liabilities	**86,761**	65,696
Unallocated liabilities	**55,852**	54,839
Consolidated liabilities	**142,613**	120,535

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 FVTOCI, deferred tax assets, prepayments, deposits and other receivables, financial assets at 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.

9. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2020

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Other services RMB'000	Total RMB'000
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	**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	**5,619**	**1,139**	**—**	**151**	**6,909**

For the year ended 31 December 2019 (restated)

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Other services RMB'000	Total RMB'000
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	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	5,701	816	3,267	506	10,290

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

9. SEGMENT INFORMATION (Continued)

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.

10. OTHER INCOME AND GAINS

	2020 RMB'000	2019 RMB'000 (restated)
Interest income from bank deposits	**952**	2,125
Investment income arising from financial assets at fair value through profit or loss	**2,560**	1,682
Government grant (Note (a))	**647**	1,009
Sundry income (Note (b))	**467**	396
	4,626	5,212

Note:

(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. Details are set out in note 23.

11. IMPAIRMENT LOSS RECOGNISED ON ACCOUNTS AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Accounts receivables	**121**	52
Other receivables	**464**	33
	585	85

12. INCOME TAX EXPENSE

(a) Income tax:

	2020 RMB'000	2019 RMB'000 (restated)
Current tax:		
— PRC Enterprise Income Tax	**5,260**	8,191
Deferred tax (Note 21)		
— Current year	**1,649**	2,099
	6,909	10,290

Deferred tax relating to item recognised in other comprehensive income is disclosed as follows:

Consolidated other comprehensive income

	2020 RMB'000	2019 RMB'000 (restated)
Deferred tax relating to item recognised in other comprehensive income during the year:		
— Change in fair value of FVTOCI (Note 21)	**300**	717

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 Industrial and Information Engineering Supervision Center Co., Limited* ("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 EIT Law of the PRC, they are subject to an enterprise income tax at a rate of 15% (2019: 15%).

* The English translation is for identification only

12. INCOME TAX EXPENSE (Continued)

(b) The tax charge for the years can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 RMB'000	2019 RMB'000 (restated)
Profit before taxation	**33,506**	78,476
Tax at domestic income tax rate of 25%	**8,376**	19,619
Preferential tax rate granted to HNTE	**(2,035)**	(7,543)
Tax effect of super deduction of research and development expenses	**(151)**	(1,901)
Tax effect of expenses not deductible for tax purpose	**379**	247
Tax effect of tax losses not recognised	**493**	131
Utilisation of tax losses previously not recognised	**(153)**	(263)
Income tax expense	**6,909**	10,290

13. PROFIT FOR THE YEAR

	2020 RMB'000	2019 RMB'000 (restated)
Profit for the year has been arrived at after charging (crediting):		
Directors', supervisors' and general manager's emoluments (Note 14)	**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	**11,230**	18,072
Total staff costs	**127,468**	132,997
Auditor's remuneration	**800**	800
Depreciation of property, plant and equipment	**1,987**	1,278
Fair value gain arising from consideration receivable (Note 23)	**(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	**3,349**	3,128

Note:

The research and development expenses disclosed here included salaries and wages, allowances and other staff benefits of approximately RMB14,629,000 (2019: RMB12,675,000), and contributions to retirement benefits scheme of approximately RMB2,266,000 (2019: RMB3,323,000) for the year ended 31 December 2020 which had been included in total staff costs disclosed above.

14. DIRECTORS', SUPERVISORS' AND GENERAL MANAGER'S EMOLUMENTS

The emoluments paid or payable to each of the eleven (2019: twelve) directors, supervisors and general manager were as follows:

For the year ended 31 December 2020

	Fees (Note (i)) RMB'000	Salaries and allowances RMB'000	Discretionary bonuses (Note (ii)) RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Emoluments paid or receivable in respect of director's service in connection with the management other affairs of the Company or its subsidiary undertaking					
Executive directors					
Xia Lin[1]	30	—	—	—	30
Qin Hailin[2]	—	—	—	—	—
Emoluments paid or receivable in respect of a person's services as a director/ supervisor of the Company or its subsidiary undertaking					
Non-executive directors					
Qin Hailin[2]	—	—	—	—	—
Sun Huifeng[3]	—	—	—	—	—
Independent non-executive directors					
Guo Xinping	48	—	—	—	48
Li Xuemnei	48	—	—	—	48
Chen Yongcheng[4]	48	—	—	—	48
Hu Bin[5]	—	—	—	—	—
Supervisors					
Chen Ying	—	—	—	—	—
Lian Jing[6]	—	319	140	69	528
Gong Ping[7]	15	—	—	—	15
Jia Yinghui[8]	—	—	—	—	—
	189	319	140	69	717
Emoluments paid or receivable in respect of a person's services in connection with the management affairs of the Company or its subsidiary undertaking					
General manager					
Sun Huifeng[2]	—	291	—	35	326
Qin Hailin[1]	—	—	—	—	—
	189	610	140	104	1,043

14. DIRECTORS', SUPERVISORS' AND GENERAL MANAGER'S EMOLUMENTS (Continued)

For the year ended 31 December 2019

	Fees (Note (i)) RMB'000	Salaries and allowances RMB'000	Discretionary bonuses (Note (ii)) RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Emoluments paid or receivable in respect of director's service in connection with the management other affairs of the Company or its subsidiary undertaking					
Executive directors					
Xia Lin	43	—	—	—	43
Zhao Zeming[9]	18	—	140	—	158
Emoluments paid or receivable in respect of a person's services as a director/ supervisor of the Company or its subsidiary undertaking					
Non-executive directors					
Sun Huifeng	25	—	—	—	25
Luo Junrui[10]	—	—	—	—	—
Independent non-executive directors					
Guo Xinping	57	—	—	—	57
Li Xuemnei	57	—	—	—	57
Xia Yinan[11]	10	—	—	—	10
Chen Yongcheng	35	—	—	—	35
Supervisors					
Ma Xin[12]	21	177	42	83	323
Chen Ying	—	—	—	—	—
Lian Jing	2	253	103	87	445
Gong Ping	26	—	—	—	26
	294	430	285	170	1,179
Emoluments paid or receivable in respect of a person's services in connection with the management affairs of the Company or its subsidiary undertaking					
General manager					
Sun Huifeng	—	678	643	126	1,447
	294	1,108	928	296	2,626

14. DIRECTORS', SUPERVISORS' AND GENERAL MANAGER'S EMOLUMENTS (Continued)

Notes:

[1] Ms. Xia Lin was appointed as executive director on 20 May 2019.

[2] Mr. Qin Hailin was appointed as general manager of the company with effect from 8 May 2020 and non-executive director with effect from 12 June 2020 to 7 December 2020 and re-designed as executive director on 7 December 2020.

[3] Mr. Sun Huifeng was appointed as non-executive director on 20 May 2019 and resigned as general manager of the company on 8 May 2020 and non-executive director on 12 June 2020.

[4] Mr. Chen Yung-cheng was appointed as independent non-executive director on 20 May 2019.

[5] Mr. Hu Bin was appointed as independent non-executive director with effect from 23 December 2020.

[6] Ms. Lian Jing was appointed as supervisor on 20 December 2019.

[7] Mr. Gong Ping was appointed as supervisor on 20 May 2019.

[8] Mr. Jia Yinghui was appointed as supervisor on 25 November 2020.

[9] Mr. Zhao Zeming retired from his position as executive director of the Company with effect from 20 May 2019.

[10] Mr. Luo Junrui retired from his position as non-executive director of the Company with effect from 20 May 2019.

[11] Mr. Xia Yinan retired from his position as independent non-executive director of the Company with effect from 20 May 2019.

[12] Ms. Ma Xin retired from her position as supervisor on 20 December 2019.

(i) The emoluments represent the payments in respect of services as a director and those in connection with the management affairs of the Group.

(ii) Discretionary bonuses are determined by the Remuneration Committee and paid depending on staff grading, individual performance and the profitability of the Group.

Ms. Xia Lin, Mr. Gong Ping, Mr. Jia Yinghui and Mr. Qin Hailin voluntarily waived their remunerations paid by the Group during the year ended 31 December 2020. No directors of the Company agreed to waive any emolument paid by the Group during the year ended 31 December 2019. No chief executive of the Company was appointed in both years. No emoluments were paid by the Group to the directors of the Company as an incentive payment for joining the Group or as compensation, for loss of office during the years ended 31 December 2020 and 2019.

In addition to the directors' emoluments disclosed above, certain directors are not paid directly by the Company but receive emoluments from the Company's holding companies, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by these directors to the Group are incidental to their responsibilities to the larger group.

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, none (2019: one) was director whose emoluments are disclosed in Note 14 above. The emoluments of remaining five (2019: four) individuals were as follows:

	2020 RMB'000	2019 RMB'000
Salaries and allowances	**2,585**	2,038
Contributions to retirement benefits scheme	**375**	504
Discretionary bonuses (Note)	**3,280**	3,048
	6,240	5,590

Their emoluments were within the following bands:

	2020 No. of employees	2019 No. of employees
Nil to HK$1,000,000 (equivalent to nil to RMB848,176) (2019: nil to RMB906,536)	**—**	1
HK$1,000,001 to HK$1,500,000 (equivalent to RMB848,177 to RMB1,272,265) (2019: RMB906,537 to RMB1,359,804)	**5**	3

No emoluments were paid by the Group to the individuals of the Company as an incentive payment for joining the Group or as compensation, for loss of office during the years ended 31 December 2020 and 2019.

Note: Discretionary bonuses are determined by the remuneration committee of the Company and paid depending on staff grading, individual performance and the profitability of the Group.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the 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)	**21,224**	62,799
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	**700,000**	700,000
Basic and diluted earnings per share (RMB cent)	**3.03**	8.97

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.

17. DIVIDENDS

	2020 RMB'000	2019 RMB'000
2019 final dividend (Note (a))	**10,010**	—
2018 final dividend (Note (b))	—	5,055

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 on domestic shares were paid in RMB and dividends on H shares were paid in Hong Kong dollars.

(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 on domestic shares were paid in RMB and dividends on H shares 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 (2019: RMB1.43) per share in respect of the year 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.

18. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost				
At 1 January 2019 (restated)	32,819	5,022	1,402	39,243
Additions	—	1,728	—	1,728
Written off	—	—	(265)	(265)
At 31 December 2019 (restated)	32,819	6,750	1,137	40,706
Additions	—	257	—	257
At 31 December 2020	**32,819**	**7,007**	**1,137**	**40,963**
Accumulated depreciation and impairment				
At 1 January 2019 (restated)	17,351	3,130	1,332	21,813
Provided for the year	1,039	239	—	1,278
Eliminated on written off	—	—	(252)	(252)
At 31 December 2019 (restated)	18,390	3,369	1,080	22,839
Provided for the year	1,039	948	—	1,987
At 31 December 2020	**19,429**	**4,317**	**1,080**	**24,826**
Net book values				
At 31 December 2020	**13,390**	**2,690**	**57**	**16,137**
At 31 December 2019 (restated)	14,429	3,381	57	17,867

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

	Estimated residual value	Estimated useful lives
Ownership interests in leasehold land and buildings	5%	30 years
Furniture, fixtures and equipment	5%	5 years
Motor vehicles	5%	5 years

19. INTANGIBLE ASSET

The intangible asset represents digital management platform which is stored in the computer system, which consists of domain names, electronic databases, computer software, data processing system and database management platform, used to offer assistance in providing customers with data content of consultation business. The Group relies on the digital management platform and the information provided by the information database to earn subscription fees, as well as service charges of standard research reports, special research reports, and providing consultation on public relations.

The directors of the Company have intention and the ability to maintain the intangible asset in such a way that there is no foreseeable limit on the period over which that the intangible asset is expected to generate net cash inflows for the Group. The directors of the Company consider that the estimated useful life of the digital management platform is indefinite.

As the useful life of the intangible asset is indefinite, no amortisation is recognised, but it needs to be reviewed for impairment annually, and whenever there is an indication that the intangible asset may be impaired.

At 31 December 2020, the directors of the Company determined the recoverable amount of the intangible asset based on value in use calculation using the Relief from Royalty Valuation Method and adopted discounted cash flow projections with long-term growth rate of 3%. The value-in-use of the intangible asset as at 31 December 2020 has been arrived at based on a valuation carried out by an independent qualified professional valuers not connected with the Group. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 12.5%. The intangible asset's cash flow beyond 5-year is extrapolated using a steady 3% growth rate. This long-term growth rate is based on the weighted average cost of capital by using the data from the relevant comparable company. Other key assumptions for the value in use calculations relate to the estimation of pre tax cash inflows and outflows which include budgeted revenue, contribution rate of the intangible asset and royalty rate of the intangible asset as of valuation date including but not limited to the impacts of COVID-19 pandemic. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the intangible asset to exceed its recoverable amount. No impairment loss was recognised for the year ended 31 December 2020 as the recoverable amount of the intangible asset is greater than the carrying amount.

At 31 December 2019, the directors of the Company determined the recoverable amount of the intangible asset based on value in use calculation using the Relief from Royalty Valuation Method and adopted discounted cash flow projections with long-term growth rate of 2.85%. The value-in-use of the intangible asset as at 31 December 2019 has been carried out by the directors of the Company. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 12.9%. The intangible asset's cash flow beyond 5-year is extrapolated using a steady 3% growth rate. This long-term growth rate is based on the weighted average cost of capital by using the data from the relevant comparable company. Other key assumptions for the value in use calculations relate to the estimation of pre tax cash inflows and outflows which include budgeted revenue, contribution rate of the intangible asset and royalty rate of the intangible asset as of valuation date. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the intangible asset to exceed its recoverable amount. No impairment loss was recognised for the year ended 31 December 2019 as the recoverable amount of the intangible asset is greater than the carrying amount.

20. FINANCIAL ASSETS AT FVTOCI/FVTPL

	2020 RMB'000	2019 RMB'000
Unlisted equity investments at FVTOCI (Note (i)):		
— Beijing CCID Exhibition Co. Ltd.*	**10,335**	8,311
— Wuhan Jiangxia CCID Strategic Emerging Industry Equity Investment Partnership (Limited Partnership)*	**1,680**	—
	12,015	8,311
Financial assets measured at FVTPL:		
Financial assets held for trading — equity securities listed in the PRC	**87**	122
Debt instruments designated at FVTPL (Note (ii))	**45,000**	35,000
	45,087	35,122
	57,102	43,433
Analysed for reporting purposes as:		
Non-current assets at FVTOCI	**12,015**	8,311
Current assets at FVTPL	**45,087**	35,122
	57,102	43,433

Notes:

(i) The unlisted equity investment represents investment in 19.9% (2019: 19.9%) unlisted equity interests in Beijing CCID Exhibition Co. Ltd. held by CCID Supervision of approximately RMB10,335,000 and 5.6% (2019: nil) unlisted equity interests in Wuhan Jiangxia CCID Strategic Emerging Industry Equity Investment Partnership (Limited Partnership)* held by the Company of approximately RMB1,680,000 respectively.

The above unlisted equity investments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purpose and realising their performance potential in long run.

(ii) The debt instruments at FVTPL as at 31 December 2020 represents an interest rate linked structured deposits in the aggregate amount of RMB45,000,000 with no maturity data and can be redeemed upon request by both parties. It is classified as current asset as there is an intention to trade in the market.

The debt instruments at FVTPL as at 31 December 2019 represents an interest rate linked structured deposits in the aggregate amount of RMB35,000,000 with maturity date on 15 May 2020.

* The English translation is for identification only

21. DEFERRED TAXATION

The following is an analysis of the deferred tax balances, after set off certain tax assets against deferred tax liabilities of the same tax entity, for financial reporting purposes:

	2020 RMB'000	2019 RMB'000 (restated)
Deferred tax assets	**1,627**	3,276
Deferred tax liabilities	**(611)**	(311)
	1,016	2,965

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Credit loss allowances and impairment of assets RMB'000	**Accruals and other temporary differences** RMB'000	**Changes in fair value of financial assets at FVTOCI** RMB'000	**Fair value loss arising from financial assets at FVTPL** RMB'000	**Total** RMB'000
At 1 January 2019 (restated)	1,563	3,788	406	24	5,781
Credit to profit or loss (restated)	(282)	(1,803)	—	(14)	(2,099)
Charge to other comprehensive income (restated)	—	—	(717)	—	(717)
At 31 December 2019 and 1 January 2020 (restated)	**1,281**	**1,985**	**(311)**	**10**	**2,965**
Credit to profit or loss	**(101)**	**(1,543)**	**—**	**(5)**	**(1,649)**
Credit to other comprehensive income	**—**	**—**	**(300)**	**—**	**(300)**
At 31 December 2020	**1,180**	**442**	**(611)**	**5**	**1,016**

At the end of reporting period, the Group has unused tax losses of approximately RMB4,545,000 (2019: RMB3,184,000) available for offset against future profits. No deferred tax asset has been recognised in respect of approximately RMB4,545,000 (2019: RMB3,184,000) due to the unpredictability of future profit streams.

Included in unrecognised tax losses are loss of the Group of approximately RMB865,000, RMB967,000, RMB85,000, RMB655,000 and RMB1,973,000 that will be expired in 2021, 2022, 2023, 2024 and 2025 respectively. (2019: RMB612,000, RMB865,000, RMB967,000, RMB85,000 and RMB655,000 will be expired in 2020, 2021, 2022, 2023 and 2024 respectively).

22. ACCOUNTS RECEIVABLES

	At 31 December 2020 RMB'000	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	**(8,575)**	(8,990)
Net accounts receivables	**27,137**	32,701

As at 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 dates, at the end of the reporting period:

	Related parties RMB'000	Third parties RMB'000	Total RMB'000
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	**6**	**14,488**	**14,494**
	6	**27,131**	**27,137**
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	6	5,127	5,133
	156	32,545	32,701

22. ACCOUNTS RECEIVABLES (Continued)

Amounts due from fellow subsidiaries are analysed as follows:

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

* The English translation is for identification only

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.

22. ACCOUNTS RECEIVABLES (Continued)

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 ECL 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 ECL that has been recognised for accounts receivables under the simplified approach is set out below:

	2020 **RMB'000**	2019 RMB'000
At the beginning of the year	**8,990**	10,904
Impairment recognised on accounts receivables, net of reversal	**252**	52
Amounts reversed	**(131)**	—
Amount written off as uncollectible	**(536)**	(1,966)
At the end of the year	**8,575**	8,990

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.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000 (restated)
Prepayments	**473**	1,767
Rental and other deposits	**404**	1,479
Other receivables (Note)	**11,309**	6,122
	12,186	9,368
Less: allowance for impairment of other receivables	**(497)**	(33)
Prepayment, deposit and other receivables, net	**11,689**	9,335

As at 31 December 2020, the Group classifies rental and other deposits and other receivables with gross amount of approximately RMB11,216,000 (2019: RMB7,601,000) under low risk category, and measures the loss allowance equal to 12-month ECL amounted to nil (2019: approximately RMB33,000).

As at 31 December 2020, the Group classifies other receivables with gross amount of approximately RMB497,000 (2019: nil) under high risk category since there are significant increase in credit risk, and measures the loss allowance from 12-month ECL equal to lifetime ECL (credit-impaired) amounting to approximately RMB497,000 (2019: nil).

Note:

Pursuant to the Capital Increase Agreement, CCID Group Co. guaranteed to CCID Design (i.e. the subsidiary) that the audited net profit after tax of Guangdong CCID for the year ended 31 December 2020 shall be at least RMB6,000,000 (the "Guaranteed Profit") and in the event that the actual audited net profit after tax shall be less than the Guaranteed Profit, CCID Group Co. should compensate Guangdong CCID such sum calculated as follows: (Guaranteed Profit for the year — actual audited net profit after tax for the year). As at the date of acquisition, the directors of the Company considered the fair value of the Guaranteed Profit is insignificant.

In respect of the year ended 31 December 2020, the Guaranteed Profit has not been met, and CCID Group Co. is liable to pay a consideration receivable of approximately RMB110,000 and the Group recognised the fair value gain from consideration receivable amounted to RMB110,000 in "Other income" (Note 10). The management considered that the consideration receivable to be low credit risk and this no impairment provision is recognised during the year.

The following table shows the movement in allowance for impairment of other receivables during the year:

	12-month ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	—	—	—
— Impairment losses recognised	33	—	33
As at 31 December 2019	33	—	33
— Transferred to Lifetime ECL (credit-impaired)	(33)	33	—
— Impairment losses recognised	—	464	464
As at 31 December 2020	—	497	497

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The significant increase in the ECL of other receivables in 2020 is the result from certain counter parties were in severe financial difficulties as at the end of the year.

24. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately RMB1,336,000 at 31 December 2020 (2019: RMB482,000) have been pledged to secured banking facilities and with maturity date after one year are therefore classified as non-current assets. The remaining deposits amounting to approximately RMB1,862,000 at 31 December 2020 (2019: RMB1,575,000) have been pledged to secured banking facilities with maturity date within one year and are therefore classified as current assets. The pledged deposits carry fixed interest rate of 0.01% to 2.03% (2019: 0.01% to 2.78%) per annum.

Cash and cash equivalents

The bank balances and cash comprised cash at banks and on hand and short-term bank deposits with an original maturity of three months or less. The bank balances at 31 December 2020 carried interest at the prevailing market rate ranging from 0.01% to 0.3% (2019: 0.01% to 0.35%).

25. 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 RMB'000	Third parties RMB'000	Total RMB'000
2020			
Within 30 days	—	**803**	**803**
Over 365 days	—	**858**	**858**
Total	—	**1,661**	**1,661**
2019 (restated)			
Within 30 days	104	1,262	1,366
Over 365 days	882	146	1,028
Total	986	1,408	2,394

Amounts due to fellow subsidiaries are analysed as follows:

Name of fellow subsidiaries	**2020 RMB'000**	2019 RMB'000
CCID Property Management Co., Ltd.*("CCID Property") ("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
Total	—	986

* The English translation is for identification only

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

26. ACCRUALS AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000 (restated)
Accrued salaries wages, allowances and other benefits	**28,354**	31,359
Accrued social insurance fees and the public housing funds	**3,324**	3,770
Other tax payables	**2,745**	6,675
Other payables	**15,961**	4,481
	50,384	46,285

27. CONTRACT LIABILITIES

Contract liabilities represent advances received from customers 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 courses 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 services 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.

28. AMOUNTS DUE FROM (TO) RELATED PARTIES

(i) The amount due from a fellow subsidiary, Hainan CCID Industry and Information Technology Research Institute Co., Ltd. of approximately RMB1,000,000 (2019: nil) is unsecured, interest-free and repayable on demand.

The management considered that the amount due from a fellow subsidiary to be low credit risk and thus no impairment provision is recognised during the year.

(ii) The amounts due to related parties as at the end of the reporting period are as follows:

	2020 RMB'000	2019 RMB'000
Ultimate holding company — CCID (note a)	**176**	—
Immediate holding company — Research Centre (note b)	**2,040**	2,121
Fellow subsidiaries: (note c)		
— CCID Times Information Industry Co., Ltd.* ("CCID Times Information") ("賽迪時代信息產業股份有限公司")	**—**	150
— CCID Testing and Certification Center Co., Ltd.* (China) ("CCID TCC") ("賽迪檢測認證中心有限公司")	**—**	25
— CCID Property	**353**	—
— CCID Information Industry (Group) Co., Ltd.* ("賽迪信息產業(集團)有限公司")	**—**	50
— Tianjin CCID	**1,752**	1,000
— Beijing ABB Electric Drive System Co., Ltd.* ("北京ABB電氣傳動系統有限公司")	**—**	6
— Beijing CCID Information Physics System Evaluation Engineering Technology Center Co., Ltd.* ("北京賽迪信息物理系統測評工程技術中心有限公司")	**—**	56
	2,105	1,287
— Beijing CCID Industry and Information Technology Training Center Co., Ltd.* ("CCID Industry") ("北京賽迪工業和信息化技術培訓中心有限公司")	**150**	—
	4,471	3,408

* The English translation is for identification only.

28. AMOUNTS DUE FROM (TO) RELATED PARTIES (Continued)

(ii) The amounts due to related parties as at the end of the reporting period are as follows: (Continued)

Notes:

(a) The amount is trade nature, unsecured, interest-free and repayable at a credit period of 60 days.

(b) The amount due to the immediate holding company at 31 December 2020 and 31 December 2019 included the balance payable of approximately RMB1,578,000 for the acquisition of the ninth and tenth floors of CCID Plaza. The balance payable is non-trade nature, unsecured, interest-free and payable in accordance with the terms of the relevant property purchase agreement. The remaining amount of approximately RMB462,000 (2019: RMB543,000) is trade nature, unsecured, interest-free and repayable at a credit period of 60 days.

(c) The amounts are trade nature, unsecured, interest-free and repayable at a credit period of 60 days.

(d) The amount is non-trade nature, unsecured, interest-free and repayable on demand.

29. SHARE CAPITAL

Share capital of the Company as at the end of the reporting period is as follows:

	2020 **RMB'000**	2019 RMB'000
Registered, issued and fully paid ordinary shares of RMB0.1 each: — Ordinary shares	**70,000**	70,000
At the beginning and the end of the year	**70,000**	70,000

29. SHARE CAPITAL (Continued)

Note:

As at the end of reporting periods, the Company's issued shares are as follows:

	2020 '000	2019 '000
Domestic shareholders	**49,100**	49,100
H shareholders	**20,900**	20,900
At end of the year	**70,000**	70,000

Pursuant to chapter 7 of the Company's constitution, all of the holders of domestic shares, legal person shares and H shares are the ordinary shareholders of the Company; they bear the same rights and obligations. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meeting of the Company. All ordinary shares rank equally with regard to the Group's residual assets.

30. BUSINESS COMBINATION INVOLVING ENTITLES UNDER COMMON CONTROL AND RESTATEMENTS

As disclosed in note 2, CCID Group agreed to make a capital contribution in the amount equivalent to approximately RM53,710,000 to CCID Design by way of injection of the 100% equity interest in Guangdong CCID, a wholly-owned subsidiary of CCID Group Co. In addition, CCID Group Co. guaranteed to CCID Design (i.e. the subsidiary) that the audited net profit after tax of Guangdong CCID for the year ended 31 December 2020 shall be at least RMB6,000,000. As at the date of acquisition, the directors of the Company considered the fair value of the Guaranteed Profit is not significant, the Deemed Acquisition has been completed in September 2020 and accounted for as business combination involving entities under common control. The equity interest held in CCID Design by the Company decreased from 95% to 59.4% after the Deemed Acquisition. This resulted in an increase in non-controlling interests of approximately RMB22,190,000 and a decrease in equity attributable to owners of the Company of approximately RMB22,190,000 as an equity transaction.

30. BUSINESS COMBINATION INVOLVING ENTITLES UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

Accordingly, the assets and liabilities of the Guangdong CCID acquired by the Company have been accounted for at historical cost and the consolidated financial statements of the Group for period prior to the business combination have been restated to include the consolidated financial position and results of operation of the Guangdong CCID on a combined basis. The details of the restated balances are as follows:

The effect of restatements discussed above on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 by line items is as follows:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	Audited and as originally stated	Guangdong CCID	Adjustment (Note)	As restated
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	240,819	20,710	—	261,529
Cost of sales	(109,844)	(9,770)	—	(119,614)
Gross profit	130,975	10,940	—	141,915
Other income and gains	5,110	102	—	5,212
Selling and distribution expenses	(15,964)	(583)	—	(16,547)
Administrative and other operating expenses	(46,394)	(5,625)	—	(52,019)
Impairment loss on accounts and other receivables, net of reversal	(85)	—	—	(85)
Profit before taxation	73,642	4,834	—	78,476
Income tax expense	(9,068)	(1,222)	—	(10,290)
Profit for the year	64,574	3,612	—	68,186
Other comprehensive income				
Item that will not be reclassified to profit or loss:				
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	2,845	—	—	2,845
Total comprehensive income for the year	67,419	3,612	—	71,031
Profit for the year attributable to:				
Owners of the Company	59,367	3,612	(180)	62,799
Non-controlling interests	5,207	—	180	5,387
	64,574	3,612	—	68,186
Total comprehensive income for the year attributable to:				
Owners of the Company	61,259	3,612	(180)	64,691
Non-controlling interests	6,160	—	180	6,340
	67,419	3,612	—	71,031

30. BUSINESS COMBINATION INVOLVING ENTITLES UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

The effect of restatements discussed above on the consolidated statement of financial position as at 31 December 2019 by line items is as follows:

Consolidated statement of financial position as at 31 December 2019

	Audited and as originally stated RMB'000	Guangdong CCID RMB'000	Adjustment (Note) RMB'000	As restated RMB'000
Non-current assets				
Property, plant and equipment	17,854	13	—	17,867
Intangible assets	14,681	—	—	14,681
Financial assets at fair value through other comprehensive income	8,311	—	—	8,311
Pledged bank deposits	482	—	—	482
Deferred tax assets	2,862	103	—	2,965
	44,190	116	—	44,306
Current assets				
Accounts receivables	32,467	234	—	32,701
Prepayments, deposits and other receivables	7,903	1,432	—	9,335
Financial assets at fair value through profit or loss	35,122	—	—	35,122
Tax recoverable	1,057	784	—	1,841
Pledged bank deposits	1,575	—	—	1,575
Cash and cash equivalents	214,840	18,181	—	233,021
	292,964	20,631	—	313,595
Current liabilities				
Account payables	1,209	1,185	—	2,394
Accruals and other payables	42,128	4,157	—	46,285
Contract liabilities	50,337	12,965	—	63,302
Amounts due to related parties	3,408	—	—	3,408
Income tax payable	5,146	—	—	5,146
	102,228	18,307	—	120,535
Net current assets	190,736	2,324	—	193,060
Net assets	234,926	2,440	—	237,366

30. BUSINESS COMBINATION INVOLVING ENTITLES UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

The effect of restatements discussed above on the consolidated statement of financial position as at 31 December 2019 by line items is as follows: (Continued)

Consolidated statement of financial position as at 31 December 2019 (Continued)

	Audited and as originally stated RMB'000	Guangdong CCID RMB'000	Adjustment (Note) RMB'000	As restated RMB'000
Equity				
Share capital	70,000	2,500	(2,500)	70,000
Capital reserve	18,100	—	2,383	20,483
Statutory reserve	20,062	22	(1)	20,083
Investment revaluation reserve	3,727	—	—	3,727
Retained profits	92,075	(82)	(4)	91,989
Total equity attributable to owners of the Company	203,964	2,440	(122)	206,282
Non-controlling interests	30,962	—	122	31,084
Total equity	234,926	2,440	—	237,366

30. BUSINESS COMBINATION INVOLVING ENTITLES UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

The effect of restatements discussed above on the consolidated statement of financial position as at 1 January 2019 by line items is as follows:

Consolidated statement of financial position as at 1 January 2019

	Audited and as originally stated RMB'000	Guangdong CCID RMB'000	Adjustment (Note) RMB'000	As restated RMB'000
Non-current assets				
Property, plant and equipment	17,420	10	—	17,430
Intangible assets	14,681	—	—	14,681
Financial assets at fair value through other comprehensive income	4,749	—	—	4,749
Pledged bank deposits	—	—	—	—
Deferred tax assets	4,456	1,325	—	5,781
	41,306	1,335	—	42,641
Current assets				
Accounts receivables	18,300	100	—	18,400
Prepayments, deposits and other receivables	11,375	263	—	11,638
Financial assets at fair value through profit or loss	30,188	—	—	30,188
Tax recoverable	214	441	—	655
Pledged bank deposits	—	—	—	—
Cash and cash equivalents	160,693	7,954	—	168,647
	220,770	8,758	—	229,528
Current liabilities				
Account payables	2,264	2,007	—	4,271
Accruals and other payables	28,280	2,472	—	30,752
Contract liabilities	50,830	6,706	—	57,536
Amounts due to related parties	5,251	—	—	5,251
Income tax payable	2,889	80	—	2,969
	89,514	11,265	—	100,779
Net current assets (liabilities)	131,256	(2,507)	—	128,749
Net assets (liabilities)	172,562	(1,172)	—	171,390

30. BUSINESS COMBINATION INVOLVING ENTITLES UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

The effect of restatements discussed above on the consolidated statement of financial position as at 1 January 2019 by line items is as follows: (Continued)

Consolidated statement of financial position as at 1 January 2019 (Continued)

	Audited and as originally stated	Guangdong CCID	Adjustment (Note)	As restated
	RMB'000	RMB'000	RMB'000	RMB'000
Equity				
Share capital	70,000	2,500	(2,500)	70,000
Capital reserve	18,100	—	2,383	20,483
Statutory reserve	16,455	22	(1)	16,476
Investment revaluation reserve	1,835	—	—	1,835
Retained profits	41,370	(3,694)	176	37,852
Total equity attributable to owners of the Company	147,760	(1,172)	58	146,646
Non-controlling interests	24,802	—	(58)	24,744
Total equity	172,562	(1,172)	—	171,390

Note:

The adjustments represented:

(i) Elimination of the issued capital of the acquired subsidiary.

(ii) To reallocate statutory reserve and retained profits to non-controlling interests in the acquired subsidiary.

(iii) To recognise capital reserve representing the difference between (i) and (ii).

(iv) To reallocate profit for the year to non-controlling interests in the acquired subsidiary.

30. BUSINESS COMBINATION INVOLVING ENTITLES UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

The effects of application of merger accounting for common control combinations on the Group's basis and diluted profit per share for the year ended 31 December 2019:

	2019 RMB
As originally stated	8.48 cents
Adjustment arising on common control combinations	0.49 cents
As restated	8.97 cents

31. DILUTION IN EQUITY INTEREST AS A RESULT OF DEEMED ACQUISITION

During the year ended 31 December 2020, the equity interest held in CCID Design diluted from 95% to 59.4% after the Deemed Acquisition. It resulted in an increase in non-controlling interests and the corresponding difference between the consideration for acquisition of shares and carrying amount of non-controlling interests acquired have been recognised within equity. The non-controlling interests in CCID Design were measured by reference to the proportionate share of the net assets of CCID Design. The effect of changes in the ownership interest in CCID Design on the equity attributable to owners of the Company for the year ended 31 December 2020 are summarised as follows:

	2020 **RMB'000**
Carrying amount of the interest diluted	**(75,900)**
Value of consideration share (Note)	**53,710**
Difference recognised in capital reserve within equity	**(22,190)**

Note: The fair value of 100% equity interest in Guangdong CCID on the date of Deemed Acquisition transaction which was performed by an independent valuation firm based on income approach. The calculation uses cash flow projections based on financial budget approved by the management covering 5-year period, and discount rate of 13.22%. Guangdong CCID's cash flows beyond the 5-year period are extrapolated using nil growth rate. Other key assumptions for the fair value calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development including but not limited to the impacts of COVID-19 pandemic.

32. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

The Company is ultimately controlled by the government of the PRC and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the government of the PRC ("government-related entities").

In addition, the Group itself is part of a larger group of companies controlled by CCID (CCID and its subsidiaries are referred to as the "CCID Group") which is controlled by the government of the PRC.

Transactions with the CCID Group	2020 RMB'000	2019 RMB'000 (restated)
Gross revenue earned before sales surtaxes:		
Provision for consultancy services:		
Immediate holding company — Research Centre	165	—
Fellow subsidiaries:		
— Tianjin CCID	943	475
— CCID South China Intelligent Manufacturing Innovation Center (Huizhou) Co., Ltd* ("賽迪華南智能製造創新中心(惠州)有限公司")	—	500
	1,108	975
Provision for information planning and information engineering supervision services:		
Fellow subsidiary — Beijing CCID Times Information Industry Co., Ltd.* ("CCIT Times") ("北京賽迪時代信息產業股份有限公司")	142	—
Provision for information design and supervision services:		
Fellow subsidiary — CCID Industrial and Information Technology Research Institute Group (Suzhou) Co. Ltd.* ("Suzhou CCID") ("賽迪工業和信息化研究院集團(蘇州)有限公司")	—	1,084

* The English translation is for identification only

32. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

(a) Related parties of the Group (Continued)

Transactions with the CCID Group	2020 RMB'000	2019 RMB'000 (restated)
Administrative and promotion services:		
Rental, building management fee, internet fee and utilities fare charged by an immediate holding company — Research Centre	**277**	818
Allocation of administrative expenses by an immediate holding company — Research Centre (Note (iii))	**—**	2,367
Rental, building management fee charged by a fellow subsidiary — CCID Property	**1,481**	1,528
Translation expense charged by a fellow subsidiary — CCID Translation Technology Co., Ltd.* (“北京賽迪翻譯技術有限公司”)	**20**	6
Fellow subsidiary — CCID TCC	**—**	123
	1,778	4,842
Service fee paid for consulting services by:		
Immediate holding company — Research Centre	**47**	—
Fellow subsidiaries:		
— CCID Group Co.	**264**	580
— CCID Times	**943**	—
— CCID NIT	**57**	4
	1,311	584
Service fee paid for information design and supervision services by:		
Fellow subsidiaries:		
— Suzhou CCID	**—**	1,084
— Shandong CCID Industry and Information Technology Research Institute Co., Ltd.* (“山東賽迪工業和信息化研究院有限公司”)	**50**	—
	50	1,084
Other service fee paid by:		
Fellow subsidiaries:		
— CCID Times Information	**—**	300
— CCID TCC	**—**	123
	—	423

* The English translation is for identification only

32. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

(a) Related parties of the Group (Continued)

Notes:

(i) The directors of the Company are of their opinion that the above transactions with related parties were conducted in the normal course of business and, except for the sharing of administrative expenses mentioned in Note (iii) below which was charged at actual cost incurred, all others were charged at cost incurred plus a reasonable profit margin.

(ii) The Company and the related companies are controlled by CCID.

(iii) The sharing of administrative expenses is allocated by an immediate holding company-Research Centre based on the actual usage of the Group and the actual costs incurred. This connected transaction fell within the exemption per 20.71(8) of the GEM Listing Rules and was fully exempted from shareholder's approval, annual review and all disclosure requirements pursuant to 20.96 of the GEM Listing Rules.

(b) Key management personnel

The remuneration of directors of the Company and other members of key management during the year was as follow:

	2020 RMB'000	2019 RMB'000 (restated)
Salaries, wages and other benefits	**19,961**	21,089
Retirement benefit scheme contributions	**2,436**	3,714
	22,397	24,803

33. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 20 November 2002. Pursuant to the share option scheme, the board of directors of the Company may, at its discretion, grant options to any full-time employees of the Group to subscribe for shares in the Company, to a maximum of 30% of the Company's H shares in issue from time to time. The exercise price will be determined by the Board of Directors, and will not be less than the highest of: (a) the closing price of the H shares as stated in the GEM's daily quotations sheet on the date of offer, which must be a business day; (b) the average closing prices of the H shares as stated in the GEM's daily quotation sheets for the five business days immediately preceding the date of offer; and (c) the nominal value of an H share. However, employees who are Chinese nationals in the PRC shall not be entitled to exercise the option until the current restrictions on these persons for subscribing or dealing in H shares imposed by the laws and regulations in the PRC have been amended or removed. At the end of reporting period, the share option scheme is not yet effective. Until 31 December 2020 and 2019, no options were granted to the Group's employees.

34. COMMITMENTS

The Group had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2020 RMB'000	2019 RMB'000
The Group as lessee		
Within one year	**63**	113

The Group leases certain properties under operating leases. These leases typically run for an initial period of one year. None of these leases include contingent rentals.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities for the current year, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a fellow subsidiary — CCID Industry (note 28(ii)) RMB'000	Amount due to immediate holding company (note 28(ii)) RMB'000	Total RMB'000
At 1 January 2019	—	3,252	3,252
Financing cash flows	—	(1,131)	(1,131)
At 31 December 2019 and 1 January 2020	**—**	**2,121**	**2,121**
Operating cash flow	**—**	**(81)**	**(81)**
Financing cash flow	**150**	**—**	**150**
At 31 December 2020	**150**	**2,040**	**2,190**

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place of incorporation/ operation	Kind of legal entity	Registered and fully paid share capital (RMB'000)		Proportion of ownership interest and voting power held by the Company				Principal activities
					Directly		Indirectly		
			2020	2019	**2020**	2019	**2020**	2019	
CCID Design (Note (i))	Beijing, PRC	Company with limited liability	**80,000**	50,000	**59.4%**	95%	**—**	—	Provision of data information design services
CCID Supervision (Note (ii))	Beijing, PRC	Company with limited liability	**10,000**	10,000	**—**	—	**41.6%**	66.5%	Provision of information engineering supervision and training courses services
Beijing CCID Capital Consulting Co., Ltd.* ("北京賽迪經智投資顧問有限公司") (Note (iii))	Beijing, PRC	Company with limited liability	**500**	500	**80%**	80%	**11.9%**	19%	Provision for investment and strategic consultancy services
Beijing CCID Industrial Brain Technology Co., Ltd.* (formerly known as Beijing CCID Strategy Management Consulting Co., Ltd.) ("北京賽迪產業大腦科技有限公司") (前稱為"北京賽迪經略企業管理顧問有限公司") (Note (iv))	Beijing, PRC	Company with limited liability	**5,000**	5,000	**80%**	80%	**11.9%**	19%	Provision for management and strategic consultancy services
Beijing CCID County Strategy Consulting Co., Ltd.* ("北京賽迪方略縣域經濟顧問有限公司")	Beijing, PRC	Company with limited liability	**5,000**	5,000	**90.1%**	90.1%	**—**	—	Provision for economic and strategic consultancy services
Shenzhen CCID Strategy Consulting Co., Ltd.* ("深圳賽迪方略諮詢顧問有限公司")	Shenzhen, PRC	Company with limited liability	**1,000**	1,000	**100%**	100%	**—**	—	Provision for management and strategic consultancy services

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Particulars of the subsidiaries as at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ operation	Kind of legal entity	Registered and fully paid ordinary share capital (RMB'000)		Proportion of ownership interest and voting power held by the Company				Principal activities
					Directly		Indirectly		
			2020	2019	2020	2019	2020	2019	
CCID (Shanghai) Advanced Manufacturing Research Centre Co., Ltd.* ("賽迪(上海)先進製造業研究院有限公司")	Shanghai, PRC	Company with limited liability	**5,000**	5,000	**100%**	100%	**—**	—	Provision for management and strategic consultancy services
Guangdong CCID (Note (v))	Guangzhou, PRC	Company with limited liability	**5,000**	5,000	**—**	—	**59.4%**	—	Provision for industry spatial management services

No subsidiary has non-controlling interests material to the Group and had issued any debt securities at the end of both years or any time during both years.

* The English translation is for identification only

Notes:

(i) CCID Design increased the registered and fully paid capital by RMB30,000,000 through a capital increase agreement during the year, the proportion of ownership interest held by the Company decreased by 35.6% accordingly.

(ii) CCID Supervision is indirectly held by the Company through CCID Design for 70% ownership interest, due to decrease in shareholding in CCID Design, the ownership interest is decreased by 24.9% accordingly.

(iii) Beijing CCID Capital Consulting Co., Ltd. is indirectly held by the Company through CCID Design for 20% equity interest, due to decrease in shareholding in CCID Design, the ownership interest is decreased by 7.1% accordingly.

(iv) Beijing CCID Industrial Brain Technology Co., Ltd is indirectly held by the Company through CCID Design for 20% equity interest, due to decrease in shareholding in CCID Design, the ownership interest is decreased by 7.1% accordingly.

(v) Guangdong CCID is indirectly held by the Company through CCID Design after the Deemed Acquisition in note 2.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		**14,146**	17,336
Interests in subsidiaries		**63,668**	63,668
Intangible asset		**14,681**	—
Financial assets at fair value through other comprehensive income		**1,680**	—
Deferred tax assets		**1,217**	3,409
		95,392	84,413
Current assets			
Accounts receivables		**14,242**	23,895
Prepayment, deposits and other receivables		**13,240**	976
Amounts due from subsidiaries	(i)	**—**	3,245
Financial assets at fair value through profit or loss		**45,087**	122
Tax recoverable		**1,667**	—
Cash and cash equivalents		**123,406**	137,058
		197,642	165,296
Current liabilities			
Accounts payables		**6,553**	149
Accruals and other payables		**22,859**	14,810
Contract liabilities		**43,783**	30,665
Amounts due to related parties	(i)	**8,782**	509
Income tax payable		**648**	4,817
		82,625	50,950
Net current assets		**115,017**	114,346
Net assets		**210,409**	198,759
Equity			
Share capital	29	**70,000**	70,000
Reserves	(ii)	**140,409**	128,759
Total equity		**210,409**	198,759

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(i) The amounts due from/to related parties/subsidiaries are unsecured, interest free and repayable on demand.

(ii) Movements in the Company's reserves

	Capital reserve	Statutory reserve	Retained profits (Note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	18,100	16,419	40,869	75,388
Profit and total comprehensive income for the year	—	—	58,426	58,426
Appropriation of statutory reserve	—	3,607	(3,607)	—
Dividends recognised as distribution (Note 17)	—	—	(5,055)	(5,055)
At 31 December 2019	18,100	20,026	90,633	128,759
Profit and total comprehensive income for the year	**—**	**—**	**21,660**	**21,660**
Appropriation of statutory reserve	**—**	**3,115**	**(3,115)**	**—**
Dividends recognised as distribution (Note 17)	**—**	**—**	**(10,010)**	**(10,010)**
At 31 December 2020	**18,100**	**23,141**	**99,168**	**140,409**

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

In accordance with the Articles of Association of the Company, the net profit after tax of the Company for the purpose of profit distributions/dividends will be deemed to be the lesser of (i) the net profit determined in accordance with PRC accounting principles and financial regulations; and (ii) the net profit determined in accordance with Hong Kong Financial Reporting Standards.

38. RETIREMENT BENEFITS SCHEME

Employees of the subsidiaries in the PRC are members of the state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the required contributions.

During the year ended 31 December 2020, the government of the PRC announced a waiver for the contributions to retirement benefits scheme for the first half of the year ended 31 December 2020 of which approximately RMB6,500,000 was waived.

There were no forfeited contributions utilised to offset employees' contributions for the year. The employers' contributions which have been dealt with in the consolidated statements of profit or loss and other comprehensive income were as follows:

	2020 RMB'000	2019 RMB'000 (restated)
Employers' contributions charged to the consolidated statements of profit or loss and other comprehensive income	**11,334**	18,368

39. NON-CASH TRANSACTION

During the year ended 31 December 2020, CCID Group agreed to make a capital contribution in the amount equivalent to approximately RMB53,710,000 to CCID Design by way of injection of the 100% equity interest in Guangdong CCID, a wholly-owned subsidiary of CCID Group Co. Details of the transaction are set out in notes 2 and 30.

40. COMPARATIVE FIGURES

As a result of business combination involving entities under common control as detailed in note 30, a statement of financial position as at the beginning of the preceding period have been presented and certain comparative figures in the consolidated financial statements have been reclassified to conform to current year's presentation.

Five-Year Financial Summary

The summary of the results of the Group for the past five financial years extracted from the published annual consolidated financial statements and restated under merger accounting are as follow.

	Year ended 31 December				
	2016 RMB('000)	2017 RMB('000)	2018 RMB('000)	2019 RMB('000) (restated)	**2020** **RMB('000)**
Turnover	138,661	134,546	167,367	261,529	**211,954**
Cost of sales	(71,692)	(70,091)	(82,476)	(119,614)	**(111,271)**
Gross profits	66,969	64,455	84,891	141,915	**100,683**
Profit before taxation	23,177	23,083	38,559	78,476	**33,506**
Taxation	(3,414)	(4,113)	(4,955)	(10,290)	**(6,909)**
Profit for the year	19,763	18,970	33,604	68,186	**26,597**
Attributable to:					
Equity holders of the Company	16,182	16,406	28,820	62,799	**21,224**
Non-controlling interests	3,581	2,564	4,784	5,387	**5,373**
	19,763	18,970	33,604	68,186	**26,597**

The summary of the assets and liabilities of the Group at the reporting date of last five financial years extracted from its published annual consolidated financial statements and restated under merger accounting are as follow.

	As at 31 December				
	2016 RMB('000)	2017 RMB('000)	2018 RMB('000) (restated)	2019 RMB('000) (restated)	**2020** **RMB('000)**
Total assets	178,899	220,147	272,169	357,901	**398,290**
Total liabilities	(48,310)	(70,588)	(100,779)	(120,535)	**(142,613)**
	130,589	149,559	171,390	237,366	**255,677**