THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

CCIDConsulting

賽迪顧問股份有限公司

CCID CONSULTING COMPANY LIMITED*

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

(Stock code: 02176)

www.ccidconsulting.com

MAJOR AND CONNECTED TRANSACTIONS; PROPOSED DISTRIBUTION OF SPECIAL DIVIDEND; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser

首盛資本集團
Alpha Financial Group

A letter from the Board is set out on pages 7 to 41 of this circular. The notice of the EGM is set out on pages 287 to 290 of this circular.

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

Proxy form for the EGM is enclosed. If you intend to appoint a proxy to attend the EGM, please complete the enclosed proxy form(s) according to the instructions printed thereon and return the same by hand or by post to the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for Domestic Shares) or the Company's H Share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H Shares), not less than 24 hours before the time for holding the EGM or not less than 24 hours before the time appointed for the holding of any adjournment thereof. Completion and return of the proxy form(s) will not preclude holders of H Share(s) and holders of Domestic Share(s) from attending and voting in person at the EGM or any adjournment thereof should they so wish.

This circular is also available on the website of Hong Kong Exchanges and Clearing Limited *(www.hkexnews.hk)* and the "Investor Relations" page of the Company's website at *www.ccidconsulting.com.*

* *For identification purposes only*

21 July 2022

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

"Acquisition"	the acquisition of equity interests in CCID Exhibition under the CCID Exhibition Agreement 1 and the CCID Exhibition Agreement 2
"Agreements"	the CCID Exhibition Agreement 1 and the CCID Exhibition Agreement 2
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associates"	has the meaning ascribed to it in the Listing Rules
"Board"	the board of the Directors
"CCID"	China Centre of Information Industry Development* (中國電子信息產業發展研究院)
"CCID Design"	Beijing CCID Industry and Information Engineering Design Center Company Limited* (北京賽迪工業和信息化工程設計中心有限公司), a subsidiary of the Company
"CCID Exhibition"	Beijing CCID Exhibition Co. Ltd.* (北京賽迪會展有限公司)
"CCID Exhibition Agreement 1"	the equity transfer agreement dated 31 May 2022, entered into by CCID Supervision (as vendor) and CCID Design (as purchaser), for the transfer of 19.9% equity interests in CCID Exhibition
"CCID Exhibition Agreement 2"	the equity transfer agreement dated 31 May 2022, entered into by CCID Group Co and CCID Venture Investment (as vendors) and CCID Design (as purchaser) for the transfer of 53.5% and 26.6% equity interests in CCID Exhibition
"CCID Exhibition Valuation Report 1"	the valuation report prepared by the Valuer in relation to 19.9% equity interests in CCID Exhibition dated 23 April 2022
"CCID Exhibition Valuation Report 2"	the valuation report prepared by the Valuer in relation to 26.6% and 53.5% equity interests in CCID Exhibition dated 23 April 2022
"CCID Group Co"	CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院(集團)有限公司)
"CCID Riyue"	Beijing CCID Riyue Investment Co., Ltd.* (北京賽迪日月投資有限公司)

"CCID Supervision"	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited* (北京賽迪工業和信息化工程監理中心有限公司)
"CCID Supervision Valuation Report"	the valuation report prepared by the Valuer in relation to 70% equity interests in CCID Supervision dated 23 April 2022
"CCID Venture Investment"	Beijing CCID Venture Investment Company Limited* (北京賽迪創業投資有限公司)
"Company"	CCID Consulting Company Limited* (賽迪顧問股份有限公司), a joint stock limited liability company established in the PRC whose H Shares are currently listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Disposal"	the transfer of 70% equity interests in CCID Supervision to CCID Group Co and CCID Venture Investment as consideration, pursuant to the CCID Exhibition Agreement 2
"Domestic Share(s)"	ordinary domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company which are subscribed for in RMB
"EGM"	the extraordinary general meeting of the Company to be held and convened at 2:00 p.m. on Tuesday, 9 August 2022 at 10th Floor, CCID Plaza, No.66 Zizhuyuan Road, Haidian District, Beijing, the PRC
"H Share(s)"	the overseas listed foreign invested share(s) of nominal value of RMB0.10 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange and subscribed for and traded in HK$
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising the independent non-executive Directors, namely Ms. Li Xuemei, Mr. Chen Yung-cheng and Mr. Hu Bin

"Independent Financial Adviser"	Alpha Financial Group Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Agreements and the Transactions
"Independent Shareholders"	Shareholders which are not required to abstain from voting at the EGM to approve the Agreements and the Transactions
"Latest Practicable Date"	15 July 2022, being the latest practicable date prior to the printing of this circular to ascertain certain information herein contained
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC" or "China"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Reference Date"	31 March 2022
"Research Centre"	China Software Testing Center (Research Center of Ministry of Industry and Information Technology Software and Integrated Circuit Promotion* (中國軟件評測中心(工業和信息化部軟件與集成電路促進中心), a public institution established under the laws of the PRC controlled and supervised by CCID, which is a national quality evaluation institution for computer software, hardware and network security
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
"Share(s)"	share(s) of the Company, including the Domestic Shares and the H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"SHINEWING HK"	SHINEWING (HK) CPA Limited, the reporting accountants of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Transactions"	the transactions as contemplated under the Agreements
"Valuation Reports"	the CCID Supervision Valuation Report, the CCID Exhibition Valuation Report 1 and the CCID Exhibition Valuation Report 2
"Valuer"	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), an independent PRC asset valuer

* *For identification purposes only*

Due to the recent development of the COVID-19 pandemic situation in Hong Kong and China and the travel restriction currently imposed on the border between Hong Kong and China, the following additional arrangements will be made for the EGM:

(a) The Shareholders may not be able to attend the EGM in person. If the Shareholders wish to exercise the voting rights at the EGM, they are recommended to cast their vote by posting their proxy forms in advance of the EGM and appointing the chairman of the EGM (the "**Chairman**") or any other person to attend, speak and vote on their behalf at the EGM.

(b) In appointing the Chairman or other person as proxy, the Shareholders (whether individual or corporate) must give specific instructions as to vote in the proxy forms, the duly completed and signed proxy forms must be deposited at the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (in the case of the holders of Domestic Shares) or the office of the Company's H Share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (in the case of the holders of the H Shares), not later than 24 hours before the time appointed for holding the EGM or 24 hours before the time appointed for holding any adjournment thereof, failing which the appointment will be treated as invalid. If you are not a registered Shareholder, e.g. if your Shares are held via banks, brokers, custodians or HKSCC, you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

(c) Subject to prior registration and completion of identity verification, the Shareholders may view and listen to the EGM through a live webcast (the "**Webcas**t") which can be accessed using computers, mobile phones or any browser-enabled electronic or communication devices. Any Shareholder who wishes to access the EGM by Webcast must send his/her full name, phone number and registered address to this email address: *zhangdr@ccidconsulting.com* not later than 72 hours before the appointed time and date of the EGM. The Shareholders may be required to produce identification documents to show identity and enable the Company to check against its shareholders' records. The Shareholders having completed registration and identity verification will be provided the web link and/or password to access the Webcast at the start of the EGM until conclusion. The Shareholders who are given the web link and/or password of the Webcast should not share such information to anyone else.

(d) The Shareholders having completed registration and identity verification can submit questions to the Board in advance of the EGM via this email address: *zhangdr@ccidconsulting.com*. The Shareholders having completed registration and identity verification can also submit questions during the EGM through the message board of the Webcast. Subject to the discretion of the Chairman as to the proper conduct of the meetings, questions relevant to the business of the EGM will be addressed by the Board during the EGM.

(e) No remote voting system will be provided at the Webcast. For the avoidance of doubt, presence at the Webcast is not counted as quorum or attendance of the EGM, and will not revoke any proxy instrument previously delivered to the Company by the same Shareholder.

The Company is closely monitoring the impact of COVID-19. Should any changes be made to the EGM arrangements, the Company will publish further announcement(s) to notify the Shareholders.

赛迪顧問股份有限公司

CCID CONSULTING COMPANY LIMITED*

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

(Stock code: 02176)

www.ccidconsulting.com

Executive Directors:
Ms. Ma Yaqing
Mr. Qin Hailin

Independent non-executive Directors:
Ms. Li Xuemei
Mr. Chen Yung-cheng
Mr. Hu Bin

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

Principal place of business in the PRC:
10th Floor, CCID Plaza,
No. 66 Zizhuyuan Road, Haidian District,
Beijing,
PRC

Principal Place of Business in Hong Kong:
40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East,
Wanchai,
Hong Kong

21 July 2022

To the Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTIONS;
PROPOSED DISTRIBUTION OF SPECIAL DIVIDEND;
AND
NOTICE OF EGM

* *For identification purposes only*

INTRODUCTION

Reference is made to the announcement of the Company dated 31 May 2022 in relation to the Agreements and the Transactions. On 31 May 2022, (i) CCID Design (a non wholly-owned subsidiary of the Company) (as purchaser) entered into the CCID Exhibition Agreement 1 with CCID Supervision (as vendor) pursuant to which, in accordance with the terms and subject to the conditions therein, CCID Design agreed to acquire and CCID Supervision agreed to sell 19.9% equity interests in CCID Exhibition at a consideration of RMB14,684,200; and (ii) CCID Design (as purchaser) entered into the CCID Exhibition Agreement 2 with CCID Group Co and CCID Venture Investment (as vendors) pursuant to which, in accordance with the terms and subject to the conditions therein, (a) CCID Group Co agreed to sell its 53.5% equity interests in CCID Exhibition to CCID Design, and as consideration, CCID Design agreed to transfer its 44.797% equity interests in CCID Supervision to CCID Group Co together with a cash consideration of RMB4,589,700; and (b) CCID Venture Investment agreed to sell its 26.6% equity interests in CCID Exhibition to CCID Design, and as consideration, CCID Design agreed to transfer its 25.203% equity interests in CCID Supervision to CCID Venture Investment.

Reference is also made to the announcements of the Company dated 4 July 2022 and 14 July 2022 in relation to the proposed distribution of a special dividend of RMB5.0 cents (tax inclusive) per Share to all the Shareholders (the "**Special Dividend**").

The purpose of this circular is to provide you with, amongst others, (i) further details in relation to the Agreements and the Transactions, (ii) further details about the proposed distribution of the Special Dividend, (iii) the recommendation of the Independent Board Committee in relation to the Transactions, (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions; (v) other information required under the Listing Rules; and (vi) a notice convening the EGM.

MAJOR AND CONNECTED TRANSACTIONS

(i) CCID Exhibition Agreement 1

The principal terms of the CCID Exhibition Agreement 1 are set out as follows:

Date	:	31 May 2022
Parties	:	CCID Supervision (as vendor)
		CCID Design (as purchaser)
		(CCID Supervision and CCID Design, collectively the "**CCID Exhibition Agreement 1 Parties**")

Subject Matter : It was agreed that on and subject to the terms and conditions of the CCID Exhibition Agreement 1, CCID Supervision shall sell and CCID Design shall acquire 19.9% equity interests in CCID Exhibition.

Conditions Precedent : Completion of the CCID Exhibition Agreement 1 shall be conditional upon the fulfillment of the following conditions:

(i) the CCID Exhibition Agreement 1 having been duly signed by all the CCID Exhibition Agreement 1 Parties;

(ii) the Company having complied with all requirements under the Listing Rules in respect of the CCID Exhibition Agreement 1 and the transactions contemplated thereunder and having obtained all required approvals, consents and/or waivers from the Independent Shareholders and the Stock Exchange;

(iii) the Company having complied with all requirements under the Listing Rules in respect of the CCID Exhibition Agreement 2 and the transactions contemplated thereunder and having obtained all required approvals, consents and/or waivers from the Independent Shareholders and the Stock Exchange;

(iv) the CCID Exhibition Agreement 1 and the transactions contemplated thereunder having been approved by the board of directors or shareholders of CCID Supervision and CCID Design (as required under the articles of association and internal governance rules of the relevant parties);

(v) none of the CCID Exhibition Agreement 1 Parties is subject to any restriction or objection from relevant governmental, legal, administrative and securities regulatory authorities in the PRC and Hong Kong in respect of the transactions contemplated under the CCID Exhibition Agreement 1;

(vi) all the conditions precedent in CCID Exhibition Agreement 2 have been fulfilled (save and except the condition requiring the fulfillment of all the conditions precedent in CCID Exhibition Agreement 1); and

(vii) all representations and warranties made by the CCID Exhibition Agreement 1 Parties remaining true and accurate without material omission or misleading, and all the CCID Exhibition Agreement 1 Parties are in compliance with their undertakings made therein.

As at the Latest Practicable Date, (i) of the conditions above had been fulfilled.

The transactions under the CCID Exhibition Agreement 1 and the CCID Exhibition Agreement 2 are inter-conditional, and the CCID Exhibition Agreement 2 Parties (as defined below) shall not be obliged to carry out the completion of the transactions under the CCID Exhibition Agreement 2 unless completion of the CCID Exhibition Agreement 1 occurs simultaneously.

Consideration : RMB14,684,200, which shall be entirely satisfied in cash from the internal resources of the Group.

According to the CCID Exhibition Agreement 1, the consideration shall be paid by CCID Design within 30 working days after fulfillment of the conditions precedent above (or such other date as agreed between the CCID Exhibition Agreement 1 Parties). CCID Supervision and CCID Design shall within 30 working days after CCID Supervision receiving the consideration (or such other date as agreed between the CCID Exhibition Agreement 1 Parties) complete registration of the 19.9% equity transfer of CCID Exhibition at the competent administration for industry and commerce/ market regulation.

Basis of consideration : The consideration was determined after arm's length negotiations between the CCID Exhibition Agreement 1 Parties with reference to the appraised value of the relevant equity interests in CCID Exhibition.

		In accordance with the independent valuation performed by the Valuer based on income approach, the appraised value of 100% equity interests in CCID Exhibition as at the Reference Date was RMB73,790,000. Accordingly, 19.9% equity interests in CCID Exhibition amounted to approximately RMB14,684,200.
Completion	:	Completion of the transaction shall take place upon completion of registration of the CCID Exhibition's 19.9% equity interests transfer with the competent administration for industry and commerce/market regulation.

(ii) CCID Exhibition Agreement 2

The principal terms of the CCID Exhibition Agreement 2 are set out as follows:

Date	:	31 May 2022
Parties	:	CCID Group Co and CCID Venture Investment (as vendors) CCID Design (as purchaser) (CCID Group Co, CCID Venture Investment and CCID Design, collectively the "**CCID Exhibition Agreement 2 Parties**")
Subject Matter	:	It was agreed that on and subject to the terms and conditions of the CCID Exhibition Agreement 2, CCID Group Co shall sell 53.5% and CCID Venture Investment shall sell 26.6% equity interests in CCID Exhibition to CCID Design.
Conditions Precedent	:	Completion of the CCID Exhibition Agreement 2 shall be conditional upon the fulfillment of the following conditions: (i) the CCID Exhibition Agreement 2 having been duly signed by all the CCID Exhibition Agreement 2 Parties;

(ii) the Company having complied with all requirements under the Listing Rules in respect of the CCID Exhibition Agreement 2 and the transactions contemplated thereunder and having obtained all required approvals, consents and/or waivers from the Independent Shareholders and the Stock Exchange;

(iii) the Company having complied with all requirements under the Listing Rules in respect of the CCID Exhibition Agreement 1 and the transactions contemplated thereunder and having obtained all required approvals, consents and/or waivers from the Independent Shareholders and the Stock Exchange;

(iv) the CCID Exhibition Agreement 2 and the transactions contemplated thereunder having been approved by the board of directors or shareholders of CCID Group Co, CCID Venture Investment and CCID Design (as required under the articles of association and internal governance rules of the relevant parties);

(v) none of the CCID Exhibition Agreement 2 Parties is subject to any restriction or objection from relevant governmental, legal, administrative and securities regulatory authorities in the PRC and Hong Kong in respect of the transactions contemplated under the CCID Exhibition Agreement 2;

(vi) all the conditions precedent in CCID Exhibition Agreement 1 have been fulfilled (save and except the condition requiring the fulfillment of all the conditions precedent in CCID Exhibition Agreement 2); and

(vii) all representations and warranties made by the CCID Exhibition Agreement 2 Parties remaining true and accurate without material omission or misleading, and all the CCID Exhibition Agreement 2 Parties are in compliance with their undertakings made therein.

As at the Latest Practicable Date, (i) of the above conditions had been fulfilled.

The transactions under the CCID Exhibition Agreement 2 and the CCID Exhibition Agreement 1 are inter-conditional, and the CCID Exhibition Agreement 1 Parties shall not be obliged to carry out the completion of the transactions under the CCID Exhibition Agreement 1 unless completion of the CCID Exhibition Agreement 2 occurs simultaneously.

Consideration : 53.5% equity interests in CCID Exhibition

In consideration of CCID Group Co agreeing to transfer its 53.5% equity interests in CCID Exhibition, CCID Design shall transfer its 44.797% equity interests in CCID Supervision to CCID Group Co together with a cash consideration of RMB4,589,700.

According to the CCID Exhibition Agreement 2, the cash consideration of RMB4,589,700 shall be paid by CCID Design within 30 working days after fulfillment of the conditions precedent above (or such other date as agreed among the CCID Exhibition Agreement 2 Parties). CCID Group Co and CCID Design shall within 30 working days after CCID Group Co receiving the cash consideration (or such other date as agreed among the CCID Exhibition Agreement 2 Parties) complete registration of 53.5% equity transfer of CCID Exhibition and 44.797% equity transfer of CCID Supervision at the competent administration for industry and commerce/market regulation.

26.6% equity interests in CCID Exhibition

In consideration of CCID Venture Investment agreeing to transfer its 26.6% equity interests in CCID Exhibition, CCID Design shall transfer its 25.203% equity interests in CCID Supervision to CCID Venture Investment.

According to the CCID Exhibition Agreement 2, CCID Venture Investment and CCID Design shall within 30 working days after fulfillment of the conditions precedent above (or such other date as agreed among the CCID Exhibition Agreement 2 Parties) complete registration of 26.6% equity transfer of CCID Exhibition and 25.203% equity transfer of CCID Supervision at the competent administration for industry and commerce/market regulation.

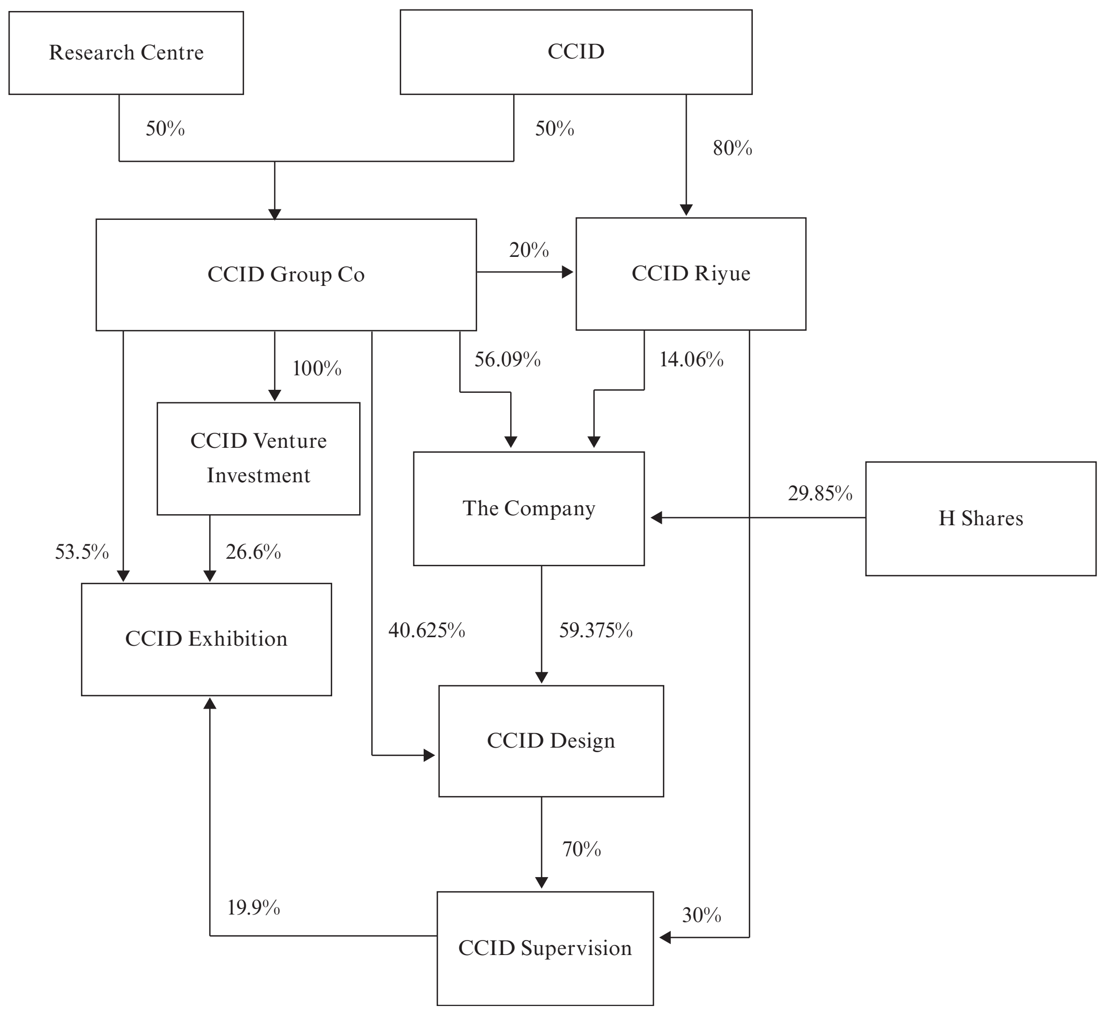
Basis of consideration :	The considerations were determined after arm's length negotiations among the CCID Exhibition Agreement 2 Parties with reference to the appraised values of the relevant equity interests in CCID Exhibition and CCID Supervision. In accordance with the independent valuations performed by the Valuer based on income approach, the appraised value of 100% equity interests in CCID Exhibition as at the Reference Date was RMB73,790,000, while the appraised value of 100% equity interests in CCID Supervision as at the Reference Date was RMB77,880,000. According to the above valuations: (a) in respect of CCID Exhibition's 53.5% equity interests transfer, 53.5% equity interests in CCID Exhibition amounted to approximately RMB39,477,600 and 44.797% equity interests in CCID Supervision amounted to approximately RMB34,887,900. CCID Design shall pay to CCID Group Co the shortfall between the said considerations of RMB4,589,700 in cash; and (b) in respect of CCID Exhibition's 26.6% equity interests transfer, 26.6% equity interests in CCID Exhibition amounted to approximately RMB19,628,100 and 25.203% equity interests in CCID Supervision amounted to approximately RMB19,628,100. The two values are tallied with each other.
Completion :	Completion of the transactions under the CCID Exhibition Agreement 2 shall take place upon completion of registration of the transfers of 53.5% and 26.6% equity interests in CCID Exhibition as well as the transfers of 44.797% and 25.203% equity interests in CCID Supervision with the competent administration for industry and commerce/market regulation.

EFFECTS OF THE TRANSACTIONS

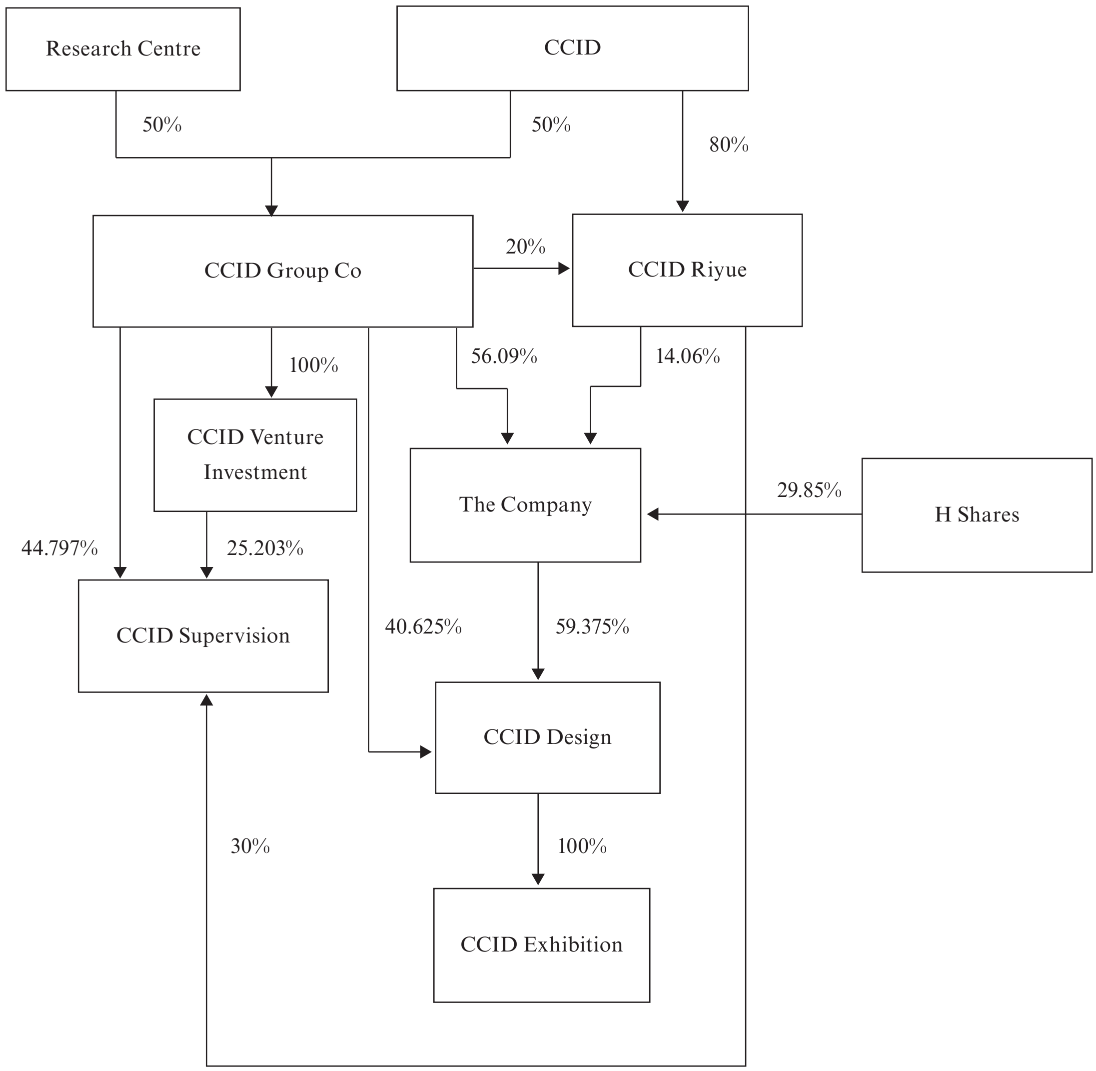
As at the Latest Practicable Date, the Company indirectly held approximately 41.6% and 8.3% equity interests in CCID Supervision and CCID Exhibition, respectively. CCID Supervision is currently accounted for as a subsidiary of the Company while CCID Exhibition is accounted for as unlisted equity investment in the Group's financial statements. After completion of the Transactions, the Company will cease to hold any interests in CCID Supervision while its indirect interests in CCID Exhibition will increase from approximately 8.3% to approximately 59.4%. CCID Supervision will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial results of the Group. In the meantime, CCID Exhibition will become a subsidiary of the Company and its financial results will be consolidated into the financial results of the Group.

Set out below are the shareholding structures of CCID Exhibition and CCID Supervision before and after completion of the Transactions:

Before completion of the Transactions



After completion of the Transactions



INFORMATION OF THE GROUP

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

INFORMATION OF PARTIES TO THE TRANSACTIONS

CCID Design

CCID Design is a company established in the PRC and owned by the Company and CCID Group Co as to 59.375% and 40.625% respectively, therefore a direct non wholly-owned subsidiary of the Company. CCID Design is principally engaged in provision of data information design services.

CCID Group Co

CCID Group Co is a company established in the PRC and holds 392,610,000 Domestic Shares of the Company, representing approximately 56.09% of the issued shares of the Company, and is a substantial Shareholder and connected person of the Company as defined under Rule 14A.07 of the Listing Rules. CCID Group Co (through its controlled enterprises) is committed to providing customers with full-cycle industrial ecological operation services such as industrial consultancy, industrial energy gathering, industrial investment attraction, industrial incubation, industrial public services and industrial finance.

As at the Latest Practicable Date, CCID Group Co was owned by CCID and Research Centre as to 50% and 50% respectively while Research Centre was controlled and supervised by CCID. CCID is a public institution (事業單位) established under the laws of the PRC and is under the supervision and control of Ministry of Industry and Information Technology of the People's Republic of China.

CCID Venture Investment

CCID Venture Investment is a company established in the PRC and a subsidiary 100% owned by CCID Group Co and is therefore also a connected person of the Company. CCID Venture Investment principally provides corporate equity investment services.

INFORMATION OF CCID SUPERVISION

CCID Supervision is a company established in the PRC and owned by CCID Design and CCID Riyue as to 70% and 30%, therefore an indirect non wholly-owned subsidiary of the Company. CCID Supervision is engaged in provision of supervision services on information system engineering.

Set out below is the audited consolidated financial information of CCID Supervision for the two years ended 31 December 2021, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2020	**2021**
	RMB'000	*RMB'000*
Profit before taxation	4,022	858
Profit after taxation	4,195	856

As at 31 December 2020, 31 December 2021 and 31 March 2022, the audited net asset value of CCID Supervision were approximately RMB87.2 million, RMB95.3 million and RMB65.2 million, respectively.

INFORMATION OF CCID EXHIBITION

CCID Exhibition is a company established in the PRC and owned by CCID Group Co, CCID Venture Investment and CCID Supervision as to 53.5%, 26.6% and 19.9%. CCID Exhibition was established in January 2000 with a registered capital of RMB10.0 million. Its principal place of business is in Beijing, China and is principally engaged in the business of undertaking and organising conferences and exhibitions in the PRC. The main service targets of CCID Exhibition are industry associations, enterprises and local governments. CCID Exhibition provides systematic services for exhibition activities including but not limited to planning, implementation and media cooperation. CCID Exhibition has an influential position in the industry. It is one of the few companies in the exhibition industry that is familiar with providing services to companies, possesses years' experience cooperating with government, and is also qualified to hold international exhibitions in China and overseas. In recent years, the important professional exhibitions held by CCID Exhibition include the International Wind Energy Conference and Exhibition ("**CWP**"), China International Semiconductor Expo (IC China), World VR Industry Expo, etc. Among them, CWP had been held for 14 consecutive years since its first time held in 2008 and it was also one of the largest and most influential professional wind energy exhibitions held in China and overseas. With the confirmation of China's 3060 carbon peaking and carbon neutrality goals, the position of wind energy as the main force of energy is further proved. It is expected that China's wind power industry will continue to develop at a relatively fast rate. As an annual event and a barometer of the industry, the CWP will continue to have a stable growth.

Set out below is the audited consolidated financial information of CCID Exhibition for the two years ended 31 December 2021, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2020	**2021**
	RMB'000	*RMB'000*
Profit before taxation	5,856	14,206
Profit after taxation	4,391	10,654

As at 31 December 2020, 31 December 2021 and 31 March 2022, the audited net asset value of CCID Exhibition were approximately RMB38.5 million, RMB17.2 million and RMB14.9 million, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF CCID EXHIBITION

Set out in Appendix II to this circular is the accountants' report of CCID Exhibition for the three financial years ended 31 December 2021 and the three months ended 31 March 2022. Below is the management discussion and analysis on the performance of CCID Exhibition for each of the relevant periods:

(i) For the year ended 31 December 2019

Results and dividends

CCID Exhibition recorded a turnover of approximately RMB48.4 million with a gross profit of approximately RMB24.6 million. Profit attributable to the equity holders of CCID Exhibition amounted to approximately RMB8.4 million. No dividend was declared for the year.

A turnover of approximately RMB48.4 million of CCID Exhibition for the year was contributed solely by provision of exhibition services.

Cash flow

There was a total of net cash inflow of approximately RMB10.8 million which was mainly due to net cash inflow from operating activities of approximately RMB10.8 million.

Borrowing and banking facilities

As at 31 December 2019, CCID Exhibition had no bank loans and overdraft and had no obligations under finance leases.

Net current assets

As at 31 December 2019, CCID Exhibition had net current assets of approximately RMB33.8 million. The current assets mainly comprised financial assets at fair value through profit or loss of approximately RMB15 million, amount due from a related party of approximately RMB10.0 million and bank balances and cash of approximately RMB14.5 million. The current liabilities of total amount of RMB9.1 million mainly comprised accounts and other payables of approximately RMB4.5 million, amount due to a related party of approximately RMB2.0 million and income tax payable of approximately RMB2.6 million.

Capital structure

As at 31 December 2019, the issued and fully paid up share capital of CCID Exhibition amounted to RMB10 million. There was no change in the capital structure of CCID Exhibition throughout the year.

Charges on CCID Exhibition's assets

There was no bank borrowing by CCID Exhibition throughout the year.

Capital commitment

As at 31 December 2019, CCID Exhibition had no capital commitments.

Remuneration policies and employee information

As at 31 December 2019, total staff costs of CCID Exhibition amounted to approximately RMB15.1 million. The employees' remuneration was divided into two portions, one being fixed salary and other benefits (accounting for about 94.3% of total staff costs) and the other being the contributions to retirement benefits scheme (accounting for about 5.7% of total staff costs). Emoluments paid by CCID Exhibition to the directors, supervisors and general managers for services rendered during the year amounted to approximately RMB1.0 million and there was no arrangement under which a director or supervisor of CCID Exhibition waived or agreed to waive any remuneration during the year.

Significant investments, material acquisitions and disposals

During the year, CCID Exhibition did not have any significant investments, material acquisitions and disposals. There was no plan for material investments or capital assets in the foreseeable future.

Gearing ratio

As at 31 December 2019, CCID Exhibition had no borrowing and thus the gearing ratio was 21%.

Foreign exchange exposure

CCID Exhibition did not expose to significant foreign currency risk as majority of its operations and transactions were in the PRC and denominated in RMB during the year ended 31 December 2019.

Contingent liabilities

As at 31 December 2019, CCID Exhibition did not have any significant contingent liabilities.

(ii) For the year ended 31 December 2020

Results and dividends

CCID Exhibition recorded a turnover of approximately RMB38.4 million with a gross profit of approximately RMB16.9 million. Profit attributable to the equity holders of CCID Exhibition amounted to approximately RMB4.4 million. No dividend was declared for the year.

A turnover of approximately RMB38.4 million of CCID Exhibition for the year was contributed solely by provision of exhibition services.

Cash flow

There was a total of net cash inflow of approximately RMB3.2 million which was mainly due to: (a) net cash inflow from operating activities of approximately RMB5.0 million; (b) net cash inflow from investing activities of approximately RMB0.3 million; and (c) net cash outflow from repayment to a related party of approximately RMB2.0 million.

Borrowing and banking facilities

As at 31 December 2020, CCID Exhibition had no bank loans and overdraft and had no obligations under finance leases.

Net current assets

As at 31 December 2020, CCID Exhibition had net current assets of approximately RMB38.3 million. The current assets mainly comprised financial assets at fair value through profit or loss of approximately RMB15 million, amount due from a related party of approximately RMB10.0 million and bank balances and cash of approximately RMB17.8 million. The current liabilities of total amount of approximately RMB6.6 million mainly comprised accounts and other payables of approximately RMB4.5 million, contract liability of approximately RMB0.3 million and income tax payable of approximately RMB1.8 million.

Capital structure

As at 31 December 2020, the issued and fully paid up share capital of CCID Exhibition amounted to RMB10 million. There was no change in the capital structure of CCID Exhibition throughout the year.

Charges on CCID Exhibition's assets

There was no bank borrowing by CCID Exhibition throughout the year.

Capital commitment

As at 31 December 2020, CCID Exhibition had no capital commitments.

Remuneration policies and employee information

As at 31 December 2020, total staff costs of CCID Exhibition amounted to approximately RMB12.5 million. The employees' remuneration was divided into two portions, one being fixed salary and other benefits (accounting for about 96.2% of total staff costs) and the other being the contributions to retirement benefits scheme (accounting for about 3.8% of total staff costs). Emoluments paid by CCID Exhibition to the directors, supervisors and general managers for services rendered during the year amounted to approximately RMB1.1 million and there was no arrangement under which a director or supervisor of CCID Exhibition waived or agreed to waive any remuneration during the year.

Significant investments, material acquisitions and disposals

During the year, CCID Exhibition did not have any significant investments, material acquisitions and disposals. There was no plan for material investments or capital assets in the foreseeable future.

Gearing ratio

As at 31 December 2020, CCID Exhibition had no borrowing and thus the gearing ratio was 17%.

Foreign exchange exposure

CCID Exhibition did not expose to significant foreign currency risk as majority of its operations and transactions were in the PRC and denominated in RMB during the year ended 31 December 2020.

Contingent liabilities

As at 31 December 2020, CCID Exhibition did not have any significant contingent liabilities.

(iii) For the year ended 31 December 2021

Results and dividends

CCID Exhibition recorded a turnover of approximately RMB46.0 million with a gross profit of approximately RMB27.7 million. Profit attributable to the equity holders of CCID Exhibition amounted to approximately RMB10.7 million. There was dividend of RMB32.0 million declared for the year.

A turnover of approximately RMB46.0 million of CCID Exhibition for the year was contributed solely by provision of exhibition services.

Cash flow

There was a total of net cash inflow of approximately RMB34.9 million which was mainly due to: (a) net cash inflow from operating activities of approximately RMB34.3 million; and (b) net cash inflow from investing activities of approximately RMB0.6 million.

Borrowing and banking facilities

As at 31 December 2021, CCID Exhibition had no bank loans and overdraft and had no obligations under finance leases.

Net current assets

As at 31 December 2021, CCID Exhibition had net current assets of approximately RMB17.0 million. The current assets mainly comprised amount due from a related party of approximately RMB10.0 million and bank balances and cash of approximately RMB52.6 million. The current liabilities of total amount of approximately RMB47.4 million mainly comprised accounts and other payables of approximately RMB5.6 million, contract liability of approximately RMB8.4 million, dividend payable amounted to approximately RMB32.0 million and income tax payable of approximately RMB1.4 million.

Capital structure

As at 31 December 2021, the issued and fully paid up share capital of CCID Exhibition amounted to RMB10 million. There was no change in the capital structure of CCID Exhibition throughout the year.

Charges on CCID Exhibition's assets

There was no bank borrowing by CCID Exhibition throughout the year.

Capital commitment

As at 31 December 2021, CCID Exhibition had no capital commitments.

Remuneration policies and employee information

As at 31 December 2021, total staff costs of CCID Exhibition amounted to approximately RMB14.8 million. The employees' remuneration was divided into two portions, one being fixed salary and other benefits (accounting for about 95.3% of total staff costs) and the other being the contributions to retirement benefits scheme (accounting for about 4.7% of total staff costs). Emoluments paid by CCID Exhibition to the directors, supervisors and general managers for services rendered during the year amounted to approximately RMB0.9 million and there was no arrangement under which a director or supervisor of CCID Exhibition waived or agreed to waive any remuneration during the year.

Significant investments, material acquisitions and disposals

During the year, CCID Exhibition did not have any significant investments, material acquisitions and disposals. There was no plan for material investments or capital assets in the foreseeable future.

Gearing ratio

As at 31 December 2021, CCID Exhibition had no borrowing and thus the gearing ratio was 276%.

Foreign exchange exposure

CCID Exhibition did not expose to significant foreign currency risk as majority of its operations and transactions were in the PRC and denominated in RMB during the year ended 31 December 2021.

Contingent liabilities

As at 31 December 2021, CCID Exhibition did not have any significant contingent liabilities.

(iv) For the three months ended 31 March 2022

Results and dividends

There were no revenue and profits made by CCID Exhibition during the period. There was a loss attributable to the equity holders of CCID Exhibition amounted to approximately RMB2.3 million. There was dividend of RMB32 million payable during the three months ended 31 March 2022.

Cash flow

There was a total of net cash inflow of approximately RMB1.8 million which was mainly due to: (a) net cash inflow from operating activities of approximately RMB1.7 million; and (b) net cash inflow from investing activities of approximately RMB0.2 million.

Borrowing and banking facilities

As at 31 March 2022, CCID Exhibition had no bank loans and overdraft and had no obligations under finance leases.

Net current assets

As at 31 March 2022, CCID Exhibition had net current assets of approximately RMB14.7 million. The current assets mainly comprised amount due from a related party of approximately RMB10.0 million and bank balances and cash of approximately RMB54.5 million. The current liabilities of total amount of approximately RMB51.4 million mainly comprised accounts and other payables of approximately RMB2.1 million, contract liability of approximately RMB16.8 million, dividend payable amounted to approximately RMB32.0 million and income tax payable of approximately RMB0.4 million.

Capital structure

As at 31 March 2022, the issued and fully paid up share capital of CCID Exhibition amounted to RMB10 million. There was no change in the capital structure of CCID Exhibition throughout the year.

Charges on CCID Exhibition's assets

There was no bank borrowing by CCID Exhibition throughout the year.

Capital commitment

As at 31 March 2022, CCID Exhibition had no capital commitments.

Remuneration policies and employee information

As at 31 March 2022, total staff costs of CCID Exhibition amounted to approximately RMB2.0 million. The employees' remuneration was divided into two portions, one being fixed salary and other benefits (accounting for about 90.3% of total staff costs) and the other being the contributions to retirement benefits scheme (accounting for about 9.7% of total staff costs). Emoluments paid by CCID Exhibition to the directors, supervisors and general managers for services rendered during the year amounted to approximately RMB0.7 million and there was no arrangement under which a director or supervisor of CCID Exhibition waived or agreed to waive any remuneration during the year.

Significant investments, material acquisitions and disposals

During the year, CCID Exhibition did not have any significant investments, material acquisitions and disposals. There was no plan for material investments or capital assets in the foreseeable future.

Gearing ratio

As at 31 March 2022, CCID Exhibition had no borrowing and thus the gearing ratio was 345%.

Foreign exchange exposure

CCID Exhibition did not expose to significant foreign currency risk as majority of its operations and transactions were in the PRC and denominated in RMB during the three months ended 31 March 2022.

Contingent liabilities

As at 31 March 2022, CCID Exhibition did not have any significant contingent liabilities.

FINANCIAL IMPACT OF THE TRANSACTIONS

After completion of the Transactions, the Company's indirect interests in CCID Supervision will be reduced from 41.6% to 0% and CCID Supervision will cease to be a subsidiary of the Company. Accordingly, the financial results and financial positions of CCID Supervision will be deconsolidated from the consolidated financial statements of the Group.

In the meantime, the Company's indirect interests in CCID Exhibition will increase from approximately 8.3% to approximately 59.4%. CCID Exhibition will become a subsidiary of the Company. Accordingly, the financial results and financial positions of CCID Exhibition will be consolidated in the consolidated financial statements of the Group.

The Transactions constitute a business combination under common control as the Company and CCID Exhibition are both under the control of CCID Group Co. before and after the Transactions. According to Accounting Guideline 5 "Merger Accounting for Common Control Combinations", the capital increase will be accounted for as an equity transaction. This will not result in the recognition of any gain or loss in the Company's financial results but a debit to merger reserve in its consolidated statement of changes in equity upon the completion of the Transactions.

Immediately upon the completion of the Transactions, the consolidated assets and the non-controlling interests of the Company will decrease after taking into account the relating expenses as incurred in connection with the Transactions.

PROFIT FORECAST UNDER THE VALUATION REPORTS

Valuation on 70% equity interests in CCID Supervision

The Valuer performed independent valuation in respect of 70% equity interests in CCID Supervision. In accordance with the CCID Supervision Valuation Report, the appraised value for 100% equity interests in CCID Supervision as at the Reference Date was RMB77,880,000, accordingly 70% equity interests amounted to approximately RMB54,516,000. The Valuer applied the discounted cash flow method under the income approach to appraise the value, and as such, the valuation under the CCID Supervision Valuation Report constitutes a profit forecast under Rule 14.61 of the Listing Rules. The CCID Supervision Valuation Report is set out in Appendix V to this circular, including the reasons for adoption of the income approach in the valuation, methods and assumptions adopted by the Valuer, valuation scope and results.

The assumptions adopted in the CCID Supervision Valuation Report are as follows:

(I) GENERAL ASSUMPTIONS

1. Transaction Assumption

Transaction assumption assumes that all assets to be appraised are in the trading process, and the appraisal is based on the simulated market including the trading conditions of the assets to be appraised by the valuer. Transaction assumption is the most fundamental assumption for the valuation of assets.

2. Open-market Assumption

Open market assumption assumes that both parties of the transaction in respect of the assets traded or to be traded in the market are equal and have opportunities and time to get adequate market information so as to make rational judgments on the function, usage and trading price of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market.

3. Going-concern Assets Assumption

Going-concern assets assumption means that the valuation method, parameters and basis shall be determined in accordance with the condition that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.

(II) SPECIFIC ASSUMPTIONS

1. This valuation assumed that the external economic environment remains unchanged and the current national macroeconomy did not change significantly from that as at the Reference Date;

2. There would be no significant change in the social and economic environment where the enterprise operated and the applicable policies on tax and tax rate, etc.;

3. The future operation and management team of the enterprise would be diligent and would continue the existing operation and management models;

4. The valuation was only based on the current operating capabilities as at the Reference Date without taking into account the potential expansion of operating capabilities caused by the management, operating strategies and additional investment in the future and the subsequent changes in the production and operations that might occur;

5. Each asset under this valuation was based on the actual stock on the Reference Date, and the current market price of the relevant asset was based on the domestic effective price on the Reference Date;

6. This valuation assumed that basic information and financial information provided by the principal and the appraised entity were true, accurate and complete;

7. The COVID-19 pandemic was under effective control and did not have substantial impact on CCID Supervision's business;

8. The scope of the valuation was only based on the assessment declaration form provided by the principal and the appraised entity, without considering the contingent assets and contingent liabilities that might exist beyond the list provided by the principal and the appraised entity;

9. The value of each parameter measured in this valuation did not take into account the effect of inflation.

When there was any change in the aforesaid conditions, the valuation results might usually become invalid.

Valuation on 19.9% equity interests in CCID Exhibition

The Valuer performed independent valuation in respect of 19.9% equity interests in CCID Exhibition. In accordance with the CCID Exhibition Valuation Report 1, the appraised value for 19.9% equity interests in CCID Exhibition as at the Reference Date was approximately RMB14,684,200. The Valuer applied the discounted cash flow method under the income approach to appraise the value, and as such, the valuation under the CCID Exhibition Valuation Report 1 constitutes a profit forecast under Rule 14.61 of the Listing Rules. The CCID Exhibition Valuation Report 1 is set out in Appendix VI to this circular, including the reasons for adoption of the income approach in the valuation, methods and assumptions adopted by the Valuer, valuation scope and results.

The assumptions adopted by the Valuer in the CCID Exhibition Valuation Report 1 are as follows:

(I) GENERAL ASSUMPTIONS

1. Transaction Assumption

Transaction assumption assumes that all assets to be appraised are in the trading process, and the appraisal is based on the simulated market including the trading conditions of the assets to be appraised by the valuer. Transaction assumption is the most fundamental assumption for the valuation of assets.

2. Open-market Assumption

Open market assumption assumes that both parties of the transaction in respect of the assets traded or to be traded in the market are equal and have opportunities and time to get adequate market information so as to make rational judgments on the function, usage and trading price of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market.

3. Going-concern Assets Assumption

Going-concern assets assumption means that the valuation method, parameters and basis shall be determined in accordance with the condition that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.

(II) SPECIFIC ASSUMPTIONS

1. This valuation assumed that the external economic environment remained unchanged and the current national macroeconomy did not change significantly from that as at the Reference Date;

2. There would be no significant change in the social and economic environment where the enterprise operated and the applicable policies on tax and tax rate, etc.;

3. The future operation and management team of the enterprise would be diligent and would continue the existing operation and management models;

4. The valuation was only based on the current operating capabilities as at the Reference Date without taking into account the potential expansion of operating capabilities caused by the management, operating strategies and additional investment in the future and the subsequent changes in the production and operations that might occur;

5. Each asset under this valuation was based on the actual stock on the Reference Date, and the current market price of the relevant asset was based on the domestic effective price on the Reference Date;

6. This valuation assumed that basic information and financial information provided by the principal and the appraised entity were true, accurate and complete;

7. The COVID-19 pandemic was under effective control and did not have substantial impact on CCID Exhibition's business;

8. The scope of the valuation was only based on the assessment declaration form provided by the principal and the appraised entity, without considering the contingent assets and contingent liabilities that might exist beyond the list provided by the principal and the appraised entity;

9. The value of each parameter measured in this valuation did not take into account the effect of inflation.

When there was any change in the aforesaid conditions, the valuation results might usually become invalid.

Valuation on 26.6% and 53.5% equity interests in CCID Exhibition

The Valuer performed independent valuation in respect of 26.6% and 53.5% equity interests in CCID Exhibition. In accordance with the CCID Exhibition Valuation Report 2, the appraised value for 100% equity interests in CCID Exhibition as at the Reference Date was RMB73,790,000, accordingly 26.6% and 53.5% of which amounted to approximately RMB19,628,100 and RMB39,477,600. The Valuer applied the discounted cash flow method under the income approach to appraise the value, and as such, the valuation under the CCID Exhibition Valuation Report 2 constitutes a profit forecast under Rule 14.61 of the Listing Rules. The CCID Exhibition Valuation Report 2 is set out in Appendix VII to this circular, including the reasons for adoption of the income approach in the valuation, methods and assumptions adopted by the Valuer, valuation scope and results.

The assumptions adopted by the Valuer in the CCID Exhibition Valuation Report 2 are as follows:

(I) GENERAL ASSUMPTIONS

1. Transaction Assumption

Transaction assumption assumes that all assets to be appraised are in the trading process, and the appraisal is based on the simulated market including the trading conditions of the assets to be appraised by the valuer. Transaction assumption is the most fundamental assumption for the valuation of assets.

2. Open-market Assumption

Open market assumption assumes that both parties of the transaction in respect of the assets traded or to be traded in the market are equal and have opportunities and time to get adequate market information so as to make rational judgments on the function, usage and trading price of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market.

3. Going-concern Assets Assumption

Going-concern assets assumption means that the valuation method, parameters and basis shall be determined in accordance with the condition that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.

(II) SPECIFIC ASSUMPTIONS

1. This valuation assumed that the external economic environment remained unchanged and the current national macroeconomy did not change significantly from that as at the Reference Date;

2. There would be no significant change in the social and economic environment where the enterprise operated and the applicable policies on tax and tax rate, etc.;

3. The future operation and management team of the enterprise would be diligent and would continue the existing operation and management models;

4. The valuation was only based on the current operating capabilities as at the Reference Date without taking into account the potential expansion of operating capabilities caused by the management, operating strategies and additional investment in the future and the subsequent changes in the production and operations that might occur;

5. Each asset under this valuation was based on the actual stock on the Reference Date, and the current market price of the relevant asset was based on the domestic effective price on the Reference Date;

6. This valuation assumed that basic information and financial information provided by the principal and the appraised entity were true, accurate and complete;

7. The COVID-19 pandemic was under effective control and did not have substantial impact on CCID Exhibition's business;

8. The scope of the valuation was only based on the assessment declaration form provided by the principal and the appraised entity, without considering the contingent assets and contingent liabilities that might exist beyond the list provided by the principal and the appraised entity;

9. The value of each parameter measured in this valuation did not take into account the effect of inflation.

When there was any change in the aforesaid conditions, the valuation results might usually become invalid.

SHINEWING HK, the reporting accountants of the Company have been engaged to report on the calculations of the discounted cash flows as set out in the Valuation Reports. SHINEWING HK has reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out in the Valuation Reports.

The Board has reviewed the Valuation Reports, and discussed with the Valuer to verify the valuation method, the data input as well as the basis and assumptions upon which the Valuation Reports were completed. The Valuer confirmed that the valuation approaches and methods adopted in the valuations were appropriate for CCID Supervision and CCID Exhibition. In particular, the calculation of the income approach for the valuation was based on the audited financial statements of CCID Supervision and CCID Exhibition for the three years and a quarter (i.e., three years ended 31 December 2021 and three months ended 31 March 2022) as set out in the unqualified accountant's reports, as at the Reference Date (i.e., 31 March 2022). The Valuer had taken into account the business characteristics, historical business performance and future development prospect of both two companies. The valuation procedures were consistent with normal market valuation procedures and in compliance with the requirements of the Ministry of Finance of PRC and other relevant authorities. The calculations of the income approach in the Valuation Reports had been confirmed by SHINGWING HK. The Board also considered the report from SHINEWING HK. Based on the foregoing, the Board confirms that the profit forecasts have been made from due and careful enquiries. The Board relies on the professional judgements of the Valuer and the reporting accountants and is of the view that the valuation methods adopted in the Valuation Reports are appropriate, and the basis, assumptions and parameters of the Valuation Reports are on normal commercial terms and are objective and reasonable. The valuation results of the Valuation Reports could accurately reflect the true values of CCID Supervision and CCID Exhibition to the Group's business development, and hence assisted the Board to arrive a precise judgement in connection with the Transactions, which is in the interest of the Company and its Shareholders as a whole.

The details of the Board's assessment are set out as follows:

1. In terms of sales growth rate:

CCID Supervision: CCID Supervision is principally engaged in the provision of supervision and consultation services for information system engineering, striving to provide third-party supervision and management consultation services for government authorities at all levels throughout the process of information engineering and construction. Currently, CCID Supervision maintains a stable operation. However, since the outbreak of the COVID-19 pandemic, the downturn pressure on Mainland China's economy continues to increase, and the government's investment in information system engineering projects is reduced or slowed down accordingly, resulting in a decline in market demand as compared with previous years. As such, the Board is of the view that it is appropriate to adopt the future sales growth rate at 4%-5% based on the operating data of CCID Supervision for the past years and in consideration of the future business development and profitability of CCID Supervision from a prudent perspective.

CCID Exhibition: CCID Exhibition is principally engaged in organizing exhibition events, which mainly include exhibitions in the green energy, virtual reality, semi-conductor chips and other industries. Currently, the CWP, a green power exhibition, had been held for 14 consecutive years, which attracted numerous enterprises every year. This exhibition has strong influence in the industry and had generated stable and good revenue income to CCID Exhibition. In addition, CCID Exhibition regularly holds VR exhibitions and semi-conductor chips exhibitions every year, and its business direction is in line with the goal of reaching "Carbon Peak" and "Carbon Neutral" implemented by the PRC government and the industry's objective of developing new generation of information technology. However, given that the exhibition business might still be affected by the COVID-19 pandemic, it is expected that the future sales growth rate is 4% based on the current revenue level of business operation upon prudent consideration. The Board is of the view that the exhibition business has a promising market outlook, and hence believes that it is justifiable and in the interest of the Company and its Shareholders to estimate the sales growth rate to be 4% based on CCID Exhibition's operating results in recent years and its future development trend.

2. In terms of discount rate:

The Valuer used the weighted average cost of capital asset (WACC) model to determine the discount rate. In calculating the cost of equity capital, the Valuer had considered various factors, including risk-free return rate, market risk premium and enterprise-specific risk factors. The Board and the Valuer had further discussed the selection of the aforesaid parameters.

With reference to the information on the website of the China Asset Appraisal Association (中國資產評估協會), the Valuer selected the 10-year treasury bond yield as the risk-free return rate, i.e. rf = 2.79%. As such, the risk-free return rate was determined to be reasonable. With reference to the data on iFinD Royal Flush

Financial Information Terminal (iFinD 同花順金融數據端), the expected market yield adopted by the Valuer was close to the 10-year market yield of CSI 300 Index, and hence the expected market yield indicator was determined to be justifiable.

3. The Board had reviewed the major parameters and assumptions used in the Valuation Reports, among which taxes and surcharges were predicted based on tax standards. Considering that there will be some growth in business revenue in the future, but also considering the level of business revenue growth, the periodic costs (such as sales expenses, management expenses, and research and development expenses) growth rate was set to be slightly higher than the revenue growth rate for prudence purpose. As such, the Board believes that other parameters and assumptions considered are on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

In accordance with the CCID Supervision Valuation Report, the net assets (being the total shareholders' equity) arrived at by using the income approach was RMB77,880,000 (rounded to the nearest hundred), which was RMB787,300 or 1.02% higher than the appraised value of RMB77,092,700 calculated using the asset-based approach. While in accordance with the CCID Exhibition Valuation Report I and the CCID Exhibition Valuation Report II, the net assets (being the total shareholders' equity) arrived at by using the income approach was RMB73,790,000 (rounded to the nearest hundred), which was RMB58,888,500 or 395% higher than the appraised value of RMB14,901,500 calculated using the asset-based approach. As per the Valuer, the reasons (other than the major reasons) are as follows:

— The asset-based approach aims to conduct an assessment on enterprise value from the aspect of cost reconstruction, with emphasis on the enterprise's book value of assets as at the Reference Date; while the income approach is from the aspect of the profit to be made by an enterprise in the future, with more emphasis on the enterprise's profitability in the future subsequent to the Reference Date;

— From the aspect of the size of asset, the total assets and net assets of CCID Supervision are far above CCID Exhibition. As a company providing information engineering supervision services, CCID Supervision has generated intangible asset comprising 45 software copyrights through the R&D investment during its development. It is estimated that the appreciation in such asset has led to an increase in the total assets. The final appraised value was RMB77.0927 million based on the asset-based approach, representing a difference of 1.02% as compared with the appraised value of RMB77.8800 million based on the income approach. However, CCID Exhibition is not involved with intangible asset, and is therefore estimated to have less appreciation in asset value. The final appraised value is RMB14.9015 million based on the asset-based approach, representing a difference of 395% as compared with the appraised value of RMB73.7900 million based on the income approach. The comparisons between the two companies in the book values and the valuation results based on the asset-based approach are as follows:

	Item	Book Value B	Appraised Value C
	Total assets	12,327.73	13,521.30
CCID Supervision	**Total liabilities**	5,812.03	5,812.03
	Net assets (owner's equity)	6,515.70	7,709.27
	Total assets	6,627.93	6,629.39
CCID Exhibition	**Total liabilities**	5,139.24	5,139.24
	Net assets (owner's equity)	1,488.69	1,490.15

The letter of comfort issued by SHINEWING HK and the letter from the Board in relation to the profit forecast had been submitted to the Stock Exchange, and are included in Appendix VIII and Appendix IX, respectively, to this circular pursuant to Rules 14.60A and 14.62 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in providing (i) management and strategic consultancy services; (ii) market consultancy services, and (iii) information engineering supervision services.

In recent years, affected by the epidemic and other factors, the central ministries and commissions have implemented the austerity policy required by the government, which has reduced general non-urgent, non-rigid expenditures, and decreased investment in information system engineering and demand for engineering supervision services, resulting in a continuous decline in the operating results of CCID Supervision, which takes governmental departments as its main service targets. In 2019, 2020 and 2021, the audited revenue of CCID Supervision amounted to approximately RMB92.04 million, RMB76.08 million and RMB76.51 million, and the net profit amounted to approximately RMB15.6 million, RMB4.2 million and RMB0.9 million respectively. Due to the decrease in overall revenue of CCID Supervision in 2020 and 2021, its profit in 2020 and 2021 decreased by approximately RMB11.4 million and 14.7 million respectively as compared to 2019. The profit in 2021 dropped by RMB3.3 million as compared to 2020 due to an increase in social insurance contributions generated by CCID Supervision in 2021. In the early stage of the epidemic outbreak in 2020, The PRC government published a social insurance reduction and exemption policy during the period between February 2020 and December 2020, CCID Supervision had saved about RMB3.92 million in social insurance contributions in 2020 accordingly. At the beginning of 2021, China's epidemic situation was initially under control, the social insurance reduction and exemption policy was cancelled, CCID Supervision resumed payment of full social insurance premiums, and as compared with

2020, CCID Supervision paid more RMB4.77 million social insurance premiums in 2021, resulting in a significant increase in total costs in 2021 as compared with the previous year, resulting in a corresponding decrease in profits.

The Group's strategic and management consulting business mainly provides services such as industrial planning and development strategies for local governments and enterprises. Upon the completion of industrial planning, the government and enterprises will usually gather resources, establish industrial brands and create industrial IP by holding industrial conferences or industrial exhibitions. CCID Exhibition is a professional exhibition company with industry influence. Its main business is planning, undertaking and organising conferences and exhibitions, urban industrial brand marketing and other services. The main service targets of CCID Exhibition are local governments, enterprises and industry associations, etc. It is one of the few service providers in the exhibition industry that is familiar with providing services to companies, possesses years' experience cooperating with government, and also is qualified to hold international exhibitions in China and overseas. In recent years, the important professional exhibitions held by CCID Exhibition include the CWP, China International Semiconductor Expo (IC China), World VR Industry Expo, etc. Among them, the CWP had been held for 14 consecutive years since it was first held in 2008 and the influence and scale of the CWP are increasing, bringing good operating results to CCID Exhibition. With the confirmation of China's carbon peaking and carbon neutrality goals, the position of wind energy as the main force of energy is further proved. It is expected that China's wind power industry will continue to develop at a relatively fast rate. As an annual event and a barometer of the industry, the CWP will continue to have a stable growth. The audited revenue of CCID Exhibition amounted to approximately RMB48.4 million, RMB38.4 million and RMB46.0 million, and the net profit amounted to approximately RMB8.4 million, RMB4.4 million and RMB10.7 million for the three years ended 31 December 2021, respectively. In 2021, the net profit represented an increase of 27.6% as compared to 2019.In view of the above, and taking into account the development direction of the Group and the stability of its operating results, the Company intends to realize its business restructuring through an equity swap, i.e. the disposal of CCID Supervision and the acquisition of CCID Exhibition. After completion of the Transactions, the Company will cease to hold any equity interest in CCID Supervision while will indirectly hold approximately 59.4% equity interests in CCID Exhibition.

The acquisition of CCID Exhibition can extend the Group's existing business chain and complement the shortcomings of comprehensive services for industrial innovation. The Group is principally engaged in the provision of innovative comprehensive services of the whole industrial value chain for national ministries and commissions, local governments, national level new development areas, industrial parks, industrial enterprises and investment/financing institutions. Specifically, such services include industrial research, industrial planning, industrial promotion, parks operation and management, investment and financing, as well as organizing major conference activities. Upon the completion of high-level industrial planning and designs, the Group will organize exhibitions and conference activities to promote the client's industry to their respective industrial participants and target audience. The strength of the Group's business lies in industrial research and industrial planning, before the acquisition of CCID Exhibition, its ability to organize exhibitions and conferences during the later stages of the comprehensive service chain is not adequate. Given its leading experience in and ability to organise major conference and exhibition activities, CCID Exhibition can equip the Group's consultancy services with the capability to carry out industrial promotion for its customers in the later stages, thereby improving and extending the Group's existing comprehensive service chain, strengthening its customer servicing ability, achieving further market expansion, broadening the Group's income stream and hence creating future profit prospects for the Shareholders. After the acquisition of CCID Exhibition, the Group will continue to operate its existing business chain with industrial research and industrial planning as the principal business. Meanwhile, CCID Exhibition will exert synergies by holding industry conferences and exhibitions, which will increase the implementation and operability of industrial research and planning and provide customers with comprehensive industrial innovation services, thereby significantly improving the profitability of the Group.

Based on the foregoing, the Directors are of the view that while the Transactions are not conducted in the ordinary and usual course of business of the Company, the terms of the Agreements were determined after arm's length negotiations and are on normal commercial terms or better terms to the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, (i) CCID Group Co directly holds 392,610,000 Domestic Shares of the Company, representing approximately 56.09% of the issued shares of the Company, and is a substantial Shareholder and connected person of the Company as defined under Rule 14A.07 of the Listing Rules; (ii) CCID Venture Investment is a 100% subsidiary of CCID Group Co and is also a connected person of the Company as defined under Rule 14A.07 of the Listing Rules; and (iii) CCID Supervision is a connected subsidiary of the Company and is therefore a connected person of the Company as defined under Rule 14A.16 of the Listing Rules. As such, each of the Transactions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the CCID Exhibition Agreement 1 and the CCID Exhibition Agreement 2 involve the acquisition of equity interests in CCID Exhibition and were entered into within a 12-month period, the transactions contemplated under the CCID Exhibition Agreement 1 and the CCID Exhibition Agreement 2 shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition and the Disposal exceeds 25% but is less than 100%, each of the Acquisition and the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

At the EGM, any Shareholder with a material interest in the Transactions is required to abstain from voting on the resolutions approving the same. As such, each of (i) CCID Group Co and (ii) CCID Riyue, which is a fellow subsidiary of CCID directly holding

98,390,000 Domestic Shares of the Company, representing approximately 14.06% of the issued shares of the Company, is required to abstain from voting on the resolutions approving the Transactions at the EGM.

Among the Directors, Ms. Ma Yaqing is the chief legal counsel of CCID Group Co and Mr. Qin Hailin is the director and general manager of CCID Group Co, they (both being executive Directors) are considered to have material interests in the Transactions and abstained from voting on the resolutions in respect of the Transactions at the Board meeting approving the same. Save as disclosed above, none of the Directors is required to abstain or had abstained from voting on the Board resolutions approving the Transactions pursuant to the Articles of Association and the Listing Rules.

PROPOSED DISTRIBUTION OF SPECIAL DIVIDEND

According to the announcements of the Company dated 4 July 2022 and 14 July 2022, the Board has proposed the payment of a Special Dividend of RMB5.0 cents (tax inclusive) per Share to all the Shareholders. Based on the number of issued Shares as at Latest Practicable Date, the Special Dividend, if declared and paid, will amount to an aggregate amount of RMB35,000,000 (tax inclusive). For distribution of the Special Dividend, dividends on Domestic Shares will be paid in RMB and dividends on H Shares will be paid in HK$, at the exchange rate being the average market rate of RMB to HK$ announced by the People's Bank of China one week prior to the announcement of dividend (i.e. the date of EGM). The proposed payment of the Special Dividend is subject to the approval by the Shareholders at the EGM.

Pursuant to the Notice on the Issues Concerning Withholding Enterprises Income Tax on the Dividends Payable by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise H Share Holders (《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) of the State Administration of Taxation, 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 groups, will be treated as shares being 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 Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)) and the Notice of the State Administration of Taxation on the Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (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 the 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. However, overseas resident individual shareholders of the stocks issued by domestic non-foreign investment enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries in which they are residents and China, or 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 the tax regulations and the relevant tax agreements.

CLOSURE OF REGISTERS OF MEMBERS

In order to determine which of the Shareholders are entitled to attend and vote at the EGM, the registers of members will be closed from Thursday, 4 August 2022 to Tuesday, 9 August 2022, both days inclusive, during which period no transfer of the Shares will be effected. In order to qualify for attending the EGM, all transfer documents of the Shares accompanied by the relevant share certificate(s) must be lodged in the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (in the case of the holders of Domestic Shares) or the Company's H Share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (in the case of the holders of H Shares) not later than 4:30 p.m. on Wednesday, 3 August 2022 for registration.

Shareholders whose names appear on the registers of members of the Company at the close of business on Tuesday, 9 August 2022 will be entitled to attend and vote at the EGM.

In order to determine the Shareholders who are entitled to receive the Special Dividend, the register of members will be closed from Monday, 15 August 2022 to Tuesday, 16 August 2022, both days inclusive, during which period no transfer of the Shares will be effected. In order to qualify for receiving the Special Dividend, all transfer documents of the Shares accompanied by the relevant share certificate(s) must be lodged to the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No.66 Zizhuyuan Road, Haidian district, Beijing, the PRC (in case of the holders of Domestic Shares) or the Company's H Share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of the holders of H Shares) not later than 4:30 p.m. on Friday, 12 August 2022 for registration.

Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 16 August 2022 are entitled to receive the Special Dividend. The proposed Special Dividend will be paid on or about Tuesday, 13 September 2022 following the approval by the Shareholders at the EGM.

EGM

The Company will convene the EGM at 2:00 p.m. on Tuesday, 9 August 2022 at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC, for the purpose of considering and, if thought fit, approving by the Shareholders the resolutions set out in the notice of the EGM, respectively.

The notice of the EGM is set out on pages 287 to 290 of this circular.

Reply slip for the EGM, respectively, for the purpose of informing the Company whether you will be attending (in person or by proxy) the EGM is enclosed in this circular. Please complete and sign the reply slip (if you are entitled to attend the EGM) and return the same to the Company's H Share registrar, Tricor Tengis Limited (in the case of the holders of H Shares), or the Company's principal place of business in the PRC (in the case of the holders of Domestic Shares) on or before Wednesday, 3 August 2022 in accordance with the instructions printed thereon.

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

VOTING BY WAY OF POLL

In accordance with the requirements of Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, pursuant to Article 67 of the Articles of Association, the Chairman will demand a poll for the purpose of voting on the resolutions set out in the notices of the EGM.

On a poll conducted at such meetings, Shareholders (including proxies) entitled to two or more votes are not required to cast all their votes for or against a resolution or to abstain from voting on a resolution by not casting any of their votes. Save for CCID Group Co (which is interested in approximately 56.09% of the issued shares of the Company) and CCID Riyue (which is interested in approximately 14.06% of the issued shares of the Company), to the best of the Directors' knowledge, none of the Shareholders is required to abstain from voting on the relevant resolutions at the EGM. Voting results will be uploaded onto the website of the Company (*www.ccidconsulting.com*) and the website of the Stock Exchange (*www.hkexnews.hk*) after the EGM.

RECOMMENDATIONS

You are advised to read carefully the letter from the Independent Board Committee on pages 42 to 43 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 44 to 62 of this circular, consider that the terms and conditions of the Agreements and the Transactions are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Agreements and the Transactions at the EGM.

The Board considers that the terms of the Agreements and the Transactions are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM. The Board believes that the Special Dividend is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

Shareholders and potential investors of the Company should note that completion of the Transactions is subject to the satisfaction of the conditions precedent set out in the Agreements. Therefore, the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

ADDITIONAL INFORMATION

Your attention is drawn to the information as set out in the appendices to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board
CCID Consulting Company Limited*
Ms. Ma Yaqing
Chairlady

* *For identification purpose only*

CCIDConsulting

賽迪顧問股份有限公司
CCID CONSULTING COMPANY LIMITED*

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

(Stock code: 02176)

www.ccidconsulting.com

21 July 2022

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 21 July 2022 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to consider the Agreements and the Transactions, and to advise the Independent Shareholders as to (1) whether the terms of the Agreements and the Transactions are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and (2) how to vote in respect to the resolutions to be proposed at the EGM to approve the Agreements and the Transactions after taking into account recommendation of the Independent Financial Adviser.

Alpha Financial Group Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. Details of the advice of Alpha Financial Group Limited, together with the principal factor and reasons it has taken into consideration, are set out on pages 44 to 62 of the Circular. Your attention is also drawn to the letter from the Board as set out on pages 7 to 41 of the Circular.

Having taken into account the principal factors and reasons underlying the Transactions as well as the opinion of the Independent Financial Adviser, we consider that the terms of the Agreements are on normal commercial terms, and the Agreements and the Transactions are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

* *For identification purposes only*

Accordingly, we recommend that the Independent Shareholders to vote in favour of the resolutions to approve the Agreements and the Transactions at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Ms. Li Xuemei	**Mr. Chen Yung-cheng**	**Mr. Hu Bin**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

Set out below is the full text of a letter from Alpha Financial Group Limited, the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in the Circular.

首盛資本集團
Alpha Financial Group

Alpha Financial Group Limited
Room A, 17/F
Fortune House
61 Connaught Road Central
Central, Hong Kong

21 July 2022

To: The Independent Board Committee and the Independent Shareholders of CCID Consulting Company Limited

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of major and connected transactions, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 21 July 2022 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Alpha Financial Group Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to (i) give our recommendations as to whether the Transactions are fair and reasonable so far as the Independent Shareholders are concerned; (ii) give our recommendations as to whether the Transactions are in the interests of the Company and the Shareholders as a whole; and (iii) advise the Independent Shareholders on how to vote at the EGM.

On 31 May 2022, (i) CCID Design (a non wholly-owned subsidiary of the Company) (as purchaser) entered into the CCID Exhibition Agreement 1 with CCID Supervision (as vendor) pursuant to which, in accordance with the terms and subject to the conditions therein, CCID Design agreed to acquire and CCID Supervision agreed to sell 19.9% equity interests in CCID Exhibition at a consideration of RMB14,684,200; and (ii) CCID Design (as purchaser) entered into the CCID Exhibition Agreement 2 with CCID Group Co and CCID Venture Investment (as vendors) pursuant to which, in accordance with the terms and subject to the conditions therein, (a) CCID Group Co agreed to sell its 53.5% equity interests in CCID Exhibition to CCID Design, and as consideration, CCID Design agreed to transfer its 44.797% equity interests in CCID Supervision to CCID Group Co together with a cash consideration of RMB4,589,700; and (b) CCID Venture Investment agreed to sell its 26.6% equity interests in CCID Exhibition to CCID Design, and as consideration, CCID Design agreed to transfer its 25.203% equity interests in CCID Supervision to CCID Venture Investment.

As at the Latest Practicable Date, the Company held approximately 41.6% and 8.3% equity interests in CCID Supervision and CCID Exhibition, respectively. CCID Supervision is currently accounted for as a subsidiary of the Company while CCID Exhibition is accounted for as unlisted equity investment in the Group's financial statements. After completion of the Transactions, the Company will cease to hold any interests in CCID Supervision while its indirect interests in CCID Exhibition will increase from approximately 8.3% to approximately 59.4%. CCID Supervision will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial results of the Group. In the meantime, CCID Exhibition will become a subsidiary of the Company and its financial results will be consolidated into the financial results of the Group.

LISTING RULE IMPLICATION

As at the Latest Practicable Date, (i) CCID Group Co directly holds 392,610,000 Domestic Shares of the Company, representing approximately 56.09% of the issued shares of the Company, and is a substantial Shareholder and connected person of the Company as defined under Rule 14A.07 of the Listing Rules; (ii) CCID Venture Investment is a 100% subsidiary of CCID Group Co and is also a connected person of the Company as defined under Rule 14A.07 of the Listing Rules; and (iii) CCID Supervision is a connected subsidiary of the Company and is therefore a connected person of the Company as defined under Rule 14A.16 of the Listing Rules. As such, each of the Transactions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the CCID Exhibition Agreement 1 and the CCID Exhibition Agreement 2 involve the acquisition of equity interests in CCID Exhibition and were entered into within a 12-month period, the transactions contemplated under the CCID Exhibition Agreement 1 and the CCID Exhibition Agreement 2 shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition and the Disposal exceeds 25% but is less than 100%, each of the Acquisition and the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

At the EGM, any Shareholder with a material interest in the Transactions is required to abstain from voting on the resolutions approving the same. As such, each of (i) CCID Group Co and (ii) CCID Riyue, which is a fellow subsidiary of CCID directly holding 98,390,000 Domestic Shares of the Company, representing approximately 14.06% of the issued shares of the Company, is required to abstain from voting on the resolutions approving the Transactions at the EGM.

Among the Directors, Ms. Ma Yaqing is the chief legal counsel of CCID Group Co and Mr. Qin Hailin is the director and general manager of CCID Group Co, they (both being executive Directors) are considered to have material interests in the Transactions and abstained from voting on the resolutions in respect of the Transactions at the Board meeting approving the same. Save as disclosed above, none of the Directors is required to abstain or had abstained from voting on the Board resolutions approving the Transactions pursuant to the Articles of Association and the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Ms. Li Xuemei, Mr. Chen Yung-cheng and Mr. Hu Bin, has been established to advise the Independent Shareholders on the Agreements and the Transactions in relation thereto. We, Alpha Financial Group Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, there have been no engagements between the Company and Alpha Financial Group Limited. As at the Latest Practicable Date, apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, there were no relationship or interests between (a) Alpha Financial Group Limited; and (b) the Company or any other parties that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions as detailed in the Circular.

BASIS OF ADVICE

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, among other things:

(i) the Agreements;

(ii) the announcement of the Company dated 31 May 2022 in relation to the Transactions;

(iii) the Company's annual reports for the years ended 31 December 2020 and 2021 (the "**Annual Reports**");

(iv) the valuation reports issued by China United Assets Appraisal Group Co. Ltd* (中聯資產評估集團有限公司) (the "**Valuer**") on the valuations of the (a) 70% equity interests in CCID Exhibition, (b) 19.9% of equity interests in CCID Supervision and (c) 26.6% and 53.5% of equity interests in CCID Supervision as set out in Appendices V, VI and VII to the Circular, respectively (the "**Valuation Reports**");

(v) the independent assurance reports from SHINEWING HK and the letter from the Board in relation to the Profit Forecasts as set out in Appendices VIII and IX to the Circular, respectively, for the purpose of Rules 14.60A and 14.62 of the Listing Rules;

(vi) the valuation working papers and supporting documents as provided by the Valuer; and

(vii) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the management of the Company (the "**Management**"). We have assumed that all information, representations and opinions contained or referred to in the Circular which have been provided by the Company, the Directors and the Management, and for which they are solely and wholly responsible, were true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group, the counter party(ies) to the Agreements and the transaction contemplated thereunder or their respective subsidiaries or associates. We have also relied on the valuations conducted by the Valuer commissioned by the Company.

* *For identification purpose only*

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter. Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration in respect of the Transactions, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS CONSIDERED

In arriving at our advice in relation to the Transactions, we have taken into consideration the following factors:

1. Information of the parties to the Transactions

Information of the Group

The Company was established in the PRC as a joint stock company whose H shares are currently listed on the main board of the Stock Exchange. The Group is a consultancy services provider dedicated to serving governmental authorities at all levels, industrial parks and enterprises by providing (i) management and strategic consultancy services, (ii) market consultancy services, and (iii) information engineering supervision services. The Group also provides data information management services to enterprises and governments by establishing data platforms and updating information and data on the platform on a regular basis.

Historical financial performance of the Group

Set out below are the highlights of the audited financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 as extracted from the Annual Reports:

	For the year ended 31 December		
	2019	**2020**	**2021**
	Approximate RMB'000 (restated)	*Approximate RMB'000*	*Approximate RMB'000*
Revenue	261,529	211,954	235,759
Gross profit	141,915	100,683	119,945
Profit for the year attributable to owners of the Company	62,799	21,224	40,375

	As at 31 December		
	2019	**2020**	**2021**
	Approximate RMB'000 (restated)	*Approximate RMB'000*	*Approximate RMB'000*
Current assets	313,595	353,105	390,333
Non-current assets	44,306	45,185	50,425
Total assets	357,901	398,290	440,758
Net current asset	193,060	210,492	243,987
Total liabilities	120,535	142,613	147,973
Equity attributable to owners of the Company	206,282	196,251	228,465

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

For the year ended 31 December 2021, the Group recorded a turnover of approximately RMB235.8 million, representing an increase of approximately 11% as compared to that of last year. The Group recorded revenue of approximately RMB123.7 million for the year ended 31 December 2021 from the management and strategy consultancy services, accounting for approximately 52% of the Group's turnover and representing an increase of approximately 20% as compared to that of the previous year. The Group had also realized revenue of approximately RMB33.0 million, accounting for approximately 14% of the Group's turnover and representing an increase of approximately 25% as compared to that of the previous year. The increase was primarily attributable to the facts that the Group's business was greatly affected by the COVID-19 pandemic in 2020, but its market consultancy service business has fully recovered in 2021. The turnover of the information engineering supervision services of the Group was approximately RMB76.5 million, accounting for approximately 32% of the Group's turnover and remain stable as compared to that of the previous year.

The Group recorded gross margins of approximately 54.3%, 47.5% and 50.9% for each of the three years ended 31 December 2021, respectively, whereas the net margins were approximately 24.0%, 10.0% and 17.1%, respectively, for the same periods concerned.

The Group was operating in a net cash inflow position for the years ended 31 December 2020 and 2021, in which net cash generate from operating activities amounted to approximately RMB5.5 million and RMB80.7 million, respectively. As at 31 December 2021, the Group maintained cash and cash equivalents of approximately RMB337.3 million.

Information of CCID Design

CCID Design is a company established in the PRC and owned by the Company and CCID Group Co as to 59.375% and 40.625% respectively, therefore a direct non wholly-owned subsidiary of the Company. CCID Design is principally engaged in provision of data information design services.

Information of CCID Group Co

CCID Group Co is a company established in the PRC and holds 392,610,000 Domestic Shares of the Company, representing approximately 56.09% of the issued shares of the Company, and is a substantial Shareholder and connected person of the Company as defined under Rule 14A.07 of the Listing Rules. CCID Group Co (through its controlled enterprises) is committed to providing customers with full-cycle industrial ecological operation services such as industrial consultancy, industrial energy gathering, industrial investment attraction, industrial incubation, industrial public services and industrial finance.

As at the Latest Practicable Date, CCID Group Co was owned by CCID and Research Centre as to 50% and 50% respectively while Research Centre was controlled and supervised by CCID. CCID is a public institution (事業單位) established under the laws of the PRC and is under the supervision and control of Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部).

Information of CCID Venture Investment

CCID Venture Investment is a company established in the PRC and a subsidiary 100% owned by CCID Group Co and is therefore also a connected person of the Company. CCID Venture Investment principally provides corporate equity investment services.

2. Background of the Agreements

The Board announced that on 31 May 2022:

(i) CCID Design (a non wholly-owned subsidiary of the Company) (as purchaser) entered into the CCID Exhibition Agreement 1 with CCID Supervision (as vendor) pursuant to which, in accordance with the terms and subject to the conditions therein, CCID Design agreed to acquire and CCID Supervision agreed to sell 19.9% equity interests in CCID Exhibition at a consideration of RMB14,684,200; and

(ii) CCID Design (as purchaser) entered into the CCID Exhibition Agreement 2 with CCID Group Co and CCID Venture Investment (as vendors) pursuant to which, in accordance with the terms and subject to the conditions therein, (a) CCID Group Co agreed to sell its 53.5% equity interests in CCID Exhibition to CCID Design, and as consideration, CCID Design agreed to transfer its 44.797% equity interests in CCID Supervision to CCID Group Co together with a cash consideration of RMB4,589,700; and (b) CCID Venture Investment agreed to sell its 26.6% equity interests in CCID Exhibition to CCID Design, and as consideration, CCID Design agreed to transfer its 25.203% equity interests in CCID Supervision to CCID Venture Investment.

For details on the terms of the Agreements, please refer to the paragraphs headed "MAJOR AND CONNECTED TRANSACTIONS" under the section headed "Letter from the Board" in the Circular.

3. Reasons for entering into the Agreements and the Transactions in relation thereto

As set out in the Letter from the Board, in recent years, affected by the epidemic and other factors, the central ministries and commissions have implemented the austerity policy required by the government, which has reduced general non-urgent, non-rigid expenditures, and decreased investment in information system engineering and demand for engineering supervision services, resulting in a continuous decline in the operating results of CCID Supervision, which takes governmental departments as its main service targets. For each of the three years ended 31 December 2021, the audited revenue of CCID Supervision amounted to approximately RMB92.04 million, RMB76.08 million and RMB76.51 million, and the net profit amounted to approximately RMB15.6 million, RMB4.2 million and RMB0.9 million, respectively. In year 2021, the net profit represented a decrease of approximately 94.2% as compared to year 2019. The Group intends to dispose of CCID Supervision after considering the development direction of the Group.

The Group's strategic and management consulting business mainly provides services such as industrial planning and development strategies for local governments and enterprises. Upon the completion of industrial planning, the government and enterprises will usually gather resources, establish industrial brands and create industrial IP by holding industrial conferences or industrial exhibitions. CCID Exhibition is a professional exhibition company with industry influence under the CCID Group Co. Its main business is planning, undertaking and organising conferences and exhibitions, urban industrial brand marketing and other services. The main service targets of CCID Exhibition are local governments, enterprises and industry associations, etc. It is one of the few service providers in the exhibition industry that is familiar with providing services to companies, possesses years' experience cooperating with government, and also is qualified to hold international exhibitions in China and overseas exhibitions. In recent years, the important professional exhibitions held by CCID Exhibition include the International Wind Energy Conference and Exhibition ("**CWP**"), China International Semiconductor Expo (IC China), World VR Industry Expo, etc. Among them, the CWP had been held for 14 consecutive years since it was first held in year 2008, the increasing influence and scale of the CWP are bringing good operating results to CCID Exhibition. With the confirmation of China's carbon peaking and carbon neutrality goals, the position of wind energy as the main force of energy is further proved. It is expected that China's wind power industry will continue to develop at a relatively fast rate. As an annual event and a barometer of the industry, the CWP will continue to have stable growth. The acquisition of CCID Exhibition can extend the Group's existing business chain and complement the shortcomings of comprehensive services for industrial innovation. The audited revenue of CCID Exhibition amounted to approximately RMB48.4 million, RMB38.4 million and RMB46.0 million, and the net profit amounted to RMB8.4 million, RMB4.4 million and RMB10.7 million for each of the three years ended 31 December 2021, respectively. In year 2021, the net profit represented an increase of approximately 27.6% as compared to year 2019. In view of the above, and taking into account the development direction of the Group and the stability of its operating results, the Company intends to realize its business restructuring through an equity swap, i.e. the disposal of CCID Supervision and the acquisition of CCID Exhibition. After completion of the Transactions, the Company will cease to hold any equity interests in CCID Supervision and will indirectly hold approximately 59.4% equity interests in CCID Exhibition.

Overview of the convention and exhibition industry in the PRC

As published in the 2021 Annual Report on China's Exhibition Industry (2021中國展覽經濟發展報告) by China Council for the Promotion of International Trade* (中國國際貿易促進委員會), severe challenges were brought by the pandemic to the convention and exhibition industry in the PRC. With concerted efforts made to the convention and exhibition industry in the PRC to overcome adverse impacts, accelerate innovation in exhibition services, management and business models, and foster new growth drivers for the industry, the convention and exhibition industry in the PRC continued to recover and develop, with the number of exhibitions and exhibition spaces achieving a relatively rapid growth compared with the previous year. According to the figures published in the report, a total of 2,949 economic and trade exhibitions were held in the PRC in year 2021, an increment of approximately 48.6% as compared to the previous year, covering a total exhibition area of 92.99 million square meters, an increment of approximately 27.2% as compared to the previous year.

As referenced in the same report, the impact of COVID-19 on global conventions and exhibitions continued to worsen in year 2021 and the shift from offline exhibitions to digital ones was accelerating. With the help of digital exhibitions, the convention and exhibition industry in the PRC have been actively integrating online and offline exhibitions, connecting domestic and international markets despite the disruptions brought by the pandemic. Known as the first year of the metaverse in the convention and exhibition industry and guided by the innovative development concept of the convention and exhibition industry in the new era of digital economy, digital exhibitions have served more than tens of thousands of exhibitors and attracted millions, and helped enterprises maintain and expand international trade channels in year 2021. Despite the impact of COVID-19, forecast was also made on the exhibition economy of the PRC to stay in line with the country's broad direction of progress seeking while maintaining stability, accelerating the recovery and development of the exhibition industry, stabilising the basic foreign trade and foreign investment, and shifting from rapid growth of expansion to new development stage of improving connotation quality and efficiency in the year 2022.

In addition, according to the Work on Innovating Exhibition and Convention Service Patterns and Creating New Drivers for the Development of the Exhibition Industry* (商務部關於創新展會服務模式培育展覽業發展新動能有關工作通知) as published by the Ministry of Commerce of the PRC (中華人民共和國商務部) in April 2020 and the Guidelines Promoting Institutional Innovation in Foreign Trade* (國務院辦公廳關於加快發展外貿新業態新模式的意見) as released by the General Office of the State Council of the PRC (中華人民共和國國務院辦公廳) in July 2021, new platform for online exhibitions shall be established leveraging on 5G, virtual and augmented reality and big data technologies and also digital exhibitions, among others, shall be intensively promoted and encouraged and system featured by online and offline integration and domestic and overseas interaction shall be developed, where the Ministry of Commerce

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shall take lead. Further, as detailed out in the Business Development Plan for the 14th Five-Year Plan Period* (「十四五」商務發展規劃) as published by the Ministry of Commerce of the PRC (中華人民共和國商務部) in July 2021, such emphasized the importance on consummating the exhibition industry's development and coordination mechanism and to develop on the integration of online and offline exhibitions.

The aforementioned policies and guidelines illustrated the importance and focus on the future developments in the convention and exhibition industry by the government of the PRC and demonstrated the future opportunities and potentials in the convention and exhibition industry in the PRC in the long run.

As understood from the Management, the Company intends to develop in the convention and exhibition industry in the PRC given the positive outlook, which is in line with relevant government guidelines and development plans as mentioned above, together with the positive results of CCID Exhibition in recent years. We understood that the Group will, on top of industrial research and industry planning, exert synergies through CCID Exhibition holding industry conferences and exhibitions, gathering industry resources, establishing industry business cards and building industry IP. We also understood that the Board is of the view that the synergy effect between CCID Exhibition and that of the Group will increase the implementation and operability of industrial research and planning, and provide customers of the Group with comprehensive industrial innovation services.

4. Information of CCID Exhibition and CCID Supervision

Information of CCID Exhibition

CCID Exhibition is a company established in the PRC and owned by CCID Group Co, CCID Venture Investment and CCID Supervision as to 53.5%, 26.6% and 19.9%. CCID Exhibition was established in January 2000 with a registered capital of RMB10.0 million. Its principal place of business is in Beijing, China and is mainly carrying on business of undertaking and organising conferences and exhibitions in the PRC. The main service targets of CCID Exhibition are industry associations, enterprises and local governments by providing them with systematic services from planning, implementation to media cooperation and other exhibition activities. CCID Exhibition has an influential position in the industry, it is one of the few companies in the exhibition industry that is familiar with providing services to companies, possesses years' experience cooperating with government, and also qualified to hold international exhibitions in China and overseas exhibitions. The important professional exhibitions held by CCID Exhibition include the International Wind Energy Conference and Exhibition ("**CWP**"), China International Semiconductor Expo, World VR Industry Expo, etc. Among them, CWP has been held for 14 consecutive years since its first time held in 2008 and it is also one of the largest and most influential professional wind energy exhibitions held in China and

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overseas. With the confirmation of China's 3060 carbon peaking and carbon neutrality goals, the position of wind energy as the main force of energy is further proved. It is expected that China's wind power industry will continue to develop at a relatively fast rate. As an annual event and a barometer of the industry, the CWP will continue to have stable growth.

Set out below is the audited consolidated financial information of CCID Exhibition for each of the two years ended 31 December 2020 and 2021, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2020	**For the year ended 31 December 2021**
	RMB'000	*RMB'000*
Profit before taxation	5,856	14,206
Profit after taxation	4,391	10,654

As at 31 December 2020, 31 December 2021 and 31 March 2022, the audited net asset value of CCID Exhibition were approximately RMB38.5 million, RMB17.2 million and RMB14.9 million, respectively. Pursuant to the Valuation Reports prepared by the Valuer, the appraised value for CCID Exhibition as at the Reference Date was RMB73,790,000.

Please refer to Appendix II to the Circular for the accountant's report on historical financial information of CCID Exhibition.

Information of CCID Supervision

CCID Supervision is a company established in the PRC and owned by CCID Design and CCID Riyue as to 70% and 30%, therefore an indirect non wholly-owned subsidiary of the Company. CCID Supervision is engaged in provision of supervision services on information system engineering.

Set out below is the audited consolidated financial information of CCID Supervision for each of the two years ended 31 December 2020 and 2021, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2020	**2021**
	RMB'000	*RMB'000*
Profit before taxation	4,022	858
Profit after taxation	4,195	856

As at 31 December 2020, 31 December 2021 and 31 March 2022, the audited net asset value of CCID Supervision were approximately RMB87.2 million, RMB95.3 million and RMB65.2 million, respectively. Pursuant to the Valuation Reports prepared by the Valuer, the appraised value for CCID Supervision as at the Reference Date was RMB77,880,000.

Please refer to Appendix III to the Circular for the accountant's report on historical financial information of CCID Supervision.

5. Our analysis on the Valuation Reports

As set out in the Letter from the Board, the considerations for the Transactions, and as advised by the Management, were determined after arm's length negotiations among the parties to the Agreements with reference to the appraised values of CCID Exhibition and CCID Supervision, where the appraised value for CCID Exhibition as at the Reference Date was RMB73,790,000, while the appraised value for CCID Supervision as at the Reference Date was RMB77,880,000.

In assessing the fairness and reasonableness of the Valuations, we have considered the following:

(i) Experience of the Valuer and its engagement

In assessing the considerations, we have reviewed and discussed with China United Assets Appraisal Group Co. Ltd* (中聯資產評估集團有限公司), the independent valuer for the Group for the valuations of CCID Exhibition and CCID Supervision, the methodology of, and basis and assumptions adopted for, the valuations of (a) 70% equity interests in CCID Exhibition, (b) 19.9% of equity interests in CCID Supervision, and (c) 26.6% and 53.5% of equity interests in CCID Supervision as set out in Appendices V, VI and VII to the Circular, respectively.

We have discussed with the Valuer as to its expertise, valuation experience, scope of work and valuation procedures conducted in relation to the fair value of the CCID Exhibition and CCID Supervision. The Valuer has confirmed its independence on the Valuer's current and prior relationship with the Group and other parties to the Agreements. We have obtained and reviewed the engagement letter entered into between the Valuer and the Company. We also confirmed the relevant licenses of the Valuer, reviewed the registration certificates of the personnel-in-charge of the Valuation and qualifications and experiences of the personnel-in-charge as registered under China Appraisal Society (中國資產評估協會). We noted from China Appraisal Society's website that the Valuer has been registered since 1997 with over 200 certified asset appraisers and the personnel-in-charge of the Valuation has over 7 years of experiences in valuation in the PRC.

* *For identification purpose only*

We have also conducted discussions with the Valuer to understand its previous experiences on valuation projects, the methodologies, basis and assumptions they have adopted in the valuation reports as well as the steps and measures taken by the Valuer in conducting such valuation. In addition, we also note that the Valuer has reviewed the following documents including but not limited to (a) the Valuation Reports; and (b) the audited statements of financial position of CCID Exhibition and CCID Supervision as at 31 March 2022, prepared in accordance with the accounting principles generally accepted in the PRC. We also understand from the Valuer that it has made relevant enquiries for preparing such valuation reports and no irregularities were noted during the course.

Based on the above, we are satisfied that the Valuer is qualified for giving its opinion as set out in the Valuation Reports taken into account its relevant experience and expertise, its independence, and its scope of work and valuation procedures conducted and the terms and scope of the engagement between the Company and the Valuer are appropriate to the opinion the Valuer is required to give.

(ii) Valuation assumption and methodology

As stated in the Valuation Reports, the Valuer was given instruction by the Company to conduct valuations of CCID Exhibition and CCID Supervision as at the Reference Date on a fair value basis. The valuation procedures complied with the laws, regulations and valuation standards of the PRC related to asset valuation, and followed working principles of independence, objectiveness, fairness and scientificism, and relevant economic principles.

(a) Valuation methodology

According to our discussion with the Valuer, in performing the valuations, the Valuer has considered three generally accepted valuation approaches, namely, the asset/cost approach, the market approach and the income approach. We understand from the Valuer that it has also considered market approach to be not appropriate as there are insufficient comparable companies in the market for both CCID Exhibition and CCID Supervision. We agree with the Valuer's view in relation to the above based on our understandings, as there are not sufficient companies that operate in the same industry sectors in the PRC as CCID Exhibition and CCID Supervision for comparison under market approach. As a result, we understand that the Valuer has adopted income approach and asset/cost approach in valuing both the equity interests in the CCID Supervision and CCID Exhibition. Whilst both the income approach and asset/cost approach were adopted for the valuations of CCID Exhibition and CCID Supervision, results of the income approach were ultimately adopted as the final conclusion of the Valuations. We understand that both CCID Exhibition and CCID Supervision are considered light-asset companies and in turn asset/cost approach may not be able to reflect its corporate value in relation to its actual business size based on its asset alone under asset/cost approach. Accordingly, we are of the view that the adoption of income approach for both the valuations of CCID Exhibition and CCID Supervision is fair and reasonable. Please refer to Appendices V, VI and VII to the Circular for the detailed descriptions of the valuation methodologies of the Valuation Reports of (i) 70% equity interests in CCID Exhibition, (ii) 19.9% of equity interests in CCID Supervision, and (iii) 26.6% and 53.5% of equity interests in CCID Supervision, respectively.

(b) Valuation assumptions

Please refer to Appendices V, VI and VII to the Circular for the detailed description of the valuation assumptions of the Valuation Reports of (i) 70% equity interests in CCID Exhibition, (ii) 19.9% of equity interests in CCID Supervision, and (iii) 26.6% and 53.5% of equity interests in CCID Supervision, respectively. We have discussed with the Valuer regarding the aforesaid assumptions and noted that they are normal assumptions. We also understand that the Directors have reviewed the bases and assumptions for the Profit Forecasts which the Valuations were based upon and opined that the Valuations prepared by the Valuer has been made after due and careful enquiries.

(iii) Our work performed

We have reviewed the Valuation Reports and discussed with the Valuer the methodology adopted as well as the Valuer's experience in conducting such valuations. We understand that the income approach has been ultimately been adopted by the Valuer in its Valuations and such approach is commonly used for valuing a company with CCID Exhibition and CCID Supervision's characteristics. In respect of the assumptions, we reviewed the general assumptions and special assumptions made by the Valuer for the Valuation, as detailed out in Appendices V, VI and VII and noted no irregularities or unreasonable assumptions made. We reviewed the valuation model adopted under income approach and understand that the model adopted is generally accepted for valuations under income approach. For the income period adopted for the Valuation Reports, we understand the period adopted is fair and reasonable for valuations of businesses similar to CCID Exhibition and CCID Supervision. The Valuer has also confirmed that it is independent from the Group and its core connected persons, CCID Exhibition and CCID Supervision as at the Latest Practicable Date. Accordingly, based on the above our analyses on key parameters and information/documents in respect of the Valuation Reports and having considered the Valuer's qualification, experience and independence, we did not identify any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Valuation Reports.

(iv) Profit forecast

As the valuations of CCID Exhibition and CCID Supervision involve the discounted cash flow method, the Valuations are deemed as profit forecasts under Rule 14.61 of the Listing Rules (the "**Profit Forecasts**"). In accordance with Rule 14.62 of the Listing Rules, SHINEWING HK confirmed that they had reviewed the accounting policies and calculations for the Profit Forecasts and the Directors have confirmed that they reviewed the bases and assumptions for the Profit Forecasts which the Valuations were based upon and opined that the Valuations prepared by the Valuer has been made after due and careful enquiries. The independent assurance reports from the SHINEWING HK and the letter from the board in relation to the Profit Forecasts are set out in Appendices VIII and IX to the Circular, respectively. In the same regard, we concur with the opinion of the Directors after conducting our independent review of the aforesaid matter. In respect of the Profit Forecasts, we have reviewed the major parameters such as (i) the revenue growth rate for CCID Exhibition and CCID Supervision, which were prudent projections based on factors taking into account of the industry growth rate, historical annual growth rates, revenue already recognised or contracts signed during the forecast period; and (ii) the discount rate, where we understand that weighted average cost of capital (WACC) was chosen with the adoption of The China 10 Years Government Bond of 2.79% as the risk-free return rate, which is in line with our findings of the aforesaid rate around the Valuation Date on various platforms such as Wall Street Journal and Barron's, and the adoption of the average 10 year yield of CSI 300 Index as the expected market yield is also in line with the information available from the platform of 10JQKA.com.cn. Accordingly, based on the above our analyses on key parameters and information/documents in respect of the Profit Forecasts and having considered the Valuer's qualification, experience and independence, we did not identify any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Profit Forecasts.

In addition, we have also reviewed the terms of engagements of the Valuer and SHINEWING HK. The Valuer and SHINEWING HK have confirmed that their scopes of work in connection with the Valuation Reports are appropriate to the opinion required to be given under the relevant Listing Rules. Further, the Valuer and SHINEWING HK confirmed that there were no limitations on their scopes of work which may adversely impact on the degree of assurance given by the Valuation Reports. Based on the work conducted by us, we concur with the Directors that the Valuations prepared by the Valuer has been made after due and careful enquiries. However, Shareholders should note that since the Valuations involve various bases and assumptions, it may or may not accurately reflect the true market value of the CCID Exhibition and CCID Supervision.

In light of (i) the Valuations have taken into consideration the information as set out in the Valuation Reports; (ii) our work and analysis on the Valuations as set out above; (iii) the Valuations were compiled in accordance with the relevant standards accepted in the PRC as per the Valuation Reports; (iv) the Reporting

Accountants confirmed that they had reviewed the accounting policies and calculations for the Profit Forecasts which the Valuations were calculated based on; (v) the Directors confirmed that they had reviewed the bases and assumptions for the Profit Forecasts which the Valuations were calculated based on; and (vi) the considerations to CCID Supervision Agreement, CCID Exhibition Agreement 1 and CCID Exhibition Agreement 2 were determined with reference to the appraised values of (a) 70% equity interests in CCID Exhibition, (b) 19.9% of equity interests in CCID Supervision and (c) 26.6% and 53.5% of equity interests in CCID Supervision prepared by the Valuer, we consider the considerations of the Transactions to be fair and reasonable so far as the Independent Shareholders are concerned.

6. Financial effects of the Transactions on the Group

As set out in the "Letter from the Board", after completion of the Transactions, the Company's indirect interest in CCID Supervision will be reduced from approximately 41.6% to 0% and CCID Supervision will cease to be a subsidiary of the Company. Accordingly, the financial results and financial positions of CCID Supervision will be deconsolidated from the consolidated financial statements of the Group. In the meantime, the Company's indirect interest in CCID Exhibition will increase from approximately 8.3% to approximately 59.4%. CCID Exhibition will become a subsidiary of the Company. Accordingly, the financial results and financial positions of CCID Exhibition will be consolidated in the consolidated financial statements of the Group. The Transactions constitute a business combination under common control as the Company and CCID Exhibition are both under the control of CCID Group Co. before and after the Transactions. As per the Management, the capital increase will be accounted for as an equity transaction.

According to the Directors, this will not result in the recognition of any gain or loss in the Company's financial results but a debit to merger reserve in its consolidated statement of changes in equity upon the completion of the Transactions. Immediately upon the completion of the Transactions, the consolidated assets and the non-controlling interests of the Company will decrease after taking into account the relating expenses as incurred in connection with the Transaction.

Based on the information as set out in the Appendices II and III to the Circular, the profit margins of CCID Exhibition were approximately 11.4% and 23.1% for each of the two years ended 31 December 2020 and 2021, respectively, which were higher than those of the Group's and significantly higher than the profit margins of CCID Supervision of approximately 5.5% and 1.1% for the same periods concerned, respectively. In respect of the net loss recorded by CCID Exhibition during the three months ended 31 March 2022, we understand from the Management that such is due to the seasonality of exhibitions that CCID Exhibition involved in generally lies in second half of each calendar year, which is evidenced by the track record of exhibitions that CCID Exhibition provided service, based on its internal records.

Further, we also noted that there was a significant increase in gearing ratio of approximately 276% and 345% as at 31 December 2021 and 31 March 2022, respectively. Based on the information as set out in the Appendix II to the Circular, we understand such was because of the increase in net debt which was mainly due to the dividend payable of RMB32 million arising from dividend declared on 7 December 2021. Should we assume the dividend payable be settled utilising the cash and cash equivalents of CCID Exhibition, the hypothetic gearing ratio would be approximately 90% and 130% as at 31 December 2021 and 31 March 2022, respectively. Or, should we assume the same dividend was not declared, the hypothetic gearing ratio would be approximately 31% and 41% as at 31 December 2021 and 31 March 2022, respectively. As the change in gearing ratio is mainly caused by the declaration of dividend which was a corporate action as agreed by the then shareholders of CCID Exhibition, accordingly, we are of the view that such change in gearing ratio would not imply potential adverse effect of CCID Exhibition to the Group's business in the future.

As such, on a historical pro forma basis, the profit margin of the Group after the Transactions would improve following Completion. In addition, as discussed in the section headed "Reasons for entering into the Agreements and the Transactions in relation thereto", it is expected that the Transactions would have a positive effect on the growth of the Group's business in the future.

DISCUSSION

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. CCID Exhibition is principally engaged in provision of exhibition services.

Based on the information as set out in Appendix II to the Circular and the paragraphs headed "Management Discussion and Analysis of the Results of CCID Exhibition" under the section headed "Letter from the Board" in the Circular, CCID Exhibition has experienced growth in revenue and net profit in recent years, which was solely contributed by provision of exhibition services and attributable to the prosperous outlook given the policies and guidelines as issued by the government of the PRC from our understanding as described above. Upon completion of the Transactions, the profitability of the Group would be enhanced from the consolidation of financial performance of CCID Exhibition as it has a higher net profit margin than that of the Group, whereas CCID Supervision has a significantly lower net profit margin than that of the Group.

We concur with the Directors' view that the terms of the Transactions are fair and reasonable. We also share the view of the Directors' that although the Acquisition is not in the ordinary and usual course of business of the Company, the Transactions are positive to the future development of the Company and is in line with the Company's overall interests. We are also of the view that the Transactions are on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

RECOMMENDATION

Having taken into consideration the principal factors and reasons discussed above, we are of the opinion that the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Agreements and the Transactions in relation thereto.

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited
Cheng Chi Ming, Andrew
Managing Director

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited
Irene Ho
Vice President

Mr. Cheng Chi Ming, Andrew is the Managing Director of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheng has over 19 years of experience in the corporate finance industry in Hong Kong.

Ms. Irene Ho is the Vice President of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activities. Ms. Ho has over 8 years of experience in the corporate finance industry in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended 31 December 2019 and 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.ccidconsulting.com):

- Annual report of the Company for the year ended 31 December 2019: https://www1.hkexnews.hk/listedco/listconews/gem/2020/0327/2020032700583.pdf (page 58 to 135)
- Annual report of the Company for the year ended 31 December 2020: https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033000752.pdf (page 63 to 149)
- Annual report of the Company for the year ended 31 December 2021: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0408/2022040800972.pdf (page 60 to 141)

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2022, being the latest practicable date for the purpose of our indebtedness statement, the indebtedness of the Group and the Target Company (the "**Enlarged Group**") was as follows:

The Group had an amount due to a fellow subsidiary of approximately RMB150,000, which was unsecured, interest free and repayable on demand.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

Save for the Transactions, the Directors confirmed there has not been any material adverse change in the financial or trading position since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that taking into account the present internal resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular in the absence of any unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As set out in the section headed "Reasons for and Benefits of the Transactions" in the Letter from the Board, the Board considers that the Transactions will benefit the business of the Group in future. After the acquisition of CCID Exhibition, the Group will continue to extend existing business chain. The Group will, on top of industrial research and industry planning, exert synergies through CCID Exhibition holding industry conferences and exhibitions, gathering industry resources, establishing industry business cards and building industry IP. Such synergy effect increases the implementation and operability of industrial research and planning, and provides customers of the Group with comprehensive industrial innovation services.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF 北京賽迪會展有限公司 TO THE DIRECTORS OF CCID CONSULTING COMPANY LIMITED

INTRODUCTION

We report on the historical financial information of 北京賽迪會展有限公司 (Beijing CCID Exhibition Co. Ltd.*) (the "Target Company") set out on pages 68 to 106, which comprises the statements of financial position of as at 31 December 2019, 2020, 2021 and 31 March 2022, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the years ended 31 December 2019, 2020, 2021 and the three months ended 31 March 2022 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 68 to 106 forms an integral part of this report, which has been prepared for inclusion in the circular of CCID Consulting Group Limited (the "Company") dated 21 July 2022 (the "Circular") in connection with the major acquisition of the entire equity interest in the Target Company and major disposal of 70% equity interest in 北京賽迪工業和信息化工程監理中心有限公司.

THE RESPONSIBILITIES OF THE DIRECTORS OF THE TARGET COMPANY AND THE COMPANY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Target Company and the Company are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information which has been prepared for inclusion in the Circular in which the Historical Financial Information of the Disposal Company is included, and for such internal control as the directors of the Target Company determines is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* English name for identification purpose only.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

In our opinion the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2019, 2020 and 2021 and 31 March 2022 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 1 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Target Company which comprises the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months ended 31 March 2021 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company and the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Wind Up and Miscellaneous Provisions) Ordinance

ADJUSTMENTS

In preparing the Historical Financial Information, no adjustments to the Underlying Historical Financial Information as defined as page 3 have been made.

DIVIDENDS

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Relevant Periods.

Yours faithfully,

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

Hong Kong

21 July 2022

A. HISTORICAL FINANCIAL STATEMENTS OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of Beijing CCID Exhibition Co. Ltd.* (北京賽迪會展有限公司) (the "**Target Company**") for the year ended 31 December 2019, 2020, 2021 and three months ended 31 March 2022 ("**Relevant Periods**"), on which the Historical Financial Statements is based, were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

* English name for identification purpose only.

I. STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

					Three months ended 31 March	
		Year ended 31 December				
	Notes	**2019**	**2020**	**2021**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*7*	48,415	38,379	46,041	—	—
Cost of sales		(23,852)	(21,452)	(18,360)	—	—
Gross profit		24,563	16,927	27,681	—	—
Other income and gains	*8*	835	410	1,379	—	223
Selling and distribution expenses		(2,314)	(1,329)	(1,559)	(42)	(275)
Administrative and other operating expenses		(12,265)	(10,147)	(13,308)	(1,731)	(2,257)
Impairment loss reversed (recognised) on accounts receivables, net	*9*	319	(5)	13	(72)	8
Profit (loss) before taxation		11,138	5,856	14,206	(1,845)	(2,301)
Income tax (expense) credit	*10*	(2,787)	(1,465)	(3,552)	18	(2)
Profit (loss) and total comprehensive income (expense) for the year/period attributable to the owners of the Target Company	*11*	8,351	4,391	10,654	(1,827)	(2,303)

II. STATEMENTS OF FINANCIAL POSITION

	Notes	**As at 31 December 2019** *RMB'000*	**As at 31 December 2020** *RMB'000*	**As at 31 December 2021** *RMB'000*	**As at 31 March 2022** *RMB'000*
Non-current assets					
Plant and equipment	*14*	323	237	182	167
Deferred tax assets	*15*	4	5	2	—
		327	242	184	167
Current assets					
Accounts receivables	*16*	3,224	1,605	150	4
Prepayments, deposits and other receivables	*17*	144	490	1,641	1,634
Financial assets at fair value through profit or loss	*18*	15,000	15,000	—	—
Amount due from a related party	*23*	10,000	10,000	10,000	10,000
Cash and cash equivalents	*19*	14,510	17,757	52,636	54,474
		42,878	44,852	64,427	66,112
Current liabilities					
Accounts payables	*20*	1,914	2,321	1,633	2,107
Accruals and other payables	*21*	2,542	2,140	3,987	24
Contract liabilities	*22*	—	314	8,401	16,841
Amount due to a related party	*23*	2,001	—	—	—
Dividend payable		—	—	32,000	32,000
Income tax payable		2,603	1,783	1,400	420
		9,060	6,558	47,421	51,392
Net current assets		33,818	38,294	17,006	14,720
Net assets		34,145	38,536	17,190	14,887
Equity					
Share capital	*24*	10,000	10,000	10,000	10,000
Reserves		24,145	28,536	7,190	4,887
Total equity		34,145	38,536	17,190	14,887

III. STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Capital reserve *(Note (a))* *RMB'000*	Statutory reserve *(Note (b))* *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2019	10,000	198	1,560	14,036	25,794
Profit and total comprehensive income for the year	—	—	—	8,351	8,351
Transferred to statutory reserve	—	—	835	(835)	—
At 31 December 2019 and 1 January 2020	10,000	198	2,395	21,552	34,145
Profit and total comprehensive income for the year	—	—	—	4,391	4,391
Transferred to statutory reserve	—	—	439	(439)	—
At 31 December 2020 and 1 January 2021	10,000	198	2,834	25,504	38,536
Profit and total comprehensive income for the year	—	—	—	10,654	10,654
Transferred to statutory reserve	—	—	1,065	(1,065)	—
Dividends recognised as distribution *(note 13)*	—	—	—	(32,000)	(32,000)
At 31 December 2021 and 1 January 2022	10,000	198	3,899	3,093	17,190
Loss and total comprehensive expense for the period	—	—	—	(2,303)	(2,303)
At 31 March 2022	10,000	198	3,899	790	14,887

	Share capital	Capital reserve *(Note (a))*	Statutory reserve *(Note (b))*	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	10,000	198	2,834	25,504	38,536
Loss and total comprehensive income for the period	—	—	—	(1,827)	(1,827)
At 31 March 2021 (Unaudited)	10,000	198	2,834	23,677	36,709

Note:

(a) Capital reserve represents the difference between capital contribution from the owner of the Target Company and paid-in capital.

(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.

IV. STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before taxation	11,138	5,856	14,206	(1,845)	(2,301)
Adjustments for:					
Depreciation of equipment	113	82	70	18	15
Equipment written off	26	4	—	—	—
Impairment loss (reversed) recognised on accounts receivables	(319)	5	(13)	72	(8)
Investment income from financial assets at FVTPL	(560)	—	(649)	—	(28)
Interest income from bank deposit	(177)	(267)	(592)	—	(186)
Operating cash flows before movements in working capital changes	10,221	5,680	13,022	(1,755)	(2,508)
Decrease (increase) in accounts receivables	8,269	1,614	1,468	(258)	154
Decrease (increase) in prepayments, deposits and other receivables	43	(346)	(1,151)	(47)	7
(Increase) decrease in financial assets at fair value through profit or loss	(2,440)	—	15,649	—	28
(Decrease) increase in accounts payables	(5,372)	407	(688)	(259)	474
Increase (decrease) in accruals and other payables	538	(402)	1,847	(1,737)	(3,963)
Increase (decrease) in contract liabilities	—	314	8,087	5,857	8,440
Cash generated from operations	11,259	7,267	38,234	1,801	2,632
Income tax paid	(427)	(2,286)	(3,932)	(1,783)	(980)
NET CASH FROM OPERATING ACTIVITIES	10,832	4,981	34,302	18	1,652

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES					
Purchase of equipment	(209)	—	(15)	—	—
Interest received	177	267	592	—	186
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(32)	267	577	—	186
CASH USED IN FINANCING ACTIVITY					
Repayment to a related party	—	(2,001)	—	—	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,800	3,247	34,879	18	1,838
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,710	14,510	17,757	17,757	52,636
CASH AND CASH EQUIVALENTS AT 31 DECEMBER/ 31 MARCH, representing cash and cash equivalents *(Note 19)*	14,510	17,757	52,636	17,775	54,474

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION AND PRESENTATION

The Target Company is a private limited company incorporated in the People's Republic of China (the "**PRC**") with limited liability on 10 January 2000.

The Target Company's immediate holding companies are CCID Academy for Industry and Information Technology Limited, which is established in PRC (賽迪工業和信息化研究院(集團)有限公司). The intermediate holding companies are China Software Testing Center (Research Center of Ministry of Industry and Information Technology Software and Integrated Circuit Promotion)* (中國軟件評測中心(工業和信息化部軟件與集成電路促進中心)) ("**Research Centre**"), and China Center of Information Industry Development* (中國電子信息產業發展研究院), a company controlled the Research Centre and these companies established in the PRC. The ultimate controlling party of which is the Ministry of Industry and Information Technology of the PRC.

The address of the registered office and principal place of business is located at Room 801, 8/F, 66 Zizhuyuan Road, Hai Dian District, Beijing, the PRC.

The principal activity of the Target Company is engaged in the provision of exhibition services.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Target Company.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 2 which conform with HKFRSs issued by the HKICPA.

The Historical Financial Information of the Target company has been prepared for inclusion in the circular in connection with the Acquisition.

* English name for identification purpose only

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(S)")

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has consistently applied all the applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and Interpretations (hereinafter collectively referred to as "**new and amendments to HKFRSs**"), issued by the HKICPA which are effective for the financial year beginning on 1 January 2019 throughout the Relevant Periods.

New and amendments to HKFRSs issued but not yet effective

The Target Company 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[1]
Amendments to HKFRS 3	Reference to Conceptual — Venture[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information[1]
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[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after January 2022.
2 Effective for annual periods beginning on or after a date to be determined.

The directors of the Target 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 Target Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Hong Kong Companies Ordinance.

The Historical Financial Information has 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 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 at the measurement date 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.

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. Specifically, the Target Company uses a 5-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 Target Company satisfies a performance obligation.

The Target Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation 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 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 Target Company's performance as the Target Company performs;

- The Target Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company 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 service.

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

Contract liabilities

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

Provision of exhibitions services

Revenue from the exhibitions services is recognised at the point in time when the service for the transaction is completed under the terms of each contract.

Equipment

Equipment are stated in the 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.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at bank and on hand.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Target Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for accounts receivables 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.

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 and FVTPL.

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

Financial assets at amortised cost (debt instruments)

The Target Company 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.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Target Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for accounts receivables 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.

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 and FVTPL.

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

Financial assets at amortised cost (debt instruments)

The Target Company 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.

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 Target Company 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 8).

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 Target Company 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 includes any dividend or interest earned on the financial assets is included in the "Investment income from financial assets at FVTPL" under "Other income and gains" line item. Fair value is determined in the manner described in Note 6.

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 Target Company 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).

Impairment of financial assets

The Target Company recognises a loss allowance for ECL on financial assets which are subject to impairment assessment 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 Target Company always recognises lifetime ECL for accounts receivable. The ECL on these financial assets are estimated using a provision matrix based on The Target Company'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 Target Company measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, The Target Company 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 Target Company 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 Target Company 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 Target Company'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 Target Company's operations.

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 Target Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless The Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, The Target Company 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 Target Company 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 Target Company 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.

Definition of default

The Target Company 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 Target Company, in full (without taking into account any collaterals held by The Target Company).

The Target Company considers that default has occurred when a financial asset is more than 90 days past due unless The Target Company 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.

Write-off policy

The Target Company 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 Target Company'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 Target Company in accordance with the contract and all the cash flows that The Target Company expects to receive, discounted at the original effective interest rate.

If The Target Company 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 Target Company 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 Target Company 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.

Derecognition of financial assets

The Target Company 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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Target Company 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 an 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.

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 Target Company derecognises financial liabilities when, and only when, The Target Company'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.

Impairment losses on equipment

At the end of the reporting period, the Target Company reviews the carrying amounts of its equipment 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 Target Company 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.

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 immediately in profit or loss.

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 as income immediately.

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.

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 statements 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 Target Company'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 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 Target Company 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 and the Target Company intends to settle current tax liabilities and assets on a net basis.

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.

Fair value measurement

When measuring fair value for the value in use of tangible asset for the purpose of impairment assessment, the Target Company 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.

The Target Company 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 Disposal company categorised the fair value measurement into three levels, based on the characteristic 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 Target Company 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.

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 Target Company as lessee

For contracts entered into or modified on or after the date of initial application, The Target Company assesses whether a contract is or contains a lease, at inception of the contract. The Target Company 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 Target Company 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. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, which are described in note 3, the directors of the Target Company are required to make judgement, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the 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 on-going 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.

Critical judgements in applying accounting policies

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

Judgement in determining the timing of satisfaction of performance obligations

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

In making their judgment, the directors of the Target Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Target Company 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 exhibition services, the directors of the Target 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.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the 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.

ECL of accounts receivables and other receivables

The impairment provisions for accounts receivables and other receivables are based on assumptions about ECL. The Target Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as The Target Company's historical experience and forward-looking information at the end of the reporting period. 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 statement of profit or loss and other comprehensive income.

At 31 December 2019, 2020, 2021 and 31 March 2022, the aggregate amounts of carrying amount of accounts receivables and other receivables were approximately RMB3,368,000, RMB2,095,000, RMB1,152,000 and RMB1,011,000 respectively, net of accumulated loss allowance for ECL of accounts receivables and other receivables approximately RMB16,000, RMB21,000, RMB8,000 and Nil respectively.

Fair value measurement of financial assets

As described in note 6c, the directors of the Target 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 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 amounts of the unlisted debt instruments as at 31 December 2019, 2020, 2021 and 31 March 2022 are approximately RMB15,000,000, RMB15,000,000, nil and nil. For the year/month ended 31 December 2021 and 31 March 2022 are Nil. Details of the assumptions used are disclosed in note 6c. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

5. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Target Company consists of net debt, which includes total liabilities less amount due to a related party and equity attributable to the owners of the Target Company, comprising total equity.

The charge of governance review the capital structure on a semi-annual basis. As part of this review, the charge of governance of the Target Company consider the cost of capital and the risks associated with each class of capital. The Target Company has a target gearing ratio of 50% determined as the proportion of net debt to equity. Based on recommendations of those charge of governance, the Target Company expects to decrease its gearing ratio closer to 50% through the payment of dividends.

The gearing ratio at the end of the Relevant Period was as follows:

	As at 31 December 2019	**As at 31 December 2020**	**As at 31 December 2021**	**As at 31 March 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	9,060	6,558	47,421	51,392
Less: Amount due to a related party	(2,001)	—	—	—
Net debt	7,059	6,558	47,421	51,392
Total equity	34,145	38,536	17,190	14,887
Net debt to equity ratio	21%	17%	276%	345%

The gearing ratio of CCID Exhibition increased significantly for the year ended 31 December 2021 and period ended 31 March 2022 was mainly due to increase in (1) dividend payable and (2) contract liabilities.

(1) According to the resolutions of its shareholders meeting on 7 December 2021, CCID Exhibition distributed 2021 interim dividends of RMB32,000,000 through distributing its retained earnings. The dividends payment was one-off in nature and will be no significant impact to CCID Exhibition's gearing ratio in future. The gearing ratio as at 31 December 2021 and 31 March 2022 would be 90% and 130% respectively if excluding the impact of dividend payment of RMB32,000,000.

(2) Since certain exhibition events in Shanghai of the PRC had been postponed from 2021 to March 2022 due to COVID-19, as such, the amounts paid by customers in advance in these exhibition events had been classified as contract liabilities, the contract liabilities will be recognised as revenue until it fulfilled the requirement of revenue recognition in the future. If excluding the impact of the above contract liabilities, the gearing ratio as at 31 December 2021 and 31 March 2022 would be slightly higher than that as at the end of previous accounting periods, and in a reasonable range.

The Directors fully understand that CCID Exhibition has sufficient cash flow, has good solvency and capability to complete the exhibition events, and has operated steadily in the past three financial years. It will form a useful supplement to the future business development of the Group.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December 2019 *RMB'000*	As at 31 December 2020 *RMB'000*	As at 31 December 2021 *RMB'000*	As at 31 March 2022 *RMB'000*
Financial assets				
Financial assets at amortised cost (including cash and cash equivalents)	27,878	29,852	63,788	65,485
Financial assets at FVTPL — Financial assets mandatorily measured at FVTPL	15,000	15,000	—	—
	42,878	44,852	63,788	65,485
Financial liabilities				
Financial liabilities at amortised cost	6,457	4,461	5,620	2,131

(b) Financial risk management objectives and policies

The Target Company's major financial instruments include accounts receivables, deposits and other receivables, financial assets at FVTPL, amount due from a related party, cash and cash equivalents, accounts payables, accruals and other payables, amount due to a related party and dividend payable. 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 Target Company is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 19) and fixed interest rate linked structural deposits (Note 18).

The Target Company 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.

As all the Target Company's variable-rate bank balances were short-term in nature, any changes in the interest rate from time to time is not considered to have significant impact to the Target Company's performance and no sensitivity analysis has been presented.

(ii) Other price risk

The Target Company is exposed to other price risk through its unlisted equity instruments measured at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Target Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Credit risk

As at the end of each reporting period, the Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company 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 statement of financial position.

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

In order to minimise the credit risk, the management of the Target Company 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 Target Company has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Target Company 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 Target Company consider that its credit risk is significantly reduced.

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, 2020, 2021 and the three months ended 31 March 2022) past due, based on the background and characteristic of customers in the industry for granting a longer credit period.

The directors of the Target Company determine concentration of credit risk based on the size of project, location of customers, credit limit and credit terms. The Target Company's concentration of credit risk by geographical locations is solely in the PRC, which accounts for all accounts receivables as at 31 December 2019, 2020, 2021 and 31 Match 2022.

The Target Company 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 Target Company, the concentration of credit risk is moderate.

As at 31 December 2019, 2020, 2021 and 31 March 2022, no single customer or a group of customers contribute more than 10% of the Target Company's revenue. The Target Company has low concentration of credit risk as 43%, 43% 28% and 26% of the total accounts receivables was due from the Target Company's five largest customers while 9%, 17% 7% and 6% of the total accounts receivable was due from 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 Target Company 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 Target Company will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered certain deposits and other receivables and amount due from a related party to be low credit risk 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.

The Target Company 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 Target Company 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 Company and changes in the operating results of the borrower

The Target Company's exposure to credit risk

In order to minimise credit risk, the Target Company has tasked its management to develop and maintain the Target Company'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 Target Company's own trading records to rate its major customers and other debtors. The Target Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Target Company'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 increase 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 Target Company has no realistic prospect of recovery	Amount is written off

The credit quality of the Target Company'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 Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company'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.

(c) Fair value measurements of financial instruments

Some of the Target Company'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 Target Company at fair value in the statements of financial position are grouped into fair value hierarchy as follows:

Financial instruments	Fair value hierarchy	Fair value as at As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 March 2022	Valuation Technique and key inputs
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Financial assets at FVTPL						
Interest rate linked structural deposits	Level 2	15,000	15,000	—	—	Fair value quoted by the relevant bank

There were no transfer between level 1 and 2 of fair value hierarchy in the Relevant Periods.

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The directors of the Target company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statement approximate their fair values due to their immediate or short-term maturities.

7. REVENUE

Revenue mainly represents revenue arising from the provision of exhibition services for the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2021 and 2022. An analysis of the Target Company's revenue for the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2021 and 2022 is as follows:

	Year ended 31 December			Three months ended 31 March	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers *(Note a)*					
— Provision of exhibition services	48,415	38,379	46,041	—	—

	Year ended 31 December			Three months ended 31 March	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Disaggregation of revenue from contracts with customers by:					
Timing of revenue recognition					
At a point in time	48,415	38,379	46,041	—	—

(a) The transaction price related to unsatisfied performance obligation comprises revenue from exhibition services that is expected to be recognised over the next 12 months. Accordingly, the Target Company has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied as of the end of the Relevant Periods. No consideration from contracts with customers are of variable nature or are not included in the transaction price.

8. OTHER INCOME AND GAINS

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income	177	267	592	—	186
Investment income from financial assets at FVTPL	560	—	649	—	28
Sundry income	98	143	138	—	9
	835	410	1,379	—	223

9. IMPAIRMENT LOSS REVERSED (RECOGNISED) ON ACCOUNTS RECEIVABLES, NET

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Impairment loss reversed (recognised) on accounts receivables, net	319	(5)	13	(72)	8

10. INCOME TAX EXPENSE (CREDIT)

(a) Income tax expense (credit):

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax:					
— PRC Enterprise Income Tax	2,707	1,466	3,549	—	—
Deferred tax:					
— Current year *(Note 15)*	80	(1)	3	(18)	2
	2,787	1,465	3,552	(18)	2

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 company is 25%.

(b) The income tax expense (credit) can be reconciled to the profit (loss) before taxation per the statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Three months ended 31 March	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit (loss) before taxation	11,138	5,856	14,206	(1,845)	(2,301)
Tax at domestic income tax rate of 25%	2,784	1,464	3,551	(461)	(575)
Tax effect of expenses not deductible for tax purpose	3	1	1	—	2
Tax effect of tax losses not recognised	—	—	—	443	575
Income tax expense (credit)	2,787	1,465	3,552	(18)	2

Details of deferred taxation are set out in note 15.

11. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit (loss) for the year/period has been arrived at after charging:					
Directors', supervisors' and general manager's emoluments	1,030	1,124	861	—	697
Staff costs (excluding directors', supervisors' and general manager's emoluments)					
— Salaries, wages, allowances and other benefits	13,219	10,917	13,234	841	1,104
— Contributions to retirement benefits scheme	857	476	698	108	194
	15,106	12,517	14,793	949	1,995
Auditor's remuneration	7	7	7	—	—
Depreciation equipment	113	82	70	18	15
Write-off on equipment	26	4	—	—	—
Rental expenses on short term leases in respect of rental office premises	531	331	557	111	130

12. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered as meaningful.

13. DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dividends recognised as distribution during the year/period:					
2021 interim — *(note)*	—	—	32,000	—	—

(a) Pursuant to the resolution of the shareholders meeting of 2021 on 7 December 2021, the Target Company distributed dividends of RMB32,000,000 during the year ended 31 December 2021.

Except for the above, no other dividend was proposed during the years ended 31 December 2019, 2020 and three months ended 31 March 2021 and 2022, nor has any dividend been proposed since the end of the years ended 31 December 2019, 2020 and three months ended 31 March 2021 and 2022.

14. EQUIPMENT

	Transport equipment *RMB'000*	Electronic equipment *RMB'000*	Other equipment *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2019	593	412	42	1,047
Additions	—	43	166	209
Write-off	—	(42)	(31)	(73)
At 31 December 2019 and 1 January 2020	593	413	177	1,183
Write-off	—	(123)	—	(123)
At 31 December 2020 and 1 January 2021	593	290	177	1,060
Additions	—	12	3	15
At 31 December 2021, 1 January 2022 and 31 March 2022	593	302	180	1,075
Accumulated depreciation				
At 1 January 2019	506	275	13	794
Provided for the year	49	42	22	113
Eliminated on write-off	—	(33)	(14)	(47)
At 31 December 2019 and 1 January 2020	555	284	21	860
Provided for the year	8	40	34	82
Eliminated on write-off	—	(119)	—	(119)
At 31 December 2020 and 1 January 2021	563	205	55	823
Provided for the year	—	36	34	70
At 31 December 2021 and 1 January 2022	563	241	89	893
Provided for the period	—	7	8	15
At 31 March 2022	563	248	97	908
Carrying Amounts				
At 31 December 2019	38	129	156	323
At 31 December 2020	30	85	122	237
At 31 December 2021	30	61	91	182
At 31 March 2022	30	54	83	167

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

	Estimated residual value	Estimated useful lives
Electronic equipment	5%	5 years
Transport equipment	5%	5 years
Other equipment	5%	5 years

15. DEFERRED TAXATION

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	4	5	2	—

The following are the major deferred tax assets recognised and movements thereon during the current and prior years/period:

	Accelerated tax depreciation
	RMB'000
At 1 January 2019	84
Charged to profit or loss	(80)
At 31 December 2019 and 1 January 2020	4
Credited to profit or loss	1
At 31 December 2020 and 1 January 2021	5
Charged to profit or loss	(3)
At 31 December 2021 and 1 January 2022	2
Charged to profit or loss	(2)
At 31 March 2022	—

The Target Company had unused tax losses of nil, nil, nil, approximately RMB1,772,000 and RMB2,300,000 as at 31 December 2019, 2020, 2021, 31 March 2021 and 2022, available for offsetting against future profits. No deferred tax assets has been recognised due to the unpredictability of future profit streams, Tax losses of approximately RMB1,845,000 and RMB2,301,000 as at 31 March 2021 and 2022 will expire five years from the year of origination.

16. ACCOUNTS RECEIVABLES

	At 31 December 2019 *RMB'000*	At 31 December 2020 *RMB'000*	At 31 December 2021 *RMB'000*	At 31 March 2022 *RMB'000*
Receivables at amortised cost comprise:				
Accounts receivables	3,240	1,626	158	4
Less: allowance for impairment of accounts receivables	(16)	(21)	(8)	—
Net accounts receivables	3,224	1,605	150	4

At as 31 December 2019, 2020, 2021 and 31 March 2022, the gross amount of accounts receivables arising from contracts with customers amounted to approximately RMB3,240,000, RMB1,626,000, RMB158,000 and RMB4,000 respectively.

The Target Company allows an average credit period of 60 to 365 days to its trade customers. The Target Company 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 Relevant Periods:

	Related parties *RMB'000*	Third parties *RMB'000*	Total *RMB'000*
31 December 2019			
0 to 60 days	—	244	244
61 to 180 days	—	65	65
181 to 365 days	2,915	—	2,915
	2,915	309	3,224

	Related parties *RMB'000*	Third parties *RMB'000*	Total *RMB'000*
31 December 2020			
0 to 60 days	—	218	218
61 to 180 days	—	119	119
181 to 365 days	1,200	68	1,268
	1,200	405	1,605

	Related parties *RMB'000*	Third parties *RMB'000*	Total *RMB'000*
31 December 2021			
61 to 180 days	—	150	150

	Related parties	Third parties	Total
	RMB'000	*RMB'000*	*RMB'000*
31 March 2022			
0 to 60 days	—	4	4

The Target Company measures the loss allowance at an amount equal to lifetime ECL, which is using a provision matrix 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 2 years adjusted with the credit quality of grouped debtors, current economic conditions and the forecast economic conditions over the expected lives of the trade receivables. In view of the macroeconomic in PRC showing no material unfavourable factors to the customers of the Target Company, the management does not expect significant credit loss due to credit curtailment. There are no changes in the estimation techniques or significant assumptions made during the Relevant Periods.

As the Target Company'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 Target Company's different customer bases.

The Target Company recognised lifetime ECL for accounts receivables based on ageing of customers collectively that are not individually significant as follows:

As at 31 December 2019, 2020, 2021 and 31 March 2022, the director of the Target Company considered to the ECL rate is 5% for accounts receivables from low risk customers and high risk customers past due within 365 days with gross carrying amount of approximately RMB3,240,000, RMB1,626,000, RMB158,000 and RMB4,000 respectively, net of the allowance for impairment of accounts receivables, amounted to approximately are RMB16,000, RMB21,000 and RMB8,000 as at 31 December 2019, 2020 and 2021 respectively.

Amount due from a related party is analysed as follows:

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Name of related party				
Beijing CCID Publishing & Media Co. Ltd.* (北京賽迪出版傳媒有限公司)	2,915	1,200	—	—

The amount due from a related party is unsecured, interest-free and repayable at a credit period of 60 days as at 31 December 2019 and 2020.

The movement in the allowance for impairment of accounts receivables is set out below:

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	335	16	21	8
Impairment losses (reversed) recognised	(319)	5	(13)	(8)
At the end of the year/period	16	21	8	—

17. PREPAYMENTS AND DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	—	—	639	627
Deposits	—	30	30	30
Other receivables	144	460	972	977
	144	490	1,641	1,634

As at 31 December 2019, 2020, 2021 and 31 March 2022, the Target Company classifies all other receivables in gross amount of approximately RMB144,000, RMB490,000, RMB1,002,000 and RMB1,007,000 respectively, and measures the loss allowance equal to 12-month ECL amounting to nil for Relevant Periods.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt instruments at FVTPL *(Note)*	15,000	15,000	—	—
Analysed for reporting purposes as:				
Current assets at FVTPL	15,000	15,000	—	—

Note:

The debt instruments at FVTPL as at 31 December 2019, 2020, 2021 and 31 March 2022 represents an investment in fixed interest rate linked structured deposits in the aggregate amount of RMB15,000,000, RMB15,000,000, nil and nil respectively with no maturity date.

19. CASH AND CASH EQUIVALENTS

The bank balances comprised cash at banks and on hand. Bank balances at 31 December 2019, 2020, 2021 and 31 March 2022 carried interest at the prevailing market rate ranging from 0.01% to 0.3%.

20. 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 Target Company 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 Relevant Periods:

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	1,914	2,321	1,633	2,107

21. ACCRUALS AND OTHER PAYABLES

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued salaries, wages, allowance and other benefits	2,479	2,105	3,952	—
Other payables	63	35	35	24
	2,542	2,140	3,987	24

22. 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
Exhibition services	By milestone payments per agreed terms at contract inception (ranging from 20% to 40% deposits), project implementation, progress acceptance and final report upon acceptance check upon completion

Revenue recognised during the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2022 that was included in the contract liabilities at the beginning of the year/period is approximately Nil, Nil, RMB314,000 and RMB8,401,000 respectively. There was no revenue recognised in the current year/period that related to performance obligations that were satisfied in a prior year/period.

23. AMOUNT DUE FROM/TO A RELATED PARTY

The amount due from/to a related company is unsecured, interest-free and repayable on demand.

For the amount due from a related party, the maximum amount outstanding as follow:

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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)	10,000	10,000	10,000	10,000

The management considered that the amount due from a related party to be low credit risk and thus no impairment provision is recognised for the Relevant Periods.

24. SHARE CAPITAL

Share capital of the Target Company as at the end of the Relevant Periods is as follows:

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid up ordinary share capital				
At the beginning and the end of the year/period	10,000	10,000	10,000	10,000

25. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Target Company

The Target Company is ultimately controlled by the government of the PRC and the Target Company 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 Target Company 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	**Year ended 31 December**			**Three months ended 31 March**	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Gross revenue earned before sales surtaxes:					
Provision for exhibition services:					
Immediate holding company (北京賽迪出版傳媒有限公司)	2,750	1,132	—	—	—
Fellow subsidiary (北京賽迪網信息技術有限公司)	159	—	22	—	—
Fellow subsidiary (中國電子信息產業發展研究院)	380	—	—	—	—
	3,289	1,132	22	—	—
Cost of services paid:					
Immediate holding company (北京賽迪出版傳媒有限公司)	598	477	—	—	—
Fellow subsidiary (中國電子信息產業發展研究院)	283	229	—	—	—
Intermediate holding company (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))	—	1,812	1,909	—	327
Fellow subsidiary (北京賽迪工業和信息化工程設計中心有限公司)	1,210	—	—	—	—
Fellow subsidiary (北京賽迪物業管理有限公司)	176	263	258	—	63
	2,267	2,781	2,167	—	390
Rental expenses paid:					
Intermediate holding company (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))	295	331	521	—	130

Transactions with the CCID Group	Year ended 31 December 2019	2020	2021	Three months ended 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Account receivables:				
Immediate holding company (北京賽迪出版傳媒有限公司)	2,915	1,200	—	—
Amount due from a related party				
Fellow subsidiary (賽迪工業和信息化研究院(集團)有限公司)	10,000	10,000	10,000	10,000
Prepayment:				
Fellow subsidiary (北京賽迪物業管理有限公司)	—	—	12	—
Account payables:				
Fellow subsidiary (賽迪工業和信息化研究院(集團)有限公司)	322	229	—	—
Immediate holding company (北京賽迪出版傳媒有限公司)	1,208	478	—	—
Intermediate holding company (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))	—	934	1,006	1,444
Fellow subsidiary (北京賽迪物業管理有限公司)	63	—	—	—
	1,593	1,641	1,006	1,444

Transactions with the CCID Group	Year ended 31 December 2019	2020	2021	Three months ended 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a related party:				
Intermediate holding company (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))	2,001	—	—	—
Dividend payables:				
Immediate holding company (北京賽迪工業和信息化工程監理中心有限公司)	—	—	6,368	6,368
Immediate holding company (北京賽迪創業投資有限公司)	—	—	8,512	8,512
Immediate holding company (北京賽迪出版傳媒有限公司)	—	—	17,120	17,120
	2,001		32,000	32,000

Note:

(i) The directors of the Target Company are of their opinion that the above transactions with related parties were conducted in the normal course of business and charged at cost incurred plus a reasonable profit margin. The above balances with related parties are unsecured, interest-free and repayable on demand.

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

(b) Compensation of key management personnel

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

	Year ended 31 December 2019	2020	2021	Three months ended 31 March 2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, wages, allowances and other benefits	903	996	764	—	664
Contributions to retirement benefit scheme	127	128	97	—	33
	1,030	1,124	861	—	697

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITY

The table below details changes in the Target Company's liability arising from financing activity for the Relevant Periods, including both cash and non-cash changes. Liability arising from financing activity are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activity.

	Amount due to a related party
	RMB'000
At 1 January 2019, 31 December 2019 and 1 January 2020	2,001
Financing cash flows	(2,001)
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 31 March 2022	—

27. SUBSEQUENT FINANCIAL STATEMENTS

As at the date of this report, no audited financial statements of the Target Company have been prepared in respect of any period subsequent to 31 March 2022.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION ON 北京賽迪工業和信息化工程監理中心有限公司 TO THE DIRECTORS OF CCID CONSULTING COMPANY LIMITED

INTRODUCTION

We report on the historical financial information of 北京賽迪工業和信息化工程監理中心有限公司(Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited*) (the "Disposal Company") set out on pages 110 to 151, which comprises the statements of financial position as at 31 December 2019, 2020, 2021 and 31 March 2022, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the years ended 31 December 2019, 2020, 2021 and the three months ended 31 March 2022 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 110 to 151 forms an integral part of this report, which has been prepared for inclusion in the circular of CCID Consulting Group Limited (the "Company") dated 21 July 2022 (the "Circular") in connection with the major acquisition of the entire equity interest in 北京賽迪會展有限公司 and major disposal of 70% equity interest in the Disposal Company.

THE RESPONSIBILITIES OF THE DIRECTORS OF THE DISPOSAL COMPANY AND THE COMPANY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Disposal Company and the Company are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information which has been prepared for inclusion in the Circular, and for such internal control as the directors of the Disposal Company and the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Disposal Company and the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Disposal Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "*Accountants' Reports on*

* English name for identification purpose only.

Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Disposal Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

In our opinion the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Disposal Company's financial position as at 31 December 2019, 2020 and 2021 and the three months ended 31 March 2022 and of the Disposal Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 1 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Disposal Company which comprises the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months ended 31 March 2021 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Disposal Company and the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Wind Up and Miscellaneous Provisions) Ordinance

ADJUSTMENTS

In preparing the Historical Financial Information, no adjustments to the Underlying Historical Financial Information as defined as page 3 have been made.

DIVIDENDS

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Disposal Company in respect of the Relevant Periods.

Yours faithfully,

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

Hong Kong

21 July 2022

A. HISTORICAL FINANCIAL INFORMATION OF THE DISPOSAL COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited* (北京賽迪工業和信息化工程監理中心有限公司) (the "**Disposal Company**") for the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2022 ("**Relevant Periods**"), on which the Historical Financial Information is based, were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

* English name for identification purpose only.

I. STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Three months ended 31 March	
		2019	2020	2021	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*7*	92,044	76,083	76,513	11,691	20,424
Cost of sales		(42,265)	(44,808)	(43,753)	(10,504)	(15,339)
Gross profit		49,779	31,275	32,760	1,187	5,085
Other income and gains	*8*	1,574	2,092	8,539	11	242
Selling and distribution expenses		(5,936)	(4,904)	(8,233)	(1,525)	(2,007)
Administrative and other operating expenses		(27,462)	(24,115)	(32,218)	(3,554)	(4,595)
Impairment loss reversed (recognised) on other receivables, net	*9*	472	(326)	10	—	—
Profit (loss) before taxation		18,427	4,022	858	(3,881)	(1,275)
Income tax (expense) credit	*10*	(2,854)	173	(2)	—	—
Profit (loss) and for the year/period	*11*	15,573	4,195	856	(3,881)	(1,275)
Other comprehensive income (expense) for the year/period						
Items that will not be reclassified subsequently to profit and loss:						
Changes in fair value of financial assets at fair value through other comprehensive income		6,321	2,024	7,219	—	(2,870)
Total comprehensive income (expense) for the year/period attributable to the owners of the Disposal Company		21,894	6,219	8,075	(3,881)	(4,145)

II. STATEMENTS OF FINANCIAL POSITION

	Notes	**As at 31 December 2019** *RMB'000*	**As at 31 December 2020** *RMB'000*	**As at 31 December 2021** *RMB'000*	**As at 31 March 2022** *RMB'000*
Non-current assets					
Equipment	*14*	494	445	340	298
Financial asset at fair value through other comprehensive income	*15*	8,311	10,335	17,554	14,684
Deferred tax assets	*16*	—	172	172	172
		8,805	10,952	18,066	15,154
Current assets					
Accounts receivables	*17*	7,518	3,782	5,004	5,686
Prepayments, deposits and other receivables	*18*	7,450	9,563	13,522	15,186
Financial assets at fair value through profit or loss	*19*	35,000	—	—	—
Tax recoverable		—	838	2,479	2,478
Cash and cash equivalents	*20*	67,523	117,486	119,475	84,773
		117,491	131,669	140,480	108,123
Current liabilities					
Accounts payables	*21*	1,602	823	700	868
Accruals and other payables	*22*	22,505	23,489	23,934	7,035
Contract liabilities	*23*	20,366	31,082	38,610	24,217
Dividend payable		—	—	—	26,000
Income tax payable		815	—	—	—
		45,288	55,394	63,244	58,120
Net current assets		72,203	76,275	77,236	50,003
Net assets		81,008	87,227	95,302	65,157
Equity					
Share capital	*24*	10,000	10,000	10,000	10,000
Reserves		71,008	77,227	85,302	55,157
Total equity		81,008	87,227	95,302	65,157

III. STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Investment revaluation reserve *(Note (a))* *RMB'000*	Statutory reserve *(Note (b))* *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2019	10,000	—	5,524	43,590	59,114
Profit for the year	—	—	—	15,573	15,573
Other comprehensive income for the year:					
Changes in fair value of financial assets at fair value through other comprehensive income	—	6,321	—	—	6,321
Total comprehensive income for the year	—	6,321	—	15,573	21,894
Appropriation of statutory reserve	—	—	1,557	(1,557)	—
At 31 December 2019 and 1 January 2020	10,000	6,321	7,081	57,606	81,008
Profit for the year	—	—	—	4,195	4,195
Other comprehensive income for the year:					
Changes in fair value of financial assets at fair value through other comprehensive income	—	2,024	—	—	2,024
Total comprehensive income for the year	—	2,024	—	4,195	6,219
Appropriation of statutory reserve	—	—	419	(419)	—
At 31 December 2020 and 1 January 2021	10,000	8,345	7,500	61,382	87,227
Profit for the year	—	—	—	856	856
Other comprehensive income for the year:					
Changes in fair value of financial assets at fair value through other comprehensive income	—	7,219	—	—	7,219
Total comprehensive income for the year	—	7,219	—	856	8,075

	Share capital	Investment revaluation reserve *(Note (a))*	Statutory reserve *(Note (b))*	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021 and 1 January 2022	10,000	15,564	7,500	62,238	95,302
Loss for the period	—	—	—	(1,275)	(1,275)
Other comprehensive expense for the year:					
Changes in fair value of financial assets at fair value through other comprehensive income	—	(2,870)	—	—	(2,870)
Total comprehensive expense for the year	—	(2,870)	—	(1,275)	(4,145)
Dividends recognised as distribution *(note 13)*	—	—	—	(26,000)	(26,000)
At 31 March 2022	10,000	12,694	7,500	34,963	65,157
At 1 January 2021 (unaudited)	10,000	8,345	7,500	61,382	87,227
Loss and total comprehensive expense for the period	—	—	—	(3,881)	(3,881)
At 31 March 2021 (Unaudited)	10,000	8,345	7,500	57,501	83,346

Notes:

(a) The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investment in equity instrument designated as at financial asset at fair value through other comprehensive income.

(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.

IV. STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before taxation	18,427	4,022	858	(3,881)	(1,275)
Adjustments for:					
Depreciation of equipment	288	288	187	49	44
Impairment loss (reserved) recognised on other receivables, net	(472)	326	(10)	—	—
Government grant	—	(638)	(36)	—	—
Dividend income arising from financial asset at FVTOCI	—	—	(6,368)	—	—
Fair value gain arising from financial asset at FVTPL	(1,254)	(1,120)	(284)	—	—
Written-off of equipment	—	—	—	—	11
Interest income from bank deposits	(275)	(238)	(1,772)	—	(224)
Operating cash flows before movements in working capital changes	16,714	2,640	(7,425)	(3.832)	(1,444)
(Increase) decrease in accounts receivables	(568)	3,736	(1,222)	(1,790)	(682)
Decrease (increase) in prepayments, deposits and other receivables	3,876	(2,439)	2,419	(2,025)	(1,664)
(Increase) decrease in financial assets at fair value through profit or loss	(33,746)	36,120	284	—	—
(Decrease) increase in accounts payables	(1,583)	(779)	(123)	(103)	168
(Decrease) increase in accruals and other payables	(6,232)	984	445	(18,325)	(16,899)
Increase (decrease) in contract liabilities	14,999	10,716	7,528	(5,692)	(14,393)
Cash (used in) generated from operations	(6,540)	50,978	1,906	(31,767)	(34,914)
Income tax (paid) refunded	(6,561)	(1,652)	(1,643)	—	1

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
NET CASH FROM (USED IN) OPERATING ACTIVITIES	(13,101)	49,326	263	(31,767)	(34,913)
INVESTING ACTIVITIES					
Purchase of equipment	(28)	(114)	(67)	—	(13)
Acquisition of intangible assets	—	(125)	(15)	—	—
Interest income received from bank deposits	275	238	1,772	—	224
NET CASH FROM (USED IN) INVESTING ACTIVITIES	247	(1)	1,690	—	211
CASH FROM FINANCING ACTIVITY					
Government grant received	—	638	36	—	—
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,854)	49,963	1,989	(31,767)	(34,702)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	80,377	67,523	117,486	117,486	119,475
CASH AND CASH EQUIVALENTS AT 31 DECEMBER/31 MARCH, representing cash and cash equivalents *(Note 20)*	67,523	117,486	119,475	85,719	84,773

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL AND BASIC OF PRESENTATION

北京賽迪工業和信息化工程監理中心有限公司 (Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited*) (the "**Disposal Company**") is a private limited company incorporated in the People's Republic of China (the "**PRC**") with limited liability on 13 May 2003.

The Disposal Company's immediate holding company is Beijing CCID Industry and Information Engineering Design Center Company Limited (北京賽迪工業和信息化工程設計中心有限公司) ("**CCID Design**"), while CCID Design's immediate holding company is CCID Consulting Company Limited ("**CCID**") registered in the PRC as a joint stock company with limited liability and its H shares are listed on the Main Board of the Stock Exchange (Stock code: 02176). CCID's immediate holding company is China Software Testing Center (Research Center of Ministry of Industry and Information Technology Software and Integrated Circuit Promotion)* (中國軟件評測中心(工業和信息化部軟件與集成電路促進中心)) ("**Research Centre**"), and China Center of Information Industry Development* (中國電子信息產業發展研究院), a company controlled the Research Centre and these companies established in the PRC. The ultimate controlling party of which is the Ministry of Industry and Information Technology of the PRC.

The address of registered office and principal place of business is located at 14/F, 66 Zizhuyuan Road, Hai Dian District, Beijing, the PRC.

The principal activity of the Disposal Company is engaged in provision of information engineering supervision and training courses.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Disposal Company.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 2 which conform with HKFRSs issued by the HKICPA.

The Historical Financial Information of the Disposal Group has been prepared for inclusion in the circular in connection with the Disposal.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(S)")

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Disposal Company has consistently applied all the applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and Interpretations ("**Ints**") (hereinafter collectively referred to as "**new and amendments to HKFRSs**"), issued by the HKICPA which are effective for the financial year beginning on 1 January 2019 throughout the Relevant Periods.

New and amendments to HKFRSs issued but not yet effective

The Disposal Company had not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments[1]
Amendments to HKFRS 3	Reference to Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

Amendments to HKFRS 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[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on 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 at the measurement 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.

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 goods or services. Specifically, the Disposal Company uses a 5-step approach to revenue recognition:

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 Disposal Company satisfies a performance obligation.

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

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

Control is transferred over time and revenue is recognised over time 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 Disposal Company's performance as the Disposal Company performs;
- The Disposal Company's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Disposal Company's performance does not create an asset with an alternative use to the Disposal Company and the Disposal Company 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 service.

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

Contract liabilities

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

The Disposal Company recognised revenue from the following major sources:

- provision of information engineering supervision services
- provision of other services

Provision of information engineering supervision services

Revenue from the provision of information engineering supervision services 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 Disposal Company's performance in transferring control of services.

Provision of other services

Revenue from the provision of training courses services is recognised at the point in time when the service for the transaction is completed under the terms of each contract.

Equipment

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

Depreciation is recognised so as to write off the cost of items of equipment less their residual values over their estimated useful lives, using the 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 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 equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Internally-generated intangible assets — research and development expenditure

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

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and at banks.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Disposal Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for accounts receivables 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.

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 Disposal Company's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Disposal Company 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.

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 Disposal Company 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 8).

Equity instruments designated as at FVTOCI

On initial recognition, the Disposal Company 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 Write-off of the equity investments, and will be transferred to retained earnings.

Dividends from investments in equity instruments are recognised in profit or loss when the Disposal Company'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 8).

Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless The Disposal Company 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 and loss includes any dividend or interest earned on the financial assets is included in the "Fair value gain arising from financial assets at FVTPL" under "Other income" line item. Fair value is determined in the manner described in Note 6.

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 Disposal Company 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).

Impairment of financial assets

The Disposal Company recognises a loss allowance for ECL on financial assets which are subject to impairment assessment 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 Disposal Company always recognises lifetime ECL for accounts receivable. The ECL on these financial assets are estimated using a provision matrix based on The Disposal Company'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 Disposal Company measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, The Disposal Company 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 Disposal Company 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 Disposal Company 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 Disposal Company'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 Disposal Company's operations.

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 Disposal Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless The Disposal Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, The Disposal Company 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 Disposal Company 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 Disposal Company 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.

Definition of default

The Disposal Company 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 Disposal Company, in full (without taking into account any collaterals held by The Disposal Company).

The Disposal Company considers that default has occurred when a financial asset is more than 90 days past due unless The Disposal Company 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.

Write-off policy

The Disposal Company 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 Disposal Company'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 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 loss is estimated as the difference between all contractual cash flows that are due to The Disposal Company in accordance with the contract and all the cash flows that The Disposal Company expects to receive, discounted at the original effective interest rate.

If The Disposal Company 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 Disposal Company 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 Disposal Company 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.

Derecognition of financial assets

The Disposal Company 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 Disposal Company 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

Classification as debt or equity

Debt and equity instruments issued by the Disposal Company 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 an 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.

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 Disposal Company derecognises financial liabilities when, and only when, The Disposal Company'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.

Impairment losses on equipment and intangible assets

At the end of the reporting period, the Disposal Company reviews the carrying amounts of its equipment, and intangible asset with finite useful lives 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 Disposal Company 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.

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 immediately in profit or loss.

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 as income immediately.

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.

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 (loss) before taxation as reported in the statements 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 Disposal Company'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 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 Disposal Company 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 and the Disposal Company intends to settle current tax liabilities and assets on a net basis.

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.

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 Disposal Company as lessee

For contracts entered into or modified on or after the date of initial application, The Disposal Company assesses whether a contract is or contains a lease, at inception of the contract. The Disposal Company 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 Disposal Company recognises the lease payments as an operating expense on a straightline 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.

Government grants

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

Fair value measurement

When measuring fair value except for the value in use of tangible asset and intangible asset, for the purpose of impairment assessment, the Disposal Company 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.

The Disposal Company 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 Disposal Company 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 Disposal Company 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.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Disposal Company's accounting policies, which are described in note 3, the directors of the Disposal Company are required to make judgement, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the 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 on-going 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.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Disposal 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 financial statements.

Judgments in determining the timing of satisfaction of performance obligations

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

In making their judgment, the directors of the Disposal Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Disposal Company 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 information engineering supervision services, the directors of the Disposal Company have determined that the customer simultaneously receives and consumes the benefits provided by the Disposal Company's performance as the Disposal Company performs. Therefore, the directors of the Disposal Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the 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.

ECL of accounts receivables and other receivables

The impairment provisions for accounts receivables and other receivables are based on assumptions about ECL. The Disposal Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Disposal Company's historical experience and forward-looking information at the end of the reporting period. 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 statements of profit or loss and other comprehensive income.

At 31 December 2019, 2020, 2021 and 31 March 2022, the aggregate amount of carrying amounts of accounts receivables and other receivables were approximately RMB14,968,000, RMB13,345,000, RMB18,526,000 and RMB19,568,000 respectively, net of accumulated loss allowance for ECL of accounts receivables and other receivables in aggregate of approximately RMB651,000, RMB325,000, RMB335,000 and nil respectively. During the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2021 and 2022, the ECL recognised on accounts receivables and other receivables were approximately nil, RMB326,000, nil, nil and nil respectively; while the ECL reversed were approximately RMB472,000, nil, RMB10,000, nil and nil respectively.

Revenue recognition

The Disposal Company recognises revenue from the provision of information engineering supervision service 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 Disposal Company is required to estimate the remaining services of each project promised under the contract, that best depict the Disposal Company's performance in transferring control of services.

Fair value measurement of financial assets

As described in note 6c, the directors of the Disposal 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 investments, assumptions are made based on (i) 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 (ii) income approach and the value based on net asset value ("**NAV**") of the investment determined based on the fair value of the underlying investment portfolio and equity interest held by the Disposal Company. 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 debt instruments as at 31 December 2019 is approximately RMB35,000,000. The carrying amount of the unlisted equity investment as at 31 December 2019, 2020, 2021 and 31 March 2022 are approximately RMB8,311,000, RMB10,335,000, RMB17,554,000 and RMB14,684,000 respectively. Details of the assumptions used are disclosed in note 6c. The directors of the Disposal Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

5. CAPITAL RISK MANAGEMENT

The Disposal Company manages its capital to ensure that entities in the Disposal Company will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Disposal Company consists of total debt, which includes total liabilities and equity attributable to owner of the Disposal Company, comprising total equity.

Those charge with corporate governance review the capital structure on a semi-annual basis. As part of this review, those charge with corporate governance of the Disposal Company consider the cost of capital and the risks associated with each class of capital. The Disposal Company has a target gearing ratio of 50% determined as the proportion of net debt to equity. Based on recommendations of those charge with corporate governance, the Disposal Company's expects to decrease its gearing ratio closer to 50% through the payment of dividends.

The gearing ratio at the end of the Relevant Periods was as follows:

	As at 31 December 2019 *RMB'000*	As at 31 December 2020 *RMB'000*	As at 31 December 2021 *RMB'000*	As at 31 March 2022 *RMB'000*
Total liabilities	45,288	55,394	63,244	58,120
Total equity	81,008	87,227	95,302	65,157
Total debt to equity ratio	56%	64%	66%	89%

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December 2019 *RMB'000*	As at 31 December 2020 *RMB'000*	As at 31 December 2021 *RMB'000*	As at 31 March 2022 *RMB'000*
Financial assets				
Financial assets at amortised cost (including cash and cash equivalents)	82,491	131,669	141,372	106,819
Financial asset at FVTOCI				
— Equity instrument designated at FVTOCI	8,311	10,335	17,554	14,684
Financial assets at FVTPL				
— Financial assets mandatorily measured at FVTPL	35,000	—	—	—
	125,802	142,004	158,926	121,503
Financial liabilities				
Financial liabilities at amortised cost	24,107	24,312	24,634	33,903

(b) Financial risk management objectives and policies

The Disposal Company's major financial instruments include financial asset at FVTOCI, deposits and other receivables, financial assets at FVTPL, cash and cash equivalents, accounts payables, accruals and other payables and dividend payable. 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 Disposal Company is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 20).

The Disposal Company is also exposed to fair value interest rate risk in relation to fixed-rate linked structural deposits (Note 19).

The Disposal Company 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.

As all the Disposal Company's variable-rate bank balances were short-term in nature, any changes in the interest rate from time to time is not considered to have significant impact to the Disposal Company's performance and no sensitivity analysis has been presented.

(ii) Other price risk

The Disposal Company is exposed to other price risk through its unlisted equity instruments measured at FVTOCI. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Disposal Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

During the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2021 and 2022, if the prices of the respective equity instruments had been 1% higher/lower, investment valuation reserve would increase/decrease by approximately RMB83,000, RMB103,000, RMB176,000, RMB103,000 and RMB147,000 respectively for the Disposal Company as a result of the changes in fair value of unlisted equity instruments measured at FVTOCI.

The Disposal Company's method and assumption used in preparing the sensitivity to unlisted equity instrument measured at FVTOCI has not changed significantly from the prior year.

Credit risk

As at the end of each reporting period, the Disposal Company's maximum exposure to credit risk which will cause a financial loss to the Disposal Company 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 statements of financial position.

The credit risk of the Disposal Company mainly arises from cash and bank balances, pledged bank deposits, interest rate linked structural deposits, accounts receivables and deposits and other receivables. The carrying amounts of these balances represent the Disposal Company's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Disposal Company 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 Disposal Company has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Disposal Company 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 Disposal Company consider that its credit risk is significantly reduced.

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 past due, based on the background and characteristic of customers in the industry for granting a longer credit period.

The directors of the Disposal Company determine concentration of credit risk based on the size of project, location of customers, credit limit and credit terms. The Disposal Company's concentration of credit risk by geographical locations is solely in the PRC, which accounts for all accounts receivables as at 31 December 2019, 2020, 2021 and 31 March 2022.

The Disposal Company 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 Disposal Company, the concentration of credit risk is moderate.

As at 31 December 2019, 2020, 2021 and 31 March 2022, no single customer or a group of customers contribute more than 10% of the Disposal Company's revenue. The Disposal Company has concentration of credit risk as 43%, 43%, 28% and 26% of the total accounts receivables was due from the Disposal Company's five largest customers while 19%, 17%, 7%, 6% of the total accounts receivables was due from the Disposal Company's 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 Disposal Company 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 Disposal Company will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered certain deposits and other receivables to be low credit risk 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.

The Disposal Company 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 Disposal

Company 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 Company and changes in the operating results of the borrower

The Disposal Company's exposure to credit risk

In order to minimise credit risk, the Disposal Company has tasked its management to develop and maintain the Disposal Company'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 Disposal Company's own trading records to rate its major customers and other debtors. The Disposal Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Disposal Company'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 increase 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 Disposal Company has no realistic prospect of recovery	Amount is written off

The credit quality of the Disposal Company'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 Disposal Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Disposal Company'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.

(c) Fair value measurements of financial instruments

Some of the Disposal Company'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 Disposal Company at fair value in the statements of financial position are grouped into fair value hierarchy as follows:

Financial instruments	Fair value hierarchy	Fair value as at: As at 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000	As at 31 March 2022 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	8,311	10,335	17,554	14,684	2019 to 2021: Market approach adopted. The value is based on P/B ratio, adjusted by DLOM and equity interest held by the Disposal Company 2022: Income approach adopted. The value is based on discounted cash flows, adjusted by discount rate	2019: P/B ratio: 2.07 DLOM: 27.75% 2020: P/B ratio: 1.90 DLOM: 20.6% 2021: P/B ratio: 2.44 DLOM: 20.6% 2022: Discount rate: 12.61%	2019 to 2021: The higher the P/B ratio, the higher the fair value. The higher the DLOM, the lower the fair value. (note (a)) 2022: The higher the discount rate, the lower the fair value.
Financial assets at FVTPL								
Interest rate linked structural deposits	Level 2	35,000	—	—	—	Fair value quoted by the relevant bank	N/A	N/A

Note:

(a) As at 31 December 2019, 2020, 2021, a 5% increase in P/B ratio, while all the other variables were held constant, would result in an increase in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB420,000, RMB517,000 and RMB878,000 respectively, and vice versa.

As at 31 December 2019, 2020, 2021, a 5% increase in DLOM, while all the other variables were held constant, would result in a decrease in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB161,000, RMB134,000 and RMB227,000 respectively, and vice versa.

As at 31 March 2022, a 5% increase in discount rate, while all the other variables were held constant, would result in a decrease in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB173,000, and vice versa.

There were no transfers between level 1 and 2 of fair value hierarchy in the Relevant Periods.

Reconciliation of Level 3 fair value measurements of financial asset:

	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity instrument at FVTOCI				
At the beginning of the year	1,990	8,311	10,335	17,554
Change in fair value recognised in OCI	6,321	2,024	7,219	(2,870)
At the end of the year	8,311	10,335	17,554	14,684

The above total change in fair value for the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2022 of approximately RMB6,321,000, RMB2,024,000, RMB7,219,000 and RMB2,870,000 respectively is included in investment revaluation reserve.

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The directors of the Disposal Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their final values due to their immediate or short-term maturities.

7. REVENUE

Revenue mainly represents revenue arising from the provision of information engineering supervision services and other services for the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2021 and 2022. An analysis of the Disposal Company's revenue for the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2022 is as follows:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers *(Note a)*					
— Provision of information engineering supervision services	90,081	72,334	70,630	6,263	14,298
— Provision of other services	1,963	3,749	5,883	5,428	6,126
	92,044	76,083	76,513	11,691	20,424

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Disaggregation of revenue from contracts with customers by:					
Timing of revenue recognition					
At a point in time	1,963	3,749	5,883	5,428	6,126
Over time	90,081	72,334	70,630	6,263	14,298
Total revenue from contracts with customers	92,044	76,083	76,513	11,691	20,424

(a) The transaction price related to unsatisfied performance obligation comprises revenue from technical services that is expected to be recognised over the next 12 months. Accordingly, the Disposal Company has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the Relevant Periods. No consideration from contracts with customers are of variable nature or are not included in the transaction price.

8. OTHER INCOME

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Dividend income arising from financial asset at FVTOCI	—	—	6,368	—	—
Government grant *(Note (a))*	—	638	36	—	—
Interest income from bank deposits	275	238	1,772	—	224
Fair value gain arising from financial asset at FVTPL	1,254	1,120	284	—	—
Sundry income	45	96	79	11	18
	1,574	2,092	8,539	11	242

Note:

(a) Government grants recognised as other income and gains are awarded to the Disposal Company by the PRC government as incentives primarily to encourage the development of the Disposal Company and the contribution to the local economic development. The government grants are one-off with no specific condition attached.

9. IMPAIRMENT LOSS REVERSED (RECOGNISED) ON OTHER RECEIVABLES, NET

	Year ended 31 December			Three months ended 31 March	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Impairment loss reversed (recognised) on other receivables, net	472	(326)	10	—	—

10. INCOME TAX EXPENSE (CREDIT)

(a) Income tax expense (credit):

	Year ended 31 December			Three months ended 31 March	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax:					
— Mainland China Enterprise Income Tax	2,854	(1)	2	—	—
Deferred tax:					
— Current year *(note 16)*	—	(172)	—	—	—
	2,854	(173)	2	—	—

The Disposal Company is high and new technology enterprises (the "**HNTE**") registered in Beijing New Technology Enterprise Development Zone. Pursuant to the EIT Law, they are subject to an enterprise income tax at a rate of 15% during the years ended 31 December 2019, 2020 and 2021 and three months ended 31 March 2021 and 2022.

(b) The income tax expense (credit) can be reconciled to the profit (loss) before taxation per the statements of profit or loss and other comprehensive income as follows:

	Years ended 31 December			Three months ended 31 March	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit (loss) before taxation	18,427	4,022	858	(3,881)	(1,275)
Tax at domestic income tax rate of 15%	2,764	603	128	(582)	(191)
Tax effect of super deduction of research and development expenses	—	(829)	(126)	—	—
Tax effect of tax losses not recognised	—	—	—	582	191
Tax effect of expenses not deductible for tax purpose	90	53	—	—	—
Income tax expense (credit)	2,854	(173)	2	—	—

Details of deferred taxation are set out in note 16.

11. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit (loss) for the year/period has been arrived at after charging:					
Directors', supervisors' and general manager's emoluments	2,062	1,606	1,501	161	149
Staff costs (excluding directors', supervisors' and general manager's emoluments)					
— Salaries, wages, allowances and other benefits	43,558	45,866	52,573	8,544	12,755
— Contributions to retirement benefits scheme	3,491	2,397	6,110	1,174	2,329
	49,111	49,869	60,184	9,879	15,233
Auditor's remuneration	73	90	30	—	—
Depreciation of equipment	288	267	161	43	37
Amortisation of intangible assets	—	21	26	6	7
Written-off of equipment	—	—	—	—	11
Research and development costs *(note)*	12,706	14,180	21,114	2,409	1,867
Rental expenses on short term leases in respect of rental office premises	562	341	1,274	170	170

Note:

The research and development expenses disclosed here included salaries and wages, allowances and other benefits of approximately RMB10,151,000, RMB9,441,000, RMB14,786,000, RMB2,264,000 and RMB1,311,000 respectively, and contributions to retirement benefits scheme of approximately RMB2,555,000, RMB2,486,000, RMB6,328,000, RMB145,000 and RMB556,000 respectively for the years ended 31 December 2019, 2020 and 2021 and three months ended 31 March 2021 and 2022 which had been included in total staff costs disclosed above.

12. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered as meaningful.

13. DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dividends recognised as distribution during the year/period:					
2021 final — *(note)*	—	—	26,000	—	—

(a) Pursuant to the resolution of the shareholders meeting on 30 March 2022, the Disposal Company distributed dividends of approximately RMB26,000,000 during the year ended 31 December 2021.

Except for the above, no other dividend was proposed during the year ended 31 December 2019, 2020 and three months ended 31 March 2021 and 2022, nor has any dividend been proposed since the years ended 31 December 2019, 2020 and three months ended 31 March 2021 and 2022.

14. EQUIPMENT

	Mechanical equipment *RMB'000*	Transport equipment *RMB'000*	Other equipment *RMB'000*	Software *RMB'000*	Total *RMB'000*
Cost					
At 1 January 2019	2,114	874	48	—	3,036
Additions	28	—	—	—	28
At 31 December 2019 and 1 January 2020	2,142	874	48	—	3,064
Additions	94	—	20	125	239
At 31 December 2020 and 1 January 2021	2,236	874	68	125	3,303
Additions	59	—	8	15	82
At 31 December 2021 and 1 January 2022	2,295	874	76	140	3,385
Additions	13	—	—	—	13
Written-off	—	(225)	—	—	(225)
At 31 March 2022	2,308	649	76	140	3,173
Accumulated depreciation					
At 1 January 2019	1,409	830	43	—	2,282
Provided for the year	287	—	1	—	288
At 31 December 2019 and 1 January 2020	1,696	830	44	—	2,570
Provided for the year	263	—	4	21	288
At 31 December 2020 and 1 January 2021	1,959	830	48	21	2,858
Provided for the year	156	—	5	26	187
At 31 December 2021 and 1 January 2022	2,115	830	53	47	3,045
Provided for the period	35	—	2	7	44
Eliminated on written-off	—	(214)	—	—	(214)
At 31 March 2022	2,150	616	55	54	2,875
Carrying Amounts					
At 31 December 2019	446	44	4	—	494
At 31 December 2020	277	44	20	104	445
At 31 December 2021	180	44	23	93	340
At 31 March 2022	158	33	21	86	298

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

	Estimated residual value	Estimated useful lives
Mechanical equipment	5%	5 years
Transport equipment	5%	5 years
Other equipment	5%	5 years

The above item of intangible asset is amortised on a straight-line basis over the estimated useful lives as follows:

	Estimated residual value	Estimated useful lives
Software	5%	5 years

15. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 31 December 2019 *RMB'000*	At 31 December 2020 *RMB'000*	At 31 December 2021 *RMB'000*	At 31 March 2022 *RMB'000*
Unlisted equity investment at FVTOCI *(Note (i))*:				
— Beijing CCID Exhibition Co. Ltd.* (北京賽迪會展有限公司)	8,311	10,335	17,554	14,684

Notes:

(i) The unlisted equity investment represented investment in 19.9% unlisted equity interests in Beijing CCID Exhibition Co. Ltd. held by the Disposal Company.

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

* *The English translation is for identification only*

16. DEFERRED TAXATION

	At 31 December 2019 *RMB'000*	At 31 December 2020 *RMB'000*	At 31 December 2021 *RMB'000*	At 31 March 2022 *RMB'000*
Deferred tax assets	—	172	172	172

The following are the major deferred tax assets recognised and movements thereon during the current and prior year/period:

	ECL *RMB'000*
At 1 January 2019, 31 December 2019 and 1 January 2020	—
Charged to profit or loss	172
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 31 March 2022	172

The Disposal Company had unused tax losses of nil, nil, nil and approximately RMB1,275,000 respectively as at 31 December 2019, 2020, 2021 and 2022, available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Tax losses of approximately RMB1,275,000 as at 31 March 2022 will expire five years from the year of origination.

17. ACCOUNTS RECEIVABLES

	At 31 December 2019 *RMB'000*	At 31 December 2020 *RMB'000*	At 31 December 2021 *RMB'000*	At 31 March 2022 *RMB'000*
Receivables at amortised cost comprise:				
Accounts receivables	7,518	3,782	5,004	5,686

At as 31 December 2019, 2020, 2021 and 31 March 2022, the gross amount of accounts receivables arising from contracts with customers amounted to approximately RMB7,518,000, RMB3,782,000, RMB5,004,000 and RMB5,686,000 respectively.

The Disposal Company allows an average credit period of 60 to 365 days to its trade customers. The Disposal Company 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 presented based on the invoice dates which approximates the respective revenue recognition dates and invoice dates at the end of the Relevant Periods:

	At 31 December 2019	At 31 December 2020	At 31 December 2021	At 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 60 days	3,978	1,376	1,267	849
61 to 180 days	270	319	574	300
181 to 365 days	393	133	451	4,537
More than 365 days	2,877	1,954	2,712	—
	7,518	3,782	5,004	5,686

The Disposal Company measures the loss allowance at an amount equal to lifetime ECL, which is using a provision matrix 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 2 years adjusted with the credit quality of grouped debtors, current economic conditions and the forecast economic conditions over the expected lives of the trade receivables. In view of the macroeconomic in PRC showing no material unfavourable factors to the customers of the Disposal Company, the management does not expect significant credit loss due to credit curtailment. There are no changes in the estimation techniques or significant assumptions made during the Relevant Periods.

As the Disposal Company'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 Disposal Company's different customer bases.

The Disposal Company recognised lifetime ECL for accounts receivables based on ageing of customers collectively that are not individually significant as follows:

As at 31 December 2019, 2020, 2021 and 31 March 2022, the directors of the Company considered to the ECL rate is insignificant for accounts receivables from low risk customers with gross carrying amount of approximately RMB7,518,000, RMB3,782,000, RMB5,004,000 and RMB5,686,000 respectively.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2019 *RMB'000*	At 31 December 2020 *RMB'000*	At 31 December 2021 *RMB'000*	At 31 March 2022 *RMB'000*
Prepayments	—	—	—	1,304
Deposits	5,800	7,913	7,154	7,234
Dividend receivables from financial asset at FVTOCI	—	—	6,368	6,368
Other receivables	2,301	1,975	335	615
	8,101	9,888	13,857	15,521
Less: allowance for impairment of other receivables	(651)	(325)	(335)	(335)
Prepayment, deposit and other receivables, net	7,450	9,563	13,522	15,186

As at 31 December 2019, 2020, 2021 and 31 March 2022, the Disposal Company classifies all other receivables in gross amount of approximately RMB8,101,000, RMB9,888,000, RMB13,857,000 and RMB14,217,000 respectively, under low risk category and measures the loss allowance equal to 12-month ECL for the Relevant Periods.

	At 31 December 2019 *RMB'000*	At 31 December 2020 *RMB'000*	At 31 December 2021 *RMB'000*	At 31 March 2022 *RMB'000*
Receivables at amortised cost comprise:				
Other receivables	8,101	9,888	13,857	14,217
Less: allowance for impairment of other receivables	(651)	(325)	(335)	(335)
Net other receivables	7,450	9,563	13,522	13,882

The movement in the allowance for impairment of other receivables is set out below:

	12-month ECL (not credit-impaired)			
	At 31 December 2019 *RMB'000*	At 31 December 2020 *RMB'000*	At 31 December 2021 *RMB'000*	At 31 March 2022 *RMB'000*
At the beginning of the year/period	179	651	325	335
Impairment recognised	472	—	10	—
Impairment losses reversed	—	(326)	—	—
At the end of the year/period	651	325	335	335

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2019 *RMB'000*	At 31 December 2020 *RMB'000*	At 31 December 2021 *RMB'000*	At 31 March 2022 *RMB'000*
Debt instruments at FVTPL *(Note)*	35,000	—	—	—
Analysed for reporting purposes as:				
Current assets at FVTPL	35,000	—	—	—

Note:

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

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and on hand. Bank balances at 31 December 2019, 2020, 2021 and 31 March 2022 carried interest at the prevailing market rate ranging from 0.01% to 0.3%.

21. 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 Disposal Company 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 Relevant Periods:

	At 31 December			At 31 March
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	104	207	—	271
Over 365 days	1,498	616	700	597
Total	1,602	823	700	868

22. ACCRUALS AND OTHER PAYABLES

	At 31 December 2019	**At 31 December 2020**	**At 31 December 2021**	**At 31 March 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued salaries wages, allowance and other benefits	15,772	14,600	17,783	4,310
Other payables	6,733	8,889	6,151	2,725
	22,505	23,489	23,934	7,035

23. 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**
Information engineering supervision 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

Revenue recognised during the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2022 that was included in the contract liabilities at the beginning of the year/period are approximately RMB5,367,000, RMB20,366,000, RMB31,082,000 and RMB38,610,000 respectively. There was no revenue recognised in the current year/period that related to performance obligations that were satisfied in a prior year/period.

24. SHARE CAPITAL

Share capital of the Disposal Company as at the end of the Relevant Periods is as follows:

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 March 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid up ordinary share capital				
— At the beginning and the end of the year/period	10,000	10,000	10,000	10,000

25. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Disposal Company

The Disposal Company is ultimately controlled by the government of the PRC and the Disposal Company 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 Disposal Company 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.

	Year ended 31 December			Three months ended	
Transactions with the CCID Group	**2019**	**2020**	**2021**	**31 March 2021**	**31 March 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of services paid:					
Fellow subsidiaries (山東賽迪工業和信息化研究院有限公司)	—	—	94	—	—
(北京賽迪時代信息產業股份有限公司)	28	142	—	—	—
(北京賽迪工業和信息化工程設計中心有限公司)	310	—	—	—	—
	338	142	94	—	—
Rental expenses paid:					
Intermediate holding company (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))	358	341	925	170	170

Balances with the CCID Group	Year ended 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000	Three months ended 31 March 2022 RMB'000
Other receivables:				
Financial asset at FVTOCI (北京賽迪會展有限公司)	—	—	6,368	6,368
Fellow subsidiary (北京賽迪工業和信息化工程設計中心有限公司)	1,650	1,650	—	—
	1,650	1,650	6,368	6,368
Account payables:				
Intermediate holding company (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))	—	—	—	170
Fellow subsidiary (北京賽迪認證中心有限公司)	882	—	—	—
Fellow subsidiary (北京賽迪世紀信息工程設計中心有限公司)	—	466	466	466
Fellow subsidiary (北京賽迪物業管理有限公司)	104	—	101	101
	986	466	567	737
Other payables:				
Fellow subsidiary (工業和信息化部計算機與微電子發展研究中心)	14	—	—	—
Fellow subsidiary (北京賽迪認證中心有限公司)	6	—	—	—
	20	—	—	—
Dividend payables:				
Immediate holding company (北京賽迪工業和信息化工程設計中心有限公司)	—	—	—	18,200
Immediate holding company (北京賽迪日月投資有限公司)	—	—	—	7,800
	—	—	—	26,000
Contract liabilities:				
Fellow subsidiary (北京賽迪時代信息產業股份有限公司)	150	—	—	—

Notes:

(i) The directors of the Disposal Company are of their opinion that the above transactions with related parties were conducted in the normal course of business and charged at cost incurred plus a reasonable profit margin. The above balances with related parties are unsecured, interest-free and repayable on demand.

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

(b) Compensation of key management personnel

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

	Year ended 31 December			Three months ended 31 March	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, wages, allowances and other benefits	1,959	1,532	1,422	142	129
Contributions to retirement benefit scheme	103	74	79	19	20
	2,062	1,606	1,501	161	149

26. SUBSEQUENT FINANCIAL STATEMENTS

As at the date of this report, no audited financial statements of the Disposal Company have been prepared in respect of any period subsequent to 31 March 2022.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma financial information of CCID Consulting Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), 北京賽迪會展有限公司 (the "**Target Company**") and 北京賽迪工業和信息化工程監理中心有限公司 (the "**Disposal Company**") (the Group including the Target Company hereinafter referred to as the "**Enlarged Group**") (the "**Unaudited Pro Forma Financial Information**") has been prepared by the directors of the Company (the "**Directors**") to illustrate the financial impact of the major acquisition of the entire equity interest in the Target Company (the "**Acquisition**") and major disposal of 70% equity interest in the Disposal Company (the "**Disposal**") (hereinafter collectively referred to as the "**Transactions**"). The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2021, and related notes as set out on pages 153 to 155 of the Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guidance 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants, for the purpose of illustrating the financial impact of the Transactions as if the Transactions had been completed on 31 December 2021.

The preparation of the Unaudited Pro Forma Financial Information is based on the audited consolidated statement of financial position of the Group as at 31 December 2021 which has been extracted from the published annual report of the Company for the year ended 31 December 2021 and the audited statement of financial position of the Target Company and the Disposal Company as at 31 March 2022, extracted from the accountants' reports as set out in Appendix II and III to this Circular, after making pro forma adjustments relating to the Transactions as explained in the notes below that are (i) directly attributable to the Transactions and not relating to future events or decisions; and (ii) factually supportable, as if the Transactions had been completed on 31 December 2021. The accounting policies of the Target Company and the Disposal Company are stated in accountant's reports as set out in Appendix II and III of this Circular and such policies are consistent with the accounting policies of the Group.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purpose only and based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the assets and liabilities of the Enlarged Group as at 31 December 2021 had the Transaction been completed on 31 December 2021 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the Company's published annual report for the year ended 31 December 2021 and the historical financial information included in accountant's reports of the Target Company and the Disposal Company sets out in Appendix II and III to the Circular and other financial information included elsewhere in the Circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

AS AT 31 DECEMBER 2021

	The Group as at 31 December 2021	Pro Forma Adjustments			The Enlarged Group as 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2(b))*	*(Note 2(c))*	*(Note 3)*	
Non-current assets					
Property, plant and equipment	14,810	167	(298)		14,679
Intangible asset	14,681				14,681
Financial assets at fair value through other comprehensive income	19,234	(14,684)			4,550
Deferred tax assets	1,700	—	(172)		1,528
	50,425				35,438
Current assets					
Accounts receivables	26,287	4	(5,686)		20,605
Prepayments, deposits and other receivables	18,063	1,634	(17,664)		2,033
Financial assets at fair value through profit or loss	149				149
Tax recoverable	5,329				5,329
Amount due from related parties	5	10,000			10,005
Pledged bank deposits	3,163				3,163
Cash and cash equivalents	337,337	49,884	(84,773)		302,448
	390,333				343,732
Current liabilities					
Account payables	748	2,107	(868)		1,987
Accruals and other payables	45,133	24	(7,035)	1,940	40,062
Dividend payable	—	32,000	(26,000)		6,000
Contract liabilities	98,366	16,841	(24,217)		90,990
Amount due to a related party	150				150
Income tax payable	1,949	420			2,369
	146,346				141,558
Net current assets	243,987				202,174
Total assets less current liabilities	294,412				237,612
Non-current liability					
Deferred tax liabilities	1,627				1,627
Net assets	292,785				235,985

Notes:

1. The balances of the Group were extracted from the audited consolidated statement of financial position of the Group as at 31 December 2021 as set out in the Company's published annual report for the year ended 31 December 2021.

2. The pro forma adjustment represents the effect of the Transactions

   a) Transfer of 19.9% equity interest on the Target Company from the Disposal Company to 北京賽迪工業和信息化工程設計中心有限公司 ("**CCID Design**")

   CCID Design, a 59.375% directly non-wholly owned subsidiary of the Company, entered into the transaction agreement ("**CCID Exhibition Agreement 1**") with the Disposal Company. According to CCID Exhibition Agreement 1 as set out on pages 8 to 11 of the Circular, the Target Company's 19.9% equity interest with carrying amount of approximately RMB14,684,000, which is determined by the appraised value amounted to approximately RMB73,790,000 of the relevant equity interest in the Target Company as at 31 March 2022 in accordance with the independent valuation as set out in Appendix VI to the Circular, will be transferred from the Disposal Company to a subsidiary of the Company with cash consideration of approximately RMB14,684,000. The Target Company's 19.9% equity interest held by the Group will be continued to treat as financial asset at fair value through other comprehensive income.

   b) CCID Design entered into the transaction agreement ("**CCID Exhibition Agreement 2**") with 賽迪工業和信息化研究院(集團)有限公司 ("**CCID Group Co**") and 北京賽迪創業投資有限公司 ("**CCID Venture Investment**") pursuant to which, in accordance with the terms and subject to the conditions therein, (a) CCID Group Co agreed to sell its 53.5% equity interests in CCID Exhibition to CCID Design, and as consideration, CCID Design agreed to transfer its 44.797% equity interests in CCID Supervision to CCID Group Co together with a cash consideration of RMB4,589,700; and (b) CCID Venture Investment agreed to sell its 26.6% equity interests in CCID Exhibition to CCID Design, and as consideration, CCID Design agreed to transfer its 25.203% equity interests in CCID Supervision to CCID Venture Investment.

   Investment revaluation reserve amounted to RMB6,028,000 was transferred to retained earnings upon transfer of 100% equity interest following the completion of transactions relating to CCID Exhibition Agreement 1 and CCID Exhibition Agreement 2, and the Target Company's identifiable assets and liabilities as at the date of the Acquisition as if the Acquisition had taken place on 31 December 2021 were extracted from the audited statement of financial position of the Target Company as set out in Appendix II to the Circular, will be consolidated into the assets and liabilities of the Enlarged Group in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* as the Company and the Target Company are both under the ultimate control of 中國工業和信息化部 before and after the Transactions, and that control is not transitory.

   c) Disposal of 70% equity interest on the Disposal Company

   The Disposal Company's assets and liabilities, which were extracted from the audited statement of financial position of the Disposal Company as at 31 March 2022 as set out in Appendix III to the Circular will be disposed of and eliminated from the assets and liabilities of the Group following the completion of transactions relating to CCID Exhibition Agreement 1 and CCID Exhibition Agreement 2.

The merger reserve is i) deemed distribution to 中國工業和信息化部 under merger accounting, representing the differences amongst the consideration paid and the carrying amount of net assets of the Disposal Company; and ii) determined as the difference between consideration paid by CCID Design as mentioned in note 2b) and the carrying amount of net assets of the Target Company as follows:

	RMB'000	*RMB'000*
i) For the disposal of the Disposal Company:		
Total consideration received by CCID Design	59,106	
Less: Carrying amount of net assets of the Disposal Company	(65,157)	
Deemed distribution of dividends		(6,051)
ii) For the acquisition of the Target Company:		
Total consideration paid by CCID Design	59,106	
Less: Carrying amount of net assets of the Target Company	(11,924)	
Adjustment to merger reserve in the Enlarged Group		47,182
Total adjustment to merger reserve in the Enlarged Group		41,131

3. For the purpose of illustration, the pro forma adjustment represents estimated acquisition-related costs (including advisory, legal, accounting, valuation and other professional fees) of approximately RMB1,940,000 which should be charged to profit or loss.

4. No other adjustment have been made to the unaudited pro forma condensed consolidated statement of assets and liabilities of the Enlarged Group to reflect any trading results or other transactions of the Group and Target Company entered into subsequent to 31 December 2022 and 31 March 2022 respectively.

5. For CCID Exhibition, the difference between the net assets as at 31 March 2022 and that as at 31 December 2021 amounted to approximately RMB2,303,000. The Directors considered that the difference constitutes only 1% to the net assets of the Enlarged Group as at 31 December 2021 and is immaterial to the Enlarged Group.

   For CCID Supervision, the difference between the statement of assets and liabilities as at 31 March 2022 and that as at 31 December 2021 is mainly arising from dividend payable of RMB26,000,000. The Directors considered that the same amount of dividend payable would be declared during the year ended 31 December 2021 as if CCID Supervision to be disposed of as at 31 December 2021.

   Based on the above assessment, the Directors considered that the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is fair and reasonable with financial figures of the Group, CCID Exhibition and CCID Supervision under different financial period.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CCID Consulting Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") 北京賽迪會展有限公司 (the "**Target Company**") and 北京賽迪工業和信息化工程監理中心有限公司 (the "**Disposal Company**") (the Group including the Target Group hereinafter referred to as the "**Enlarged Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2021, and related notes as set out on pages 152 to 155 of the circular dated 21 July 2022 (the "**Circular**") in connection with the major acquisition of the entire equity interest in the Target Company and major disposal of 70% equity interest in the Disposal Company issued by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in page 152 of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the financial impact of the major acquisition of the entire equity interest in the Target Company and major disposal of 70% equity interest in the Disposal Company (the "Transactions") on the Group's assets and liabilities as 31 December 2021 as if the Transactions had been taken place at 31 December 2021. As part of this process, information about the Group's assets and liabilities have been extracted by the directors of the Company from the Group's consolidated financial statements for the year ended 31 December 2021, on which an audit report has been published.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Transactions on unadjusted financial information of the Group as if the Transactions had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transactions at 31 December 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

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

Hong Kong
21 July 2022

ASSET VALUATION REPORT

ON THE PROJECT OF PROPOSED TRANSFER OF EQUITY INTERESTS IN BEIJING CCID INDUSTRIAL AND INFORMATION ENGINEERING SUPERVISION CENTER CO., LIMITED BY BEIJING CCID INDUSTRY AND INFORMATION ENGINEERING DESIGN CENTER COMPANY LIMITED

Zhong Lian Ping Bao Zi [2022] No. 1288

SUMMARY

China United Assets Appraisal Group Co., Ltd. was engaged by Beijing CCID Industry and Information Engineering Design Center Company Limited to appraise the market value of the total shareholders' equity of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited involved in the economic activity of the proposed transfer of equity interests in Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited by Beijing CCID Industry and Information Engineering Design Center Company Limited as at the Reference Date.

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

The Reference Date was 31 March 2022.

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

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

Based on the judgement by the title holders and the management of the enterprise on the future development trend and the business plans, and upon conducting the valuation procedures, such as examination and verification, site inspection, market survey and confirmation, and determination of valuation, the valuation conclusion for the total shareholders' equity of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited as at the Reference Date, i.e. 31 March 2022, was arrived at as follows:

The book value and appraised value of the total shareholders' equity were RMB65,157,000 and RMB77,880,000 (rounded to the nearest hundred) respectively, representing a valuation appreciation of RMB12,723,000 or an appreciation rate of 19.53%.

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

According to relevant laws and regulations on asset valuation, the asset valuation report involving statutory valuation business must be used after the principal has performed the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation conclusions are effective for a term of one year from 31 March 2022 to 30 March 2023.

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

ASSET VALUATION REPORT

ON THE PROJECT OF PROPOSED TRANSFER OF EQUITY INTERESTS IN BEIJING CCID INDUSTRIAL AND INFORMATION ENGINEERING SUPERVISION CENTER CO., LIMITED BY BEIJING CCID INDUSTRY AND INFORMATION ENGINEERING DESIGN CENTER COMPANY LIMITED

Zhong Lian Ping Bao Zi [2022] No. 1288

Beijing CCID Industry and Information Engineering Design Center Company Limited,

China United Assets Appraisal Group Co., Ltd. was engaged by Beijing CCID Industry and Information Engineering Design Center Company Limited to appraise the market value of the total shareholders' equity of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited involved in the economic activity of the proposed transfer of equity interests in Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited by Beijing CCID Industry and Information Engineering Design Center Company Limited as at the Reference Date, i.e. 31 March 2022.

Details of the asset valuation are reported as follows:

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

The principal of this asset valuation is Beijing CCID Industry and Information Engineering Design Center Company Limited, and the appraised entity is Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited.

(I) Overview of the principal

Name:	Beijing CCID Industry and Information Engineering Design Center Company Limited ("**CCID Design**")
Type:	Other limited liability company
Address:	9th Floor, CCID Plaza, 66 Zizhuyuan Road, Haidian District, Beijing
Legal representative:	Qin Hailin
Registered capital:	RMB80 million
Date of establishment:	1 August 2001
Duration of operation:	1 August 2001 to 31 July 2051
Unified social credit code:	91110108802657653P

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

(II) Overview of the appraised entity

1. Basic company information

Company name:	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited
Type:	Other limited liability company
Address:	14th Floor, 66 Zizhuyuan Road, Haidian District, Beijing
Legal representative:	Guan Dongsheng
Registered capital:	RMB10 million
Date of establishment:	13 May 2003
Duration of operation:	13 May 2003 to 12 May 2033
Unified social credit code:	911101087501336469
Scope of business:	project management of construction in progress; engineering consultancy; computer system services (in which case, enterprises shall independently select business operations and carry out business activities according to laws; the business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited and restricted by the city's industrial policies shall be undertaken).

2. *History and shareholding structure*

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

Name of shareholder	**Paid-up capital** *(RMB'0,000)*	**Percentage of capital contribution**
China Centre of Information Industry Development	200.00	40.00%
China Software Testing Center (the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry)	300.00	60.00%
Total	500.00	100.00%

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

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

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

Name of shareholder	**Amount of capital contribution**	**Percentage of capital contribution**
CCID Information Industry (Group) Co., Ltd.	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd.	RMB3 million	30.00%
Total	RMB10 million	100.00%

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

Name of shareholder	**Amount of capital contribution**	**Percentage of capital contribution**
CCID Consulting Company Limited	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd.	RMB3 million	30.00%
Total	RMB10 million	100.00%

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

Name of shareholder	Amount of capital contribution	Percentage of capital contribution
Beijing CCID Shiji Information Engineering Consulting Co., Ltd.	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd.	RMB3 million	30.00%
Total	RMB10 million	100.00%

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

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

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

Name of shareholder	Amount of capital contribution	Percentage of capital contribution
Beijing CCID Industry and Information Engineering Design Center Company Limited	RMB7 million	70.00%
Beijing CCID Riyue Investment Co., Ltd.	RMB3 million	30.00%
Total	RMB10 million	100.00%

3. *Assets, financial and operating conditions*

As of the Reference Date, i.e. 31 March 2022, the Company had total assets of RMB123,277,300, liabilities of RMB58,120,300 and net assets of RMB65,157,000. The operating income shown on the financial statements was RMB20,424,500 and net profit was RMB-1,275,300 for January to March 2022.

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

Table 1 Assets, Liabilities and Financial Position

Units: RMB'0,000

Item	31 December 2019	31 December 2020	31 December 2021	31 March 2022
Total assets	126,296	142,621	159,438	123,277
Liabilities	45,288	55,394	64,156	58,120
Net assets	81,008	87,227	95,302	65,157

Item	2019	2020	2021	January to March 2022
Operating income	92,044	76,083	76,513	20,424
Total profit	18,427	4,022	858	–1,275
Net profit	15,573	4,195	856	–1,275
Net cash flows from operating activities	21,899	14,964	299	–34,913
Net cash flows from investing activities	–34,753	34,999	1,690	211
Net cash flows from financing activities	—	—	—	—
Auditors	SHINEWING Certified Public Accountants LLP			

4. *Information about core businesses*

Leveraging the premium resources of China Centre of Information Industry Development, Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (China Software Testing Center) and CCID Information Industry (Group) Co., Ltd., CCID Supervision has been committed to providing professional supervision and consulting services for the information engineering of the central and local Party organizations or government authorities at all levels, top 11 military conglomerates, large state-owned enterprises and institutions, as well as national scientific research institutes.

As an information engineering supervision pilot unit appointed by the Ministry of Information Industry (now known as the Ministry of Industry and Information Technology) since 2000, CCID Supervision undertook the first state-level information supervision development project, namely the Red Shield Project of the State Administration for Industry and Commerce(國家工商行政管理總局紅盾工程), and outlined the code of conduct for the information engineering supervision industry in the PRC. CCID Supervision was also entrusted by the ministries to formulate the Code of Information Engineering Supervision (GB/T 19668.1 — 2005) (《信息化工程監理規範》), the Administration Regulations on Information Engineering Supervision (《信息工程監理管理條例》), the IT Governance and Management System and Research on the Regulatory Environment (《IT治理管理制度及法規環境研究》), the Standard for Management of Information System Engineering Supervision Projects (《信息系統工程監理項目管理規範》), and launched vocational education and training for supervision engineers in the entire industry.

5. *Critical accounting policies adopted by the Company*

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

(III) Relationship between the principal and appraised entity

In this asset valuation, Beijing CCID Industry and Information Engineering Design Center Company Limited is the principal and Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited is the appraised entity. The principal is the shareholder of the appraised entity.

(IV) Users of this valuation report

Users of this valuation report refer to the principal.

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

II. PURPOSE OF VALUATION

In accordance with the resolutions of the first general meeting of Beijing CCID Industry and Information Engineering Design Center Company Limited in 2022, Beijing CCID Industry and Information Engineering Design Center Company Limited proposed to transfer its shareholdings in Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited.

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

III. TARGET AND SCOPE OF VALUATION

The valuation target is the total shareholders' equity of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited. The scope of valuation is comprised of all assets and related liabilities of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited. As at the Reference Date, the audited total book value of assets amounted to RMB123.2773 million, the total liabilities amounted to RMB58.1203 million, and the net assets amounted to RMB65.1570 million. Among which, current assets amounted to RMB108.1230 million, non-current assets amounted to RMB15.1547 million, current liabilities amounted to RMB58.1203 million, and non-current liabilities amounted to RMB0.00 million.

The data regarding the abovementioned assets and liabilities was extracted from the balance sheet of CCID Supervision as at 31 March 2022 audited by SHINEWING Certified Public Accountants LLP, based on which business valuation was conducted.

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

(I) Information on major assets

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

1. The current assets are monetary funds, receivables, prepayments and other current assets with good liquidity.

2. The carrying amount of physical assets included in the valuation was RMB223,400, representing 0.18% of total assets within the scope of the valuation. These assets are mainly vehicles and electronic devices with the following characteristics:

   Those physical assets were mainly distributed in the Beijing head office of Beijing CCID Information Engineering Supervision Co., Ltd., including vehicles for daily operation. Electronic devices are mainly comprised of, amongst others, printers, cameras, computers, mobile phones, scanners, air conditioners, air purifiers, office furniture and office software, all of which were under normal operation as of the Reference Date.

(II) The intangible assets recorded in or off the book of the enterprise

The intangible assets reported by the enterprise for valuation included office software recorded in the books.

1. Office software

The office software included in the scope of this valuation is comprised of 36 software acquired by the enterprise, such as Zhihua Computer Terminal Confidentiality Inspection System v1.0 (智華計算機終端保密檢查系統v1.0), Host Monitoring, Audit and Patch Distribution System (主機監控審計與補丁分發系統), Print Monitoring and Audit Recording System (打印監控與審計刻錄系統), and anti-virus software, etc.

2. Off-the-book intangible assets reported by the enterprise

Off-balance sheet assets reported by the enterprise are 45 software copyrights. The details are as follows:

No.	Copyright Owner	Name	Registration No.	Approval Date of Registration
1	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Submission and Statistical System app for Supervisory Documents (監理文檔報送及統計系統app)	2020SR0809654	2020–07–22
2	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Knowledge Sharing APP for Outsourcing Service Providers (外包服務商知識共享APP)	2020SR0809880	2020–07–22
3	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Performance Evaluation Management System for the Operation, Maintenance and Management of Government Affairs Informatization (政務信息化運維管理績效評價管理系統)	2020SR0611471	2020–06–11
4	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Dynamic Control and Management System for Information Engineering Comprehensive Governance (信息工程綜合治理動態控制管理系統)	2020SR0602099	2020–06–10
5	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Information Management System of Safe and Reliable Industrial Comprehensive Management Platform for Information Engineering (信息工程安全可靠產業綜合管理平台之信息管理系統)	2020SR0553721	2020–06–02

No.	Copyright Owner	Name	Registration No.	Approval Date of Registration
6	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Comprehensive Supervision Service and Management System APP (監理綜合服務與管理系統APP)	2020SR0552558	2020–06–02
7	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Integrated Dynamic Control and Management System for Project Management (項目管理集成動態控制管理系統)	2020SR0552551	2020–06–02
8	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Confidential Information and Data Security Management Platform V1.0 (涉密信息數據安全管理平台V1.0)	2019SR1326318	2019–12–10
9	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Vleader Informatization Supervision and Management System V1.0 (微領信息化監理管理系統V1.0)	2019SR1319199	2019–12–09
10	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Comprehensive Data Services Platform for Project Management V1.0 (項目管理數據綜合服務平台V1.0)	2019SR1318181	2019–12–09
11	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Cloud Supervision Platform V1.0 (雲監理平台V1.0)	2019SR1295486	2019–12–05
12	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	CCID Supervision Knowledge Base Management System V2.0 (賽迪監理知識庫管理系統V2.0)	2019SR1295518	2019–12–05
13	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Performance Evaluation Management System for the Operation, Maintenance and Management of Government Affairs Informatization V1.0 (政務信息化運維管理績效評價管理系統V1.0)	2019SR1284655	2019–12–04
14	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Supervision Issues Tracking Management System V1.0 (監理工作問題跟蹤管理系統V1.0)	2019SR1284637	2019–12–04
15	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Mobile-end Work Log Management System V1.0 (基於移動終端的工作日誌管理系統V1.0)	2019SR1276922	2019–12–04
16	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Supervision Platform for Large-scale Scientific Facilities Construction V1.0 (大科學裝置工程監理工作平台V1.0)	2019SR1284629	2019–12–04
17	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Performance Evaluation Management System for the Operation, Maintenance and Management of Corporate Informatization V1.0 (企業信息化運維管理績效評價管理系統V1.0)	2019SR1281523	2019–12–04

No.	Copyright Owner	Name	Registration No.	Approval Date of Registration
18	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Mobile-end Review and Approval System for Work-related Documents V1.0 (基於移動終端的工作文檔審批系統V1.0)	2019SR1284621	2019–12–04
19	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Performance Evaluation System for Budget Execution of Informatization Project V1.0 (信息化項目預算執行績效評價系統V1.0)	2019SR1276621	2019–12–04
20	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	System Structure Development and Management System for Confidential Information V1.0 (涉密信息體系結構建設管理系統V1.0)	2019SR0986469	2019–09–24
21	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Signature Verification Software for the Quality Control of Software Project V2.0 (軟件項目質量控制驗簽軟件V2.0)	2017SR421652	2017–08–03
22	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Operation, Maintenance and Supervision Performance Evaluation System V1.0 (運維監理績效評估系統V1.0)	2017SR415926	2017–08–01
23	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Signature Software for the Quality Control of Software Project V2.0 (軟件項目質量控制簽名軟件V2.0)	2017SR413144	2017–07–31
24	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Evaluation Management Software V1.0 (測評管理軟件V1.0)	2017SR413785	2017–07–31
25	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	IoT Public Service Platform V1.0 (物聯網公共服務平台V1.0)	2017SR413786	2017–07–31
26	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	IoT Intellectual Property Service Platform V1.0 (物聯網知識產權服務平台V1.0)	2017SR413784	2017–07–31
27	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Electronic Authentication Service Display Software V2.0 (電子認證服務展示軟件V2.0)	2017SR413288	2017–07–31
28	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Web-based Signature Verification System for Third-party Services of Android Applications V1.0 (基於Web的安卓應用第三方服務簽名驗證系統V1.0)	2017SR408778	2017–07–28
29	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Information Engineering Performance Evaluation Management System V2.0 (信息化工程績效評估管理系統V2.0)	2017SR407454	2017–07–28
30	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Project Management System V1.0 (項目管理系統V1.0)	2017SR407494	2017–07–28

No.	Copyright Owner	Name	Registration No.	Approval Date of Registration
31	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Web-based Signature System for Third-party Services of Android Applications V1.0 (基於Web的安卓應用第三方服務簽名系統V1.0)	2017SR408764	2017–07–28
32	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	User Data Security Tool Software V1.0 (用戶數據安全工具軟件V1.0)	2017SR408785	2017–07–28
33	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Audit System for Key Supervision Documents V1.0 (監理關鍵文檔審核系統V1.0)	2017SR407214	2017–07–28
34	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Project Knowledge Management Platform V1.0 (項目知識管理平台V1.0)	2017SR408153	2017–07–28
35	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	Supervision Test Cases Generation Tool Software V2.0 (監理測試用例生成工具軟件V2.0)	2017SR404137	2017–07–27
36	Beijing CCID Information Engineering Supervision Co., Ltd.	Electronic Authentication Service Display Software V1.0 (電子認證服務展示軟件V1.0)	2014SR036635	2014–04–01
37	Beijing CCID Information Engineering Supervision Co., Ltd.	Performance Management System for Implementation of Information Engineering V1.0 (信息化工程實施績效管理系統V1.0)	2014SR036051	2014–03–31
38	Beijing CCID Information Engineering Supervision Co., Ltd.	Supervision Test Cases Generation Tool V1.0 (監理測試用例生成工具V1.0)	2014SR036203	2014–03–31
39	Beijing CCID Information Engineering Supervision Co., Ltd.	Signature Software for the Quality Control of Software Project V1.0 (軟件項目質量控制簽名軟件V1.0)	2014SR036065	2014–03–31
40	Beijing CCID Information Engineering Supervision Co., Ltd.	Signature Verification Software for the Quality Control of Software Project V1.0 (軟件項目質量控制驗簽軟件V1.0)	2014SR036062	2014–03–31
41	Beijing CCID Information Engineering Supervision Co., Ltd.	Electronic Authentication Service Management System V1.0 (電子認證服務管理系統V1.0)	2014SR036227	2014–03–31
42	Beijing CCID Information Engineering Supervision Co., Ltd.	Management System for Informatization of Supervision Projects V1.0 (信息化監理項目管理系統V1.0)	2014SR029017	2014–03–11
43	Beijing CCID Information Engineering Supervision Co., Ltd.	Testing Documents Generation and Management System (測試文檔生成與管理系統) (hereinafter referred to as DMSV1.0-)	2008SR30164	2008–11–27

No.	Copyright Owner	Name	Registration No.	Approval Date of Registration
44	Beijing CCID Information Engineering Supervision Co., Ltd.	Testing System for Interoperable Service of Bank Card (銀行卡聯網聯合測試系統) (hereinafter referred to as Interoperable Service Testing System V1.0-)	2008SR30145	2008–11–27
45	Beijing CCID Information Engineering Supervision Co., Ltd.	Scenario-based Service Management System (場景式服務管理系統) (hereinafter referred to as Scenario-based Service System V1.3-)	2008SR30148	2008–11–27

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

The book value of various assets and liabilities on Reference Date in this valuation report is the result of the standard Audit Report on Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited* (北京賽迪工業和信息化工程監理中心有限公司) (XYZH/2022BJAS20324) without qualified opinions issued by SHINEWING Certified Public Accountants LLP on 21 April 2022. The valuation is carried out after the audit of the enterprise.

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

IV. VALUE TYPE AND ITS DEFINITION

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

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

V. REFERENCE DATE

The benchmark date for the asset valuation of this project is 31 March 2022.

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

VI. BASIS OF VALUATION

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

(I) Basis of economic activity

The Resolutions of the First General Meeting of Beijing CCID Industry and Information Engineering Design Center Company Limited in 2022.

(II) Basis of laws and regulations

1. The Asset Valuation Law of the People's Republic of China (passed at the 21st session of the 12th Standing Committee of the National People's Congress on 2 July 2016);

2. The Company Law of the People's Republic of China (amended at the 6th session of the 13th Standing Committee of the National People's Congress on 26 October 2018);

3. The Civil Code of the People's Republic of China (passed at the 3rd session of the 13th National People's Congress on 28 May 2020);

4. The Enterprise State-owned Assets Law of the People's Republic of China (passed at the 5th session of the 11th Standing Committee of the National People's Congress on 28 October 2008);

5. The Enterprise Income Tax Law of the People's Republic of China (amended at the 7th session of the 13th Standing Committee of the National People's Congress on 29 December 2018);

6. The Securities Law of the People's Republic of China; (amended for the second time at the 15th session of the 13th Standing Committee of the National People's Congress on 28 December 2019);

7. The Implementation Rules of Interim Regulations on Value-Added Tax of the People's Republic of China (Order No. 691 of the State Council) (passed at the 191st executive meeting of the State Council on 30 October 2017);

8. The Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs);

9. The Opinions of the Ministry of Finance on Reforming the Administration and Management of Appraisal of State-owned Assets and Strengthening the Supervision and Management of Asset Valuation (Guo Ban Fa [2001] No. 102);

10. Other laws, regulations, rules, and systems related to the valuation.

(III) Basis of valuation criteria

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

(IV) Basis of asset ownership

1. Purchase contracts or evidences of material assets;

2. Other reference information.

(V) Pricing basis

1. Relevant data from price information database of China United Assets Appraisal Group Co., Ltd.;

2. Contracts and information of significant businesses;

3. Other reference information.

(VI) Other reference information

1. The Audit Report on Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited* (北京賽迪工業和信息化工程監理中心有限公司) (XYZH/2022BJAS20324) issued by SHINEWING Certified Public Accountants LLP;

2. RoyalFlush Financial Information Terminal;

3. Valuation: Measuring and Managing the Value of Companies (3rd Edition) (written by [US] Copeland, T. et al., translated by Hao Shaolun (郝紹倫) and Xie Guanping (謝關平), Publishing House of Electronics Industry);

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

5. Other reference information.

VII. VALUATION METHODS

(I) Introduction to valuation methods

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

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

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

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

(II) Election of valuation methods

The valuation is carried out for the purpose of the proposed transfer equity interests in Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited by Beijing CCID Industry and Information Engineering Design Center Company Limited.

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

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

Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited is principally engaged in the provision of supervision and consultancy services for information engineering for national ministries and commissions, local governments, national new development areas, industrial parks, industrial enterprises and investment/financing institutions. Upon enquiry on the principal business, operation model, asset scale, operating results and other aspects, especially the target customers group, there is no comparable listed companies. In addition, prior to or subsequent to the Reference Date, no case involving equity transfer or acquisition comparable to that of the appraised entity is identified in the market, nor is any comparable listed company with similar business identified. Therefore, the conditions for valuation using the market approach are not available. In this regard, the market approach is not adopted in this valuation.

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

(III) Asset-based approach

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

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

1. Current assets

(1) Monetary capital

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

(2) Accounts receivables

For accounts receivables, the valuer, on the basis of verifying the accounts receivables, as well as historical information and those obtained from on-site, analysed the amount, time and reason of the arrears, the recovery status of the accounts receivables, the funds, credit standing, operating and management status of the debtors. The individual identification method is used for determining and assessing the risk losses of the accounts receivables.

The valuer, on the basis of verifying the above receivables, as well as historical information and those obtained from on-site, analysed the amount, time and reason of the arrears, the recovery status of the accounts receivables, the funds, credit standing, operating and management status of the debtors. The individual identification method and aging analysis are used for estimating the risk losses. Where there are reasonable grounds for believing that all borrowings from related-party transactions and incumbent individual employees are recoverable, the risk of losses is assessed to be 0. The risk of losses is assessed at 100%, if there is conclusive evidence that the amount is irrecoverable or overdue; 5% for external units aged 0 to 6 months (including 6 months), 5% for 7 to 12 months (including 12 months), 10% for 1 to 2 years (including 2 years), 30% for 2 to 3 years (including 3 years), 50% for 3 to 4 years (including 4 years), 80% for 4 to 5 years (including 5 years) and 100% for more than 5 years.

Valuation is determined based on the verified book value.

(3) Other current assets

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

2. *Fixed-assets — equipment assets*

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

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

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

Appraised value = Full replacement cost × Newness rate

(1) Determination of full replacement cost

1) Transportation vehicles

The current tax-included purchase price of transport vehicles is determined according to local vehicle market sales information and other recent vehicle market price data. On this basis, the vehicle purchase tax and new car registration fee, etc. are included in determining the full replacement cost in accordance with the Vehicle Acquisition Tax Law of the People's Republic of China (《中華人民共和國車輛購置稅法》). Then a VAT deduction is calculated for deduction based on adjusted value-added tax rate in accordance with the Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Taxation Administration and General Administration of Customs) jointly issued by the Ministry of Finance, State Taxation Administration and General Administration of Customs. In this valuation, if a transportation vehicle meets the conditions for deduction of value-added tax, its VAT deduction shall be calculated for deduction, and the full replacement cost of the vehicle is:

Full replacement cost = tax-exclusive purchase price + vehicle purchase tax + license fee, etc.

① Vehicle purchase price: The vehicle purchase price is determined according to the vehicle market information and recent vehicle market price data from relevant sources, such as Automobile Quotation Database by pcauto.com, yiche.com, and by referring to the latest market price of similar models in the same location.

② Vehicle purchase tax: According to the relevant regulations of the Vehicle Purchase Tax Law of the People's Republic of China (Order No. 294 of 2001 of the State Council) (《中華人民共和國車輛購置稅法》): taxable amount of vehicle purchase tax = taxable value × 10%. The "taxable value of self-use vehicles purchased by taxpayers shall not include value-added tax amount". Therefore: purchase surtax = purchase price/(1 +13%) × 10%.

③ New vehicle registration fee, etc.: Determined by the content and amount of such fees in the place where the vehicle is located.

2) Electronic equipment

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

Full replacement cost = Purchase price (exclusive of tax)

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

(2) Determination of newness rate

1) Newness rate for transportation vehicles

Pursuant to the relevant requirements of the Provisions on the Standards for Compulsory Retirement of Motor Vehicles (Order [2012] No. 12) promulgated by the Ministry of Commerce of the PRC, the National Development and Reform Commission, the Ministry of Public

Security and the Ministry of Environmental Protection, the smaller of the newness ratios as determined below is taken as the final newness ratio of vehicles, i.e.:

Newness ratio of service life = (1 − Serviced life/Specified or economic service life) × 100%

Newness ratio of mileage = (1 − Travelled mileage/Specified mileage) × 100%

2) Newness rate of electronic equipment

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

Newness rate = remaining useful life/(actual serviced life + remaining useful life) × 100%

(3) Determination of appraised value

Appraised value = Full replacement cost × Newness rate

3. Intangible assets

(1) Purchased software

For purchased software, the valuers reviewed the relevant supporting information to understand the composition of the original book value, the method and period of amortization and inspected the original contract to verify that the amounts in the accounts and statements were consistent. The appraised value is determined by inquiring prices from the software suppliers or by checking the current tax-excluded price online.

(2) Software copyright

1) Valuation methods

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

2) Valuation model of cost approach

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

The basic formula of the cost approach is as follows:

$$P = C_1 + C_2 + C_3$$

where: P — appraised value
C1 — research and development cost
C2 — opportunity cost of research and development
C3 — Other costs such as application fees

4. Investment in other equity instruments

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

5. Liabilities

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

(IV) Income approach

1. Introduction

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

2. Valuation methods

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

(1) In respect of assets and principal businesses included in the scope of the financial statements, their expected income (net cash flow) are estimated based on the trend of historical operating conditions and the types of businesses, and are discounted to obtain the value of the operating assets;

(2) Current assets (liabilities) such as monetary funds, dividends receivable (payable) and non-current assets (liabilities) such as obsolete or idle equipment, house property and construction in progress not recorded in the profit and loss as at the Reference Date that are included in the scope of the financial statements but not taken into account in the forecast of expected income (net cash flow), were defined as surplus or non-operational assets (liabilities) existed as at the Reference Date, and their values were forecasted separately;

(3) In respect of long-term equity investments included in the scope of the financial statements but not taken into account in the estimation of expected income (net cash flow), their values were forecasted separately;

(4) The enterprise value of the appraised entity was derived by adding up the values of the above assets and liabilities. The value of interest-bearing debts was then deducted from the enterprise value to arrive at the value of the equity capital (total shareholders' equity) in the appraised entity.

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

3. *Valuation model*

(1) Basic model

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

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

Where:

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

B: Enterprise value of the appraised entity;

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

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

Where:

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

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

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

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

Where:

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

r: Discount rate;

n: Future operating term of the appraised entity;

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

C_1: Value of current surplus or non-operating assets (liabilities) as at the Reference Date;

C_2: Value of non-current surplus or non-operating assets (liabilities) as at the Reference Date.

(2) Income indicators

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

R = profit before interest and tax × (1–t) + depreciation and amortization – additional capital (5)

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

(3) Discount rate

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

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

Where:

W_d: Debt ratio for the appraised entity;

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

W_e : Equity ratio for the appraised entity;

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

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

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

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

Where:

r_f: Risk-free return rate;

r_m: Expected market yield;

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

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

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

β_u: Expected unleveraged market risk factor for comparable companies;

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

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

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

Where:

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

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

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

4. *Income period*

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

VIII. IMPLEMENTATION PROCESS AND STATUS OF VALUATION PROCEDURES

The overall valuation work was performed in four stages:

(I) Preparation stage of the valuation

1. Project negotiation and acceptance of project commission

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

2. Determining the valuation scheme and preparing the work plan

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

3. Submitting the information list and the interview outline

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

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

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

(II) On-site engagement stage of the valuation

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

1. Preliminary understanding of the overall situation

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

2. Review and verification of materials

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

3. Checking important items

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

4. Conducting due diligence interviews

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

5. Determining valuation approaches and methods

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

6. Conducting the appraisal and valuation

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

(III) Valuation consolidation stage

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

(IV) Report submission stage

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

IX. VALUATION ASSUMPTIONS

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

(I) General Assumptions

1. Transaction Assumption

Transaction assumption assumes that all assets to be appraised are in the trading process, and the appraisal is based on the simulated market including the trading conditions of the assets to be appraised by the valuer. Transaction assumption is the most fundamental assumption for the valuation of assets.

2. Open-market Assumption

Open market assumption assumes that both parties of the transaction in respect of the assets traded or to be traded in the market are equal and have opportunities and time to get adequate market information so as to make rational judgments on the function, usage and trading price of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market.

3. Going-concern Assets Assumption

Going-concern assets assumption means that the valuation method, parameters and basis shall be determined in accordance with the condition that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.

(II) Special Assumptions

1. This valuation assumes that the external economic environment remains unchanged and the current national macroeconomy does not change significantly from that as at the Reference Date;

2. There will be no significant change in the social and economic environment where the enterprise operates and the applicable policies on tax and tax rate, etc.;

3. The future operation and management team of the enterprise will be diligent and will continue the existing operation and management models;

4. The valuation is only based on the current operating capabilities as at the Reference Date without taking into account the potential expansion of operating capabilities caused by the management, operating strategies and additional investment in the future and the subsequent changes in the production and operations that may occur;

5. Each asset under this valuation is based on the actual stock on the Reference Date, and the current market price of the relevant asset is based on the domestic effective price on the Reference Date;

6. This valuation assumes that basic information and financial information provided by the principal and the appraised entity are true, accurate and complete;

7. The scope of the valuation is only based on the assessment declaration form provided by the principal and the appraised entity, without considering the contingent assets and contingent liabilities that may exist beyond the list provided by the principal and the appraised entity;

8. The COVID-19 pandemic was under effective control and did not have substantial impact on the Company's business.

9. The value of each parameter measured in this valuation does not take into account the effect of inflation.

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

X. THE CONCLUSION OF VALUATION

Based on the judgment of the appraised entity and the management of the enterprise on the future development trend and the implementation of business plans, and in accordance with the relevant laws and regulations and asset valuation standards, the asset-based approach and income approach have been adopted after implementation of valuation procedures, including checking and verification, on-site inspection, market research and inquiry, assessment and estimation. The assessment of the market value of the total shareholders' equity of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited as at the Reference Date (i.e. 31 March 2022) was carried out.

(I) Valuation conclusion under the asset-based approach

By adopting the asset-based approach, the valuation conclusions made by the appraised entity as at Reference Date are as follows:

The book value, appraised value and incremental value of total assets were RMB123,277,300, RMB135,213,000 and RMB11,935,700, respectively, representing an increase ratio of 9.68%.

The book value and the appraised value of liabilities were RMB58,120,300 and RMB58,120,300, respectively, with no increase or decrease in value.

The book value, appraised value and incremental value of net assets were RMB65,157,000, RMB77,092,700 and RMB11,935,700, respectively, representing an increase ratio of 18.32%. See the table below for details:

Table 2 Summary of valuation results
Reference Date: 31 March 2022

Unit: RMB Ten thousand

Items		Book Value B	Appraised Value C	Increase or Decrease in Value D = C–B	Increase ratio (%) E = D/B × 100%
1	Current assets	10,812.30	10,812.30	—	—
2	Non-current Assets	1,515.43	2,787.60	1,272.13	83.94
3	Including: available-for-sale financial assets	—	—		
4	Fixed assets	21.20	44.83	23.63	111.46
5	Intangible assets	8.65	1,178.56	1,169.91	13,524.97
6	Other non-current assets	1,485.62	1,485.62	—	—
7	**Total assets**	**12,327.73**	**13,521.30**	**1,193.53**	**9.68**
8	Current liabilities	5,812.03	5,812.03	—	—
9	Non-current liabilities	—	—	—	
10	**Total liabilities**	**5,812.03**	**5,812.03**	**—**	**—**
11	**Net assets (owner's equity)**	**6,515.70**	**7,709.27**	**1,193.53**	**18.32**

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

(II) Valuation conclusion under the income approach

Forecast of the operating income and cost of the appraised entity:

(1) Income and cost:

Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited is principally engaged in the provision of supervision and consultancy services for information system engineering, and strives to provide third-party supervision and management consultancy services for government authorities at all levels throughout the process of information engineering and construction. Currently, Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited maintains stable operation. However, since the outbreak of COVID-19, the downside pressure of the PRC economy continued to increase, and the government's investments in the construction of information system engineering have shrunk or slowed down accordingly, leading to a decrease in market demand as compared to the previous years. Meanwhile, with the gradual easing of the government's marketization mechanism of information supervision and management consultancy services, the competitive pressure in the market has increased. As such, for the sake of prudence, the slight increase in future income of 4% to 5% has been taken into consideration. As CCID Supervision will further expand into markets outside Beijing in the future, its costs will also increase to a certain extent, and the gross margin will hence decrease in the future.

(2) Forecast of tax and surcharge

The tax and surcharge of the appraised entity include municipal maintenance tax, education surcharge and local education surcharge, which were calculated based on the value-added tax actually paid. The rates of tax (surcharge) were 7%, 3% and 2%, respectively. The company enjoyed an income tax rate of 15% as it was recognized as a high and new technology enterprise.

(3) Forecast of expenses for the period

The selling expenses and administrative expenses mainly represent the labour costs, the office expenses, services fees and other costs. Expenses for the period has a strong correlation with business revenue, hence the increase of which was considered as basically in line with business growth.

(4) Forecast of research and development cost

As Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited is a high and new technology enterprise, the research and development cost mainly represent the wages of the research and development personnel who are responsible for work in relation to the research and development of the professional testing and management tools required for information supervision services. With the business expansion and constant update and development of tools, the research and development cost is expected to increase in the future.

(5) Forecast of depreciation and amortization

The assets of the appraised entity that shall be depreciated are fixed assets, which mainly include motor vehicles and office equipment. Fixed assets are measured at actual cost when acquired. Pursuant to the depreciation policies adopted by the company for fixed assets, the amount of depreciation in the future operating period in this valuation is estimated based on the original book value, the estimated useful life, the weighted depreciation rate and other parameters of the fixed assets as at the Reference Date. The assets of the appraised entity that shall be amortized are intangible assets and long-term prepaid expenses, which mainly include newly acquired software. Pursuant to the amortization policies adopted by the company, the amount of amortization in the future operating period in this valuation is estimated based on the amortization period of the intangible assets.

Forecast of future net cash flows

Unit: RMB10,000

Item/Year	**April to December 2022**	**2023**	**2024**	**2025**	**2026**	**2027 and beyond**
Revenue	5,727.71	8,054.28	8,376.45	8,795.27	9,235.03	9,235.03
Cost	2,393.87	4,408.21	4,627.76	4,859.15	5,102.11	5,102.11
Business tax and surcharge	40.12	57.99	60.31	63.33	66.49	66.49
Operating expenses	380.01	597.58	615.51	634.02	653.10	653.10
Administrative expenses	737.22	1,056.21	1,106.83	1,159.93	1,215.64	1,215.64
Research and development expenses	1,216.29	1,445.05	1,488.40	1,533.06	1,579.05	1,579.05
Operating profit	960.21	489.24	477.63	545.78	618.64	618.64
Total profit	960.21	489.24	477.63	545.78	618.64	618.64
Minus: Income tax	124.68	73.39	71.65	81.87	92.80	92.80
Net profit	835.53	415.85	405.98	463.91	525.84	525.84
Depreciation of fixed assets	10.95	14.60	14.60	14.60	14.60	14.60
Amortization	2.10	2.10	2.10	2.10	2.10	2.10
Interests after tax						
Asset upgrade	13.05	16.70	16.70	16.70	16.70	16.70
Increase in working capital	275.11	100.16	113.58	147.66	155.04	—
Capital expenditure						
Net cash flows	560.42	315.68	292.40	316.26	370.81	525.84

(1) Obtain the value of the operating assets by discounting based on the forecast of net cash flows, i.e. RMB37.6643 million;

(2) Calculate the value of surplus or non-operational assets (liabilities) existed as at the Reference Date, i.e. RMB40.2162 million;

(3) Calculate the value of long-term equity investments, i.e. RMB0;

(4) The enterprise value of the appraised entity was derived by adding up the value of the operating assets, the surplus or non-operational assets (liabilities) and the long-term equity investments. The value of the interest-bearing debts as at the Reference Date was then deducted from the enterprise value to arrive at the appraised value of the total shareholders' equity of the appraised entity.

Value of the operating assets (P) = RMB37.6643 million, and value of other surplus or non-operational assets existed as at the Reference Date (C) = RMB40.2161 million. By applying the above values to the formula, the enterprise value of the appraised entity (B) derived = RMB77.8804 million.

Value of interest-bearing debts of the enterprise as at the Reference Date (D) = RMB0, and the value of equity interests of the appraised entity can be derived:

E = B–D = RMB77.88 million (rounded to the nearest hundred)

By adopting the income approach, the valuation conclusion made by the appraised entity as at Reference Date (i.e. 31 March 2022) is as follows:

The book value, appraised value and incremental value of the total shareholders' equity were RMB65,157,000, RMB77,880,000 (rounded to the nearest hundred) and RMB12,723,000, respectively, representing an increase ratio of 19.53%.

(III) Analysis of the differences between the valuation conclusions

In this valuation, the net assets (being the total shareholders' equity) arrived at by using the income approach was RMB77,880,000 (rounded to the nearest hundred), which was RMB787,300 or 1.02% higher than the appraised value of RMB77,092,700 calculated using the asset-based approach. The major reasons for the difference in outcome under the two valuation methods are set out as follows:

1. The asset-based approach takes the replacement cost of assets as the valuation standard, and reflects the necessary social labor consumed by asset investments (acquisition and construction cost), but such acquisition and construction cost usually changes along with the changes of national economy;

2. The income approach takes the expected incomes of assets as the valuation standard, and reflects the size of the operating capacity (profitability) of assets, but such profitability is usually affected by various conditions, such as the macro economy, governmental control and effective usage of assets.

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

(IV) Selection of valuation conclusions

The asset-based approach accesses the fair market value of assets from the perspective of asset replacement, which can only reflect the value of the assets of an enterprise, but cannot fully and reasonably reflect the comprehensive profitability of the various assets and the growth of an enterprise, and it cannot cover the value of intangible resources such as contracts in force, customer resources and human resources. The asset-based approach only accesses each individual tangible asset and intangible asset, and thus may not fully reflect the contribution of such individual assets combined to the whole company, nor fully measure the synergy arising from the complementary and organic combination of each individual asset. Judging from the asset structure of CCID Supervision, CCID Supervision is an asset-light company, the value of which cannot be fully reflected under the asset-based approach, so the asset-based approach was not adopted.

The expected return from assets is deemed as the value standard of the income approach, reflecting the level of operating capacity (profitability) of assets and accessing the value of an enterprise by its profitability. For investors, the value of an enterprise depends on its expected returns in the future. The income approach not only considers the assets of an enterprise measured in accordance with accounting principles, but also takes into account the resources effectively owned or controlled by the enterprise which cannot be reflected in the balance sheet, such as contracts in force, customer resources, sales networks, potential projects, enterprise qualifications, human resources and R&D capabilities, the contribution of which to the enterprise is reflected in the net cash flows of the enterprise. Therefore, the valuation conclusion under the income approach can better reflect the overall growth and profitability of an enterprise. CCID Supervision is engaged in providing supervision services. The overall profitability of an enterprise is driven by all external factors combined with its internal conditions. Therefore, the income approach can reflect the value of CCID Supervision more comprehensively and reasonably.

Based on the above, the appraised value of the total shareholders' equity of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited as at the Reference Date was RMB77,880,000 (rounded to the nearest hundred).

XI. NOTES ON SPECIAL MATTERS

(I) Quotation of report conclusions issued by other institutions

The book value of assets and liabilities on the Reference Date in this valuation report is audited by SHINEWING Certified Public Accountants LLP. SHINEWING Certified Public Accountants LLP issued a standard report for this project, which is named Audit Report on Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited* (《北京賽迪工業和信息化工程監理中心有限公司審計報告》) without qualified opinions.

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

(II) Incomplete or defective ownership information

Nil.

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

Nil.

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

Nil.

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

Nil.

(VI) Significant subsequent events

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

No significant subsequent event was identified.

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

Nil.

(VIII) Other explanatory matters

1. It is the legal responsibility for the valuer and the valuation firm to make professional judgment on the value of the assets for the valuation purposes depicted in this report, and no judgment whatsoever would be made by the valuer and the valuation firm as to the economic activity corresponding to those valuation purposes. To a large extent, the valuation depends on the information provided by the principal and the appraised entity. Therefore, valuation is premised on the fact that economic activity documents, asset title documents, license and accounting vouchers and the relevant legal documents provided by the principal and the appraised entity were authentic and legal.

2. The objectives of the valuers conducting the asset valuation are to estimate the value of the valuation target and to express professional advice thereof, and accept no responsibilities for the decision of the relevant party. The valuation conclusion shall not be construed as a guarantee of the realisable value of the valuation target.

3. The principal and the appraised entity are held responsible for the authenticity and completeness of the data, statements and the relevant information which were provided by the appraised entity and were used within the scope of this valuation.

4. The principal and the appraised entity are held responsible for the authenticity and legality of the title documentary proof and relevant information which are provided by the appraised entity and are referred to in the valuation report.

5. In the event that any changes in the quantity and the pricing standard of assets occurred within the term of validity after the Reference Date, the principles set out below shall be followed:

   (1) In the event that quantity of assets changes, corresponding adjustments shall be made to the quantity of assets according to the original valuation method;

   (2) In the event that the pricing standard of the assets changes and imposes obvious impacts on the asset valuation results, the principal shall timely employ qualified asset valuation agency to redetermine the appraised value;

   (3) After the Reference Date, the principal shall give due consideration to changes in the quantity and the pricing standard of assets and make corresponding adjustment when determining prices.

6. The conclusion of this valuation is based on the assumption that the owner of property rights and the management of the valuation target make accurate judgments on the development trend in future and related plans will be duly implemented as well as continuous operation. If the future actual operation conditions of the company deviate from the operation plans, and the appraised entity and its then management fail to adopt remedies in time to correct such deviation, the conclusion of this valuation will change substantially. Therefore, users of the report are strongly advised to pay close attention in this regard.

7. The scope of valuation shall be subject to that in the asset valuation list provided by the principal and the appraised entity, without taking into consideration any existing or contingent assets or contingent liabilities other than those included in the aforesaid list;

8. The COVID-19 pandemic was under effective control and did not have substantial impact on the Company's business.

9. The valuers have not taken into account any premiums or discount arising from control and minority interests in this valuation.

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

(I) This valuation report may only be used according to the objectives and purposes as stated herein. Meanwhile, the valuation conclusion reflects the prevailing market fair value under the valuation purpose based on the open market principle, without considering the impact of mortgages and guarantees that the appraised entity may be subject to in the future, nor the impact of additional price which may be paid by special trading parties. Meanwhile, the effects of changes in national macro-economic policies, the natural force and other force majeure on the price of assets are not taken into account. In general, if the aforesaid conditions and other situations such as going concern basis changes, valuation conclusion will become invalid. The valuation agency is not liable for invalidity of the valuation conclusion due to changes of such conditions.

(II) This valuation report is only valid when the economic activity complies with the state laws and regulations and the valuation report is approved by relevant departments.

(III) The valuation report may only be used by users expressly stated herein. The right to use this report is vested in the principal. The valuation agency will not make the report public without the approval of the principal.

(IV) The asset valuation firm and its valuers shall not bear responsibilities if the principal or other users of the asset valuation report fail(s) to use the asset valuation report in accordance with the provisions of laws and administrative regulations or within scope of use specified in the asset valuation report.

(V) Except for the principal, other users of this asset valuation report designed in the asset valuation entrustment contract and asset valuation users of this report stipulated by laws and administrative regulations, any other firms or individuals cannot be asset valuation users of this report.

(VI) Save as required by laws and regulations or otherwise agreed upon by relevant parties concerned, the extraction, reference or disclosure of the whole or any part of contents of this valuation report in any public media shall be subject to approval and review of such contents by the valuation agency.

(VII) Validity period of the valuation conclusion: According to relevant laws and regulations on asset valuation, the asset valuation report involving statutory valuation business must be used by the principal after performing the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation results shall be valid for a term of one year from 31 March 2022 (the Reference Date) to 30 March 2022. Revaluation is required after the one-year term expires.

XIII. DATE OF VALUATION REPORT

This valuation report is dated 23 April 2022.

ASSET VALUATION REPORT

ON THE PROJECT OF PROPOSED TRANSFER OF EQUITY INTERESTS IN BEIJING CCID EXHIBITION CO. LTD. HELD BY BEIJING CCID INDUSTRIAL AND INFORMATION ENGINEERING SUPERVISION CENTER CO., LIMITED

Zhong Lian Ping Bao Zi [2022] No. 1285

SUMMARY

China United Assets Appraisal Group Co., Ltd. was engaged by Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited to appraise the market value of the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. involved in the economic activity of the proposed transfer of equity interests in Beijing CCID Exhibition Co. Ltd. by Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited as at the Reference Date.

The valuation target was the total shareholders' equity of Beijing CCID Exhibition Co. Ltd., and the scope of valuation was all assets and relevant liabilities of Beijing CCID Exhibition Co. Ltd., including current assets, non-current assets and relevant liabilities.

The Reference Date was 31 March 2022.

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

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

Based on the judgement by the title holders and the management of the enterprise on the future development trend and the business plans, and upon conducting the valuation procedures, such as examination and verification, site inspection, market survey and confirmation, and determination of valuation, the valuation conclusion for the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. as at the Reference Date, i.e. 31 March 2022, was arrived at as follows:

The book value and appraised value of the total shareholders' equity were RMB14,886,900 and RMB73,790,000 (rounded to the nearest hundred) respectively, representing a valuation appreciation of RMB58,902,300 or an appreciation rate of 395.67%.

The appraised value for the 19.90% equity interests in Beijing CCID Exhibition Co. Ltd. held by Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited was RMB14,684,200.

The valuation conclusions did not take into account the impact of factors such as the controlling interest premium or minority interest discount.

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

According to relevant laws and regulations on asset valuation, the asset valuation report involving statutory valuation business must be used after the principal has performed the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation conclusions are effective for a term of one year from 31 March 2022 to 30 March 2023.

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

ASSET VALUATION REPORT

ON THE PROJECT OF PROPOSED TRANSFER OF EQUITY INTERESTS IN BEIJING CCID EXHIBITION CO. LTD. HELD BY BEIJING CCID INDUSTRIAL AND INFORMATION ENGINEERING SUPERVISION CENTER CO., LIMITED

Zhong Lian Ping Bao Zi [2022] No. 1285

Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited,

China United Assets Appraisal Group Co., Ltd. was engaged by Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited to appraise the market value of the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. involved in the economic activity of the proposed transfer of equity interests in Beijing CCID Exhibition Co. Ltd. by Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited as at the Reference Date, i.e. 31 March 2022.

Details of the asset valuation are reported as follows:

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

The principal of this asset valuation is Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited, and the appraised entity is Beijing CCID Exhibition Co. Ltd..

(I) Overview of the principal

Company name:	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited
Type:	Other limited liability company
Address:	14th Floor, 66 Zizhuyuan Road, Haidian District, Beijing
Legal representative:	Guan Dongsheng
Registered capital:	RMB10 million
Date of establishment:	13 May 2003
Duration of operation:	13 May 2003 to 12 May 2033
Unified social credit code:	911101087501336469

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

(II) Overview of the appraised entity

1. Basic company information

Company name:	Beijing CCID Exhibition Co. Ltd. ("**CCID Exhibition**")
Type:	Other limited liability company
Address:	Room 801, 8th Floor, 66 Zizhuyuan Road, Haidian District, Beijing
Legal representative:	Li Kun
Registered capital:	RMB10 million
Date of establishment:	10 January 2000
Duration of operation:	10 January 2000 to 9 January 2030
Unified social credit code:	911101087187723681
Scope of business:	undertaking exhibition and demonstration activities; convention services; technical consulting; technical services; computer technology training; economic and trade consulting (in which case, market entities shall independently select business operations and carry out business activities according to laws; those business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited and restricted by the state and the city's industrial policies shall be undertaken).

2. *History and shareholding structure*

Beijing CCID Exhibition Co. Ltd. (formerly known as Beijing CCID Exposition Co., Ltd.) was established on 10 January 2000 with a registered capital of RMB0.3 million. Its shareholding structure is as follows:

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution *%*
1	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	80
2	Beijing Xixin Technology Co., Ltd.* (北京希信科技有限責任公司)	6	20
	Total	30	100.00

At the general meeting held on 4 August 2000, CCID Information Consulting Company Limited and Beijing CCID Investment Co., Ltd.* (北京賽迪投資有限公司) were approved to become the shareholders of the Company, and the total registered capital increased to RMB10 million.

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution *%*
1	CCID Information Consulting Company Limited	510	51
2	Beijing CCID Investment Co., Ltd.	266	26.6
3	Beijing Xixin Technology Co., Ltd.	200	20
4	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	2.4
	Total	1,000	100.00

At the general meeting held on 10 November 2003, in view of the fact that CCID Information Consulting Company Limited, Beijing Xixin Technology Co., Ltd. and Beijing CCID Investment Co., Ltd. were renamed as CCID Information Industry (Group) Co., Ltd., Beijing CCID Information Technology Testing Co., Ltd. and Beijing CCID Venture Investment Company Limited respectively, the corresponding amendments to the Articles of Association were approved.

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution %
1	CCID Information Industry (Group) Co., Ltd.	510	51
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Information Technology Testing Co., Ltd.	200	20
4	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	2.4
	Total	1,000	100.00

At the general meeting held on 5 January 2004, Beijing CCID Exposition Co., Ltd. was renamed as Beijing CCID Exhibition Co. Ltd. to cater for the needs of its corporate development and operation.

At the general meeting held on 15 October 2007, the addition of a new shareholder, namely Beijing CCID Information Engineering Supervision Co., Ltd., was approved. CCID Information Industry (Group) Co., Ltd. agreed to transfer the capital contribution of RMB2 million held to Beijing CCID Information Engineering Supervision Co., Ltd..

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution %
1	CCID Information Industry (Group) Co., Ltd.	310	31
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Information Technology Testing Co., Ltd.	200	20
4	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	2.4
5	Beijing CCID Information Engineering Supervision Co., Ltd.	200	20
	Total	1,000	100.00

At the general meeting held in December 2009, Beijing CCID Information Engineering Supervision Co., Ltd. transferred its 0.1% shares of Beijing CCID Exhibition Co. Ltd. (representing a capital contribution of RMB10,000) to CCID Information Industry (Group) Co., Ltd..

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution *%*
1	CCID Information Industry (Group) Co., Ltd.	311	31.1
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Information Technology Testing Co., Ltd.	200	20
4	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	2.4
5	Beijing CCID Information Engineering Supervision Co., Ltd.	199	19.9
	Total	1,000	100.00

At the general meeting held on 12 November 2014, in view of the fact that the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry was renamed as Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (China Software Testing Center), CCID Information Industry (Group) Co., Ltd. was renamed as CCID Industry and Information Research Centre Co., Ltd., Beijing CCID Information Technology Testing Co., Ltd. was renamed as CCID Information Physical System Testing Lab. Co., Ltd., and Beijing CCID Information Engineering Supervision Co., Ltd. was renamed as Beijing CCID Industry and Information Engineering Supervision Co., Ltd., the corresponding amendments to the Articles of Association were approved.

No.	Name of shareholder	Amount of capital contribution (RMB'0,000)	Percentage of capital contribution %
1	CCID Industry and Information Research Centre Co., Ltd.	311	31.1
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	CCID Information Physical System Testing Lab. Co., Ltd.	200	20
4	Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (China Software Testing Center)	24	2.4
5	Beijing CCID Industry and Information Engineering Supervision Co., Ltd.	199	19.9
	Total	1,000	100.00

It was resolved at the general meeting on 6 September 2017 that Beijing CCID Industry and Information Engineering Supervision Co., Ltd. was approved to change its name to Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited, CCID Industry and Information Research Centre Co., Ltd.* (賽迪工業和信息化研究院有限公司) was approved to change its name to 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 Information Physical System Testing Lab. Co., Ltd. was approved to change its name to CCID Testing and Certification Centre Co., Ltd., and the addition of a new shareholder, namely Beijing CCID Publishing & Media Co. Ltd., was approved; the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (China Software Testing Center) was approved to transfer its capital contribution of RMB240,000 to Beijing CCID Publishing & Media Co. Ltd., CCID Academy for Industry and Information Technology Limited was approved to transfer its capital contribution of RMB3.11 million to Beijing CCID Publishing & Media Co. Ltd., and CCID Testing and Certification Centre, a shareholder, was approved to transfer its capital contribution of RMB2 million to Beijing CCID Publishing & Media Co. Ltd..

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution *%*
1	Beijing CCID Publishing & Media Co. Ltd.	535	53.5
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	199	19.9
	Total	1,000	100.00

At the general meeting held on 8 December 2021, CCID Academy for Industry and Information Technology Limited was approved to become a new shareholder of the Company, Beijing CCID Publishing & Media Co. Ltd. was approved to transfer its equity interests of RMB5.35 million to CCID Academy for Industry and Information Technology Limited; and Beijing CCID Publishing & Media Co. Ltd. was approved to exit from the general meeting.

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution *%*
1	CCID Academy for Industry and Information Technology Limited	535	53.5
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	199	19.9

3. *Assets, financial and operating conditions*

As of the Reference Date, i.e. 31 March 2022, the Company had total assets of RMB66,279,300, liabilities of RMB51,392,400 and net assets of RMB14,886,900. The operating income was RMB0.0 and net profit was RMB-2,303,100 for January to March 2022.

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

Table 1 Assets, Liabilities and Financial Position

Units: RMB'0,000

Item	**31 December 2019**	**31 December 2020**	**31 December 2021**	**31 March 2022**
Total assets	43,204.70	45,093.90	64,611.90	66,279.30
Liabilities	9,060.10	6,557.40	47,421.90	51,392.40
Net assets	34,144.70	38,536.50	17,190.00	14,886.90

Item	**2019**	**2020**	**2021**	**January to March 2022**
Operating income	48,414.90	38,379.60	46,041.40	—
Total profit	11,137.90	5,856.60	14,206.00	–2,301.20
Net profit	8,351.20	4,391.80	10,653.60	–2,303.10
Net cash flows from operating activities	13,471.60	3,247.60	19,246.70	1,809.40
Net cash flows from investing activities	–2,678.80	—	15,632.40	28.20
Net cash flows from financing activities	—	—	—	—
Auditors	SHINEWING Certified Public Accountants LLP			

4. *Information about core businesses*

Established in 2000, Beijing CCID Exhibition Co. Ltd. (CCID Exhibition) possesses domestic and overseas exhibition qualifications as approved by the State and gathers a team of professional, lean and high-quality operation and management team with professional operation capability for large-scale international exhibition events. After over 20 years of aggressive expansion, the company has successfully organized a number of authoritative and influential exhibition events in the green energy and advanced manufacturing industries, covering sectors such as computer, wind and photovoltaic power generation, new energy vehicles, additive manufacturing, virtual reality, security industry, semi-conductor chips and high-definition monitors. All of these events have gained wide recognition from the public and hence built up a sound brand image.

(III) Relationship between the principal and appraised entity

The principal of this asset valuation is Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited, and the appraised entity is Beijing CCID Exhibition Co. Ltd. The principal is the shareholder of the appraised entity.

(IV) Users of this valuation report

Users of this valuation report refer to the principal.

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

II. PURPOSE OF VALUATION

Pursuant to the "Resolutions of the First General Meeting of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited in 2022", Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited proposed to transfer its 19.9% equity interests in Beijing CCID Exhibition Co. Ltd..

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

III. TARGET AND SCOPE OF VALUATION

The valuation target is the total shareholders' equity of Beijing CCID Exhibition Co. Ltd.. The scope of valuation is comprised of all assets and related liabilities of Beijing CCID Exhibition Co. Ltd.. As at the Reference Date (i.e. 31 March 2022), the total assets amounted to RMB66.2793 million, the liabilities amounted to RMB51.3924 million and the net assets amounted to RMB14.8869 million. Among which, current assets amounted to RMB66.1122 million, non-current assets amounted to RMB0.167 million, current liabilities amounted to RMB51.3924 million and non-current liabilities amounted to RMB0.00 million.

The data regarding the abovementioned assets and liabilities was extracted from the balance sheet of CCID Exhibition as at 31 March 2022 audited by SHINEWING Certified Public Accountants LLP, based on which business valuation was conducted.

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

(I) Information on major assets

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

1. The current assets are monetary funds, receivables, prepayments and other current assets with good liquidity.

2. The carrying amount of physical assets included in the valuation was RMB167,000, representing 0.27% of total assets within the scope of the valuation. These assets are mainly vehicles and electronic devices with the following characteristics:

   Those physical assets were mainly distributed in the office of CCID Exhibition, including vehicles for daily operation. Electronic devices are mainly comprised of, amongst others, printers, cameras, computers, mobile phones, scanners, air conditioners, refrigerators, air purifiers, office furniture and office software, all of which were under normal operation as of the Reference Date.

(II) The intangible assets recorded in or off the book of the enterprise

Nil

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

The book value of various assets and liabilities on Reference Date in this valuation report is the result of the standard Audit Report on Beijing CCID Exhibition Co. Ltd. (XYZH/2022BJAS20323) without qualified opinions issued by SHINEWING Certified Public Accountants LLP on 21 April 2022. The valuation is carried out after the audit of the enterprise.

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

IV. VALUE TYPE AND ITS DEFINITION

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

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

V. REFERENCE DATE

The benchmark date for the asset valuation of this project is 31 March 2022.

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

VI. BASIS OF VALUATION

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

(I) Basis of economic activity

The Resolutions of the First General Meeting of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited in 2022.

(II) Basis of laws and regulations

1. The Asset Valuation Law of the People's Republic of China (passed at the 21st session of the 12th Standing Committee of the National People's Congress on 2 July 2016);

2. The Company Law of the People's Republic of China (amended at the 6th session of the 13th Standing Committee of the National People's Congress on 26 October 2018);

3. The Civil Code of the People's Republic of China (passed at the 3rd session of the 13th National People's Congress on 28 May 2020);

4. The Enterprise State-owned Assets Law of the People's Republic of China (passed at the 5th session of the 11th Standing Committee of the National People's Congress on 28 October 2008);

5. The Enterprise Income Tax Law of the People's Republic of China (amended at the 7th session of the 13th Standing Committee of the National People's Congress on 29 December 2018);

6. The Implementation Rules of Interim Regulations on Value-Added Tax of the People's Republic of China (Order No. 691 of the State Council) (passed at the 191st executive meeting of the State Council on 30 October 2017);

7. The Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs);

8. The Opinions of the Ministry of Finance on Reforming the Administration and Management of Appraisal of State-owned Assets and Strengthening the Supervision and Management of Asset Valuation (Guo Ban Fa [2001] No. 102);

9. Other laws, regulations, rules, and systems related to the valuation.

(III) Basis of valuation criteria

1. Asset Valuation Standards — Basic Standards (Cai Zi [2017] No. 43);

2. Code of Ethics for Assets Assessment (CAS [2017] No. 30);

3. Asset Valuation Practicing Standards — Asset Valuation Procedures (CAS [2018] No. 36);

4. Asset Valuation Practicing Standards — Asset Valuation Methods (CAS [2019] No. 35);

5. Guidance on Value Type for Asset Valuation (CAS [2017] No. 47);

6. Asset Valuation Practicing Standards — Asset Valuation Report (CAS [2018] No. 35);

7. Asset Valuation Practicing Standards — Enterprise Value (CAS [2018] No.38);

8. Asset Valuation Practicing Standards — Machinery Equipment (CAS [2017] No. 39);

9. The Guidelines for the Enterprise State-owned Asset Valuation Reports (CAS [2017] No. 42);

10. Asset Valuation Practicing Standards — Contract on Asset Valuation Entrustment (CAS [2017] No. 33);

11. Asset Valuation Practicing Standards — Asset Valuation Files (CAS [2018] No. 37);

12. Guidelines for Business Quality Control of Asset Valuation Institutions (CAS [2017] No. 46);

13. Guidance on Legal Ownership of Asset Valuation Object (CAS [2017] No. 48);

14. Practicing Standards for Asset Valuation — Engagement of Experts and Relevant Reports (CAS [2017] No. 35);

15. Other standards related to the valuation.

(IV) Basis of asset ownership

1. Purchase contracts or evidences of material assets;

2. Other reference information.

(V) Pricing basis

1. Relevant data from price information database of China United Assets Appraisal Group Co., Ltd.;

2. Autohome, Inc.;

3. www.zol.com.cn;

4. Contracts and information of significant businesses;

5. Other reference information.

(VI) Other reference information

1. The Audit Report on Beijing CCID Exhibition Co. Ltd. issued by SHINEWING Certified Public Accountants LLP;

2. RoyalFlush Financial Information Terminal;

3. Valuation: Measuring and Managing the Value of Companies (3rd Edition) (written by [US] Copeland, T. et al., translated by Hao Shaolun (郝紹倫) and Xie Guanping (謝關平), Publishing House of Electronics Industry);

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

5. Other reference information.

VII. VALUATION METHODS

(I) Introduction to valuation methods

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

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

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

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

(II) Election of valuation methods

The valuation is carried out for the purpose of the proposed transfer equity interests in Beijing CCID Exhibition Co. Ltd. by Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited.

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

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

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

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

(III) Asset-based approach

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

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

1. Current assets

(1) Monetary capital

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

(2) Accounts receivables

For accounts receivables, the valuer, on the basis of verifying the accounts receivables, as well as historical information and those obtained from on-site, analysed the amount, time and reason of the arrears, the recovery status of the accounts receivables, the funds, credit standing, operating and management status of the debtors. The individual identification method is used for determining and assessing the risk losses of the accounts receivables.

The valuer, on the basis of verifying the above receivables, as well as historical information and those obtained from on-site, analysed the amount, time and reason of the arrears, the recovery status of the accounts receivables, the funds, credit standing, operating and management status of the debtors. The individual identification method and aging analysis are used for estimating the risk losses. Where there are reasonable grounds for believing that all borrowings from related-party transactions and incumbent individual employees are recoverable, the risk of losses is assessed to be 0. The risk of losses is assessed at 100%, if there is conclusive evidence that the amount is irrecoverable or overdue; 5% for external units aged 0 to 6 months (including 6 months), 5% for 7 to 12 months (including 12 months), 10% for 1 to 2 years (including 2 years), 30% for 2 to 3 years (including 3 years), 50% for 3 to 4 years (including 4 years), 80% for 4 to 5 years (including 5 years) and 100% for more than 5 years.

Valuation is determined based on the verified book value.

(3) Prepayments

As regards prepayments, the valuer inspected the relevant purchase and payment contracts, understood the status of services received during the period from Reference Date to on-site survey, found no supplier had entered into bankruptcy, cancelled, or failed to make timely delivery of goods and services in accordance with the contract, valuation is determined based on the verified book value.

(4) Other current assets

In respect of other current assets, the valuer verified the recorded accounting vouchers and the composition of book value, determined the appraised value based on the verified book value.

2. *Fixed-assets — equipment assets*

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

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

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

Appraised value = Full replacement cost × Newness rate

(1) Determination of full replacement cost

1) Transportation vehicles

The current tax-included purchase price of transport vehicles is determined according to local vehicle market sales information and other recent vehicle market price data. On this basis, the vehicle purchase tax and new car registration fee, etc. are included in determining the full replacement cost in accordance with the Vehicle Acquisition Tax Law of the People's Republic of China (《中華人民共和國車輛購置稅法》). Then a VAT deduction is calculated for deduction based on adjusted value-added tax rate in accordance with The Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Taxation Administration and General Administration of Customs) jointly issued by the Ministry of Finance, State Taxation Administration and General Administration of Customs. In this valuation, if a transportation vehicle meets the conditions for deduction of value-added tax, its VAT deduction shall be calculated for deduction, and the full replacement cost of the vehicle is:

Full replacement cost = tax-exclusive purchase price + vehicle purchase tax + license fee, etc.

① Vehicle purchase price: The vehicle purchase price is determined according to the vehicle market information and recent vehicle market price data from relevant sources, such as

Automobile Quotation Database by pcauto.com, yiche.com, and by referring to the latest market price of similar models in the same location.

② Vehicle purchase tax: According to the relevant regulations of the Vehicle Purchase Tax Law of the People's Republic of China (Order No. 294 of 2001 of the State Council) (《中華人民共和國車輛購置稅法》): taxable amount of vehicle purchase tax = taxable value × 10%. The "taxable value of self-use vehicles purchased by taxpayers shall not include value-added tax amount". Therefore: purchase surtax = purchase price/(1 +13%) × 10%.

③ New vehicle registration fee, etc.: Determined by the content and amount of such fees in the place where the vehicle is located.

2) Electronic equipment

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

Full replacement cost = Purchase price (exclusive of tax)

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

(2) Determination of newness rate

1) Newness rate for transportation vehicles

Pursuant to the relevant requirements of the Provisions on the Standards for Compulsory Retirement of Motor Vehicles (Order [2012] No. 12) promulgated by the Ministry of Commerce of the PRC, the National Development and Reform Commission, the Ministry of Public Security and the Ministry of Environmental Protection, the smaller of the newness ratios as determined below is taken as the final newness ratio of vehicles, i.e.:

Newness ratio of service life = (1 − Serviced life/Specified or economic service life) × 100%

Newness ratio of mileage = (1 − Travelled mileage/Specified mileage) × 100%

2) Newness rate of electronic equipment

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

Newness rate = remaining useful life/(actual serviced life + remaining useful life) × 100%

(3) Determination of appraised value

Appraised value = Full replacement cost × Newness rate

3. Deferred income tax assets

The valuer investigated and understood the reasons for the occurrence of deferred income tax assets, inspected relevant accounting regulations for recognizing deferred income tax assets, investigated and understood the cause and forming process of deferred income tax assets, verified whether the amount conforms to the relevant accounting policies of enterprise and tax law. Based on which, determined the appraised value of deferred income tax assets.

4. Liabilities

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

(IV) Income approach

1. Introduction

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

2. Valuation methods

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

(1) In respect of assets and principal businesses included in the scope of the financial statements, their expected income (net cash flow) are estimated based on the trend of historical operating conditions and the types of businesses, and are discounted to obtain the value of the operating assets;

(2) Current assets (liabilities) such as monetary funds, dividends receivable (payable) and non-current assets (liabilities) such as obsolete or idle equipment, house property and construction in progress not recorded in the profit and loss as at the Reference Date that are included in the scope of the financial statements but not taken into account in the forecast of expected income (net cash flow), were defined as surplus or non-operational assets (liabilities) existed as at the Reference Date, and their values were forecasted separately;

(3) In respect of long-term equity investments included in the scope of the financial statements but not taken into account in the estimation of expected income (net cash flow), their values were forecasted separately;

(4) The enterprise value of the appraised entity was derived by adding up the values of the above assets and liabilities. The value of interest-bearing debts was then deducted from the enterprise value to arrive at the value of the equity capital (total shareholders' equity) in the appraised entity.

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

3. *Valuation model*

(1) Basic model

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

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

Where:

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

B: Enterprise value of the appraised entity;

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

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

Where:

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

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

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

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

Where:

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

r: Discount rate;

n: Future operating term of the appraised entity;

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

C_1: Value of current surplus or non-operating assets (liabilities) as at the Reference Date;

C_2: Value of non-current surplus or non-operating assets (liabilities) as at the Reference Date.

(2) Income indicators

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

R = profit before interest and tax × (1–t) + depreciation and amortization – additional capital (5)

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

(3) Discount rate

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

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

Where:

W_d: Debt ratio for the appraised entity;

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

W_e: Equity ratio for the appraised entity;

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

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

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

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

Where:

r_f: Risk-free return rate;

r_m: Expected market yield;

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

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

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

β_u: Expected unleveraged market risk factor for comparable companies;

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

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

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

Where:

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

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

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

4. Income period

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

VIII. IMPLEMENTATION PROCESS AND STATUS OF VALUATION PROCEDURES

The overall valuation work was performed in four stages:

(I) Preparation stage of the valuation

1. Project negotiation and acceptance of project commission

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

2. Determining the valuation scheme and preparing the work plan

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

3. Submitting the information list and the interview outline

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

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

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

(II) On-site engagement stage of the valuation

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

1. Preliminary understanding of the overall situation

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

2. Review and verification of materials

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

3. Checking important items

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

4. Conducting due diligence interviews

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

5. Determining valuation approaches and methods

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

6. Conducting the appraisal and valuation

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

(III) Valuation consolidation stage

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

(IV) Report submission stage

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

IX. VALUATION ASSUMPTIONS

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

(I) General Assumptions

1. Transaction Assumption

Transaction assumption assumes that all assets to be appraised are in the trading process, and the appraisal is based on the simulated market including the trading conditions of the assets to be appraised by the valuer. Transaction assumption is the most fundamental assumption for the valuation of assets.

2. Open-market Assumption

Open market assumption assumes that both parties of the transaction in respect of the assets traded or to be traded in the market are equal and have opportunities and time to get adequate market information so as to make rational judgments on the function, usage and trading price of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market.

3. Going-concern Assets Assumption

Going-concern assets assumption means that the valuation method, parameters and basis shall be determined in accordance with the condition that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.

(II) Special Assumptions

1. This valuation assumes that the external economic environment remains unchanged and the current national macroeconomy does not change significantly from that as at the Reference Date;

2. There will be no significant change in the social and economic environment where the enterprise operates and the applicable policies on tax and tax rate, etc.;

3. The future operation and management team of the enterprise will be diligent and will continue the existing operation and management models;

4. The valuation is only based on the current operating capabilities as at the Reference Date without taking into account the potential expansion of operating capabilities caused by the management, operating strategies and additional investment in the future and the subsequent changes in the production and operations that may occur;

5. Each asset under this valuation is based on the actual stock on the Reference Date, and the current market price of the relevant asset is based on the domestic effective price on the Reference Date;

6. This valuation assumes that basic information and financial information provided by the principal and the appraised entity are true, accurate and complete;

7. The COVID-19 pandemic was under effective control and did not have substantial impact on the Company's business;

8. The scope of the valuation is only based on the assessment declaration form provided by the principal and the appraised entity, without considering the contingent assets and contingent liabilities that may exist beyond the list provided by the principal and the appraised entity;

9. The value of each parameter measured in this valuation does not take into account the effect of inflation.

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

X. THE CONCLUSION OF VALUATION

Based on the judgment of the appraised entity and the management of the enterprise on the future development trend and the implementation of business plans, and in accordance with the relevant laws and regulations and asset valuation standards, the asset-based approach and income approach have been adopted after implementation of valuation procedures, including checking and verification, on-site inspection, market research and inquiry, assessment and estimation. The assessment of the market value of the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. as at the Reference Date (i.e. 31 March 2022) was carried out.

(I) Valuation conclusion under the asset-based approach

By adopting the asset-based approach, the valuation conclusions made by the appraised entity as at Reference Date (i.e. 31 March 2022) are as follows:

The book value, appraised value and incremental value of total assets were RMB66,279,300, RMB66,293,900 and RMB14,600, respectively, representing an increase ratio of 0.02%.

The book value and the appraised value of liabilities were RMB51,392,400 and RMB51,392,400, respectively, with no increase or decrease in value.

The book value, appraised value and incremental value of net assets were RMB14,886,900, RMB14,901,500 and RMB14,600, respectively, representing an increase ratio of 0.10%. See the table below for details:

Summary of valuation results
Reference Date: 31 March 2022

Unit: RMB Ten thousand

Items		Book Value	Appraised Value	Increase or Decrease in Value	Increase ratio (%)
		B	C	D = C–B	E = D/B × 100%
1	Current assets	6,611.22	6,611.22	—	—
2	Non-current Assets	16.71	18.17	1.46	8.74
3	Including: fixed assets	16.70	18.16	1.46	8.74
4	Other non-current assets	0.01	0.01	0.00	0.00
5	**Total assets**	**6,627.93**	**6,629.39**	**1.46**	**0.02**
6	Current liabilities	5,139.24	5,139.24	—	—
7	Non-current liabilities	—	—	—	—
8	**Total liabilities**	**5,139.24**	**5,139.24**	**—**	**—**
9	**Net assets (owner's equity)**	**1,488.69**	**1,490.15**	**1.46**	**0.10**

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

(II) Valuation conclusion under the income approach

(1) Income and cost

Beijing CCID Exhibition Co. Ltd. is principally engaged in organizing exhibitions, covering green energy, virtual reality, semiconductor chips and other industries. Currently, the green energy exhibition — wind energy exhibition becomes a major event held regularly every year, attracting many enterprises every year and also having a strong influence in the industry. In addition, Beijing CCID Exhibition Co. Ltd. organizes VR exhibitions and semiconductor chip exhibitions regularly every year, with increased number of enterprises participating in such exhibitions. For the sake of prudence, the business revenue is expected to grow by 4% per annum in the future. The business costs of Beijing CCID Exhibition Co. Ltd. mainly include venue rental fees, as well as service fees incurred in running exhibitions. The venue rental fee and service fee may be slightly adjusted annually, but the gross profit will remain relatively stable in the future.

(2) Forecast of tax and surcharge

The tax and surcharge of the appraised entity include municipal maintenance tax, education surcharge and local education surcharge, which were calculated based on the value-added tax actually paid. The rates of tax (surcharge) were 7%, 3% and 2%, respectively.

(3) Forecast of expenses for the period

The selling expenses and administrative expenses mainly represent the labour costs, the office expenses, services fees and other costs. Expenses for the period has a strong correlation with business revenue, hence the increase of which was considered as basically in line with business growth.

(4) Forecast of depreciation and amortization

The assets of the appraised entity that shall be depreciated are fixed assets, which mainly include office equipment. Fixed assets are measured at actual cost when acquired. Pursuant to the depreciation policies adopted by the enterprise for fixed assets, the amount of depreciation in the future operating period in this valuation is estimated based on the original book value, the estimated useful life, the weighted depreciation rate and other parameters of the fixed assets as at the Reference Date.

Forecast of future net cash flows

Unit: RMB10,000

Item/Year	April to December 2022	2023	2024	2025	2026	2027 and beyond
Revenue	4,600.00	4,800.00	5,000.00	5,200.00	5,400.00	5,400.00
Cost	2,024.00	2,084.72	2,147.26	2,211.68	2,288.00	2,288.00
Business tax and surcharge	32.42	34.56	36.00	37.44	38.88	38.88
Operating expenses	134.70	167.05	172.06	177.23	182.54	182.54
Administrative expenses	1,116.45	1,385.41	1,426.79	1,469.41	1,513.30	1,513.30
Operating profit	1,292.44	1,128.25	1,217.88	1,304.25	1,377.27	1,377.27
Total profit	1,292.44	1,128.25	1,217.88	1,304.25	1,377.27	1,377.27
Minus: income tax	265.99	282.68	305.09	326.68	344.94	344.94
Net profit	1,026.44	845.57	912.79	977.57	1,032.33	1,032.33
Depreciation of fixed assets	4.64	6.19	6.19	6.19	6.19	6.19
Asset upgrade	4.64	6.19	6.19	6.19	6.19	6.19
Increase in working capital	–176.35	86.79	86.79	86.79	86.79	—
Net cash flows	1,202.79	758.78	826.00	890.77	945.54	1,032.33

(1) Obtain the value of the operating assets by discounting based on the forecast of net cash flows, i.e. RMB80.7946 million;

(2) Calculate the value of surplus or non-operational assets (liabilities) existed as at the Reference Date, i.e. RMB-7.0054 million;

(3) Calculate the value of long-term equity investments, i.e. RMB0;

(4) The enterprise value of the appraised entity was derived by adding up the value of the operating assets, the surplus or non-operational assets (liabilities) and the long-term equity investments. The value of the interest-bearing debts as at the Reference Date was then deducted from the enterprise value to arrive at the appraised value of the total shareholders' equity of the appraised entity.

Value of the operating assets (P) = RMB80.7946 million, value of other surplus or non-operational assets existed as at the Reference Date (C) = RMB-7.0054 million and value of long-term equity investments (I) = RMB0. By applying the above values to the formula, the enterprise value of the appraised entity (B) derived = RMB73.7892 million.

Value of interest-bearing debts of the enterprise as at the Reference Date (D) = RMB0, and the value of equity interests of the appraised entity can be derived:

E = B–D = RMB73.79 million (rounded to the nearest hundred)

By adopting the income approach, the valuation conclusion made by the appraised entity as at Reference Date is as follows:

The book value, appraised value and incremental value of the total shareholders' equity were RMB14,886,900, RMB73,790,000 (rounded to the nearest hundred) and RMB58,902,300, respectively, representing an increase ratio of 395.67%.

(III) Analysis of the differences between the valuation conclusions

In this valuation, the net assets (being the total shareholders' equity) arrived at by using the income approach was RMB73,790,000 (rounded to the nearest hundred), which was RMB58,888,500 or 395% higher than the appraised value of RMB14,901,500 calculated using the asset-based approach. The major reasons for the difference in outcome under the two valuation methods are set out as follows:

1. The asset-based approach takes the replacement cost of assets as the valuation standard, and reflects the necessary social labor consumed by asset investments (acquisition and construction cost), but such acquisition and construction cost usually changes along with the changes of national economy;

2. The income approach takes the expected incomes of assets as the valuation standard, and reflects the size of the operating capacity (profitability) of assets, but such profitability is usually affected by various conditions, such as the macro economy, governmental control and effective usage of assets.

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

(IV) Selection of valuation conclusions

The asset-based approach accesses the fair market value of assets from the perspective of asset replacement, which can only reflect the value of the assets of an enterprise, but cannot fully and reasonably reflect the comprehensive profitability of the various assets and the growth of an enterprise, and it cannot cover the value of intangible resources such as contracts in force, customer resources and human resources. The asset-based approach only accesses each individual tangible asset and intangible asset, and thus may not fully reflect the contribution of such individual assets combined to the whole company, nor fully measure the synergy arising from the complementary and organic combination of each individual asset. Judging from the asset structure, CCID Exhibition is an asset-light company, so the asset-based approach was not adopted as it cannot fully reflect the value of CCID Exhibition.

The income approach not only considers the assets of an enterprise measured in accordance with accounting principles, but also takes into account the resources effectively owned or controlled by the enterprise which cannot be reflected in the balance sheet, such as contracts in force, customer resources, sales networks, potential projects, enterprise qualifications, human resources and R&D capabilities, the contribution of which to the enterprise is reflected in the net cash flows of the enterprise. Therefore, the valuation conclusion under the income approach can better reflect the overall growth and profitability of an enterprise.

In addition to tangible resources such as fixed assets, the main value of CCID Exhibition also includes the contribution of important intangible resources such as the extensive management experience, the ability of organizing large-scale professional exhibitions and service experience, and the stable customer resources of the enterprise, which cannot be quantified and reflected in the balance sheet of the target company. The income approach determines the value of the target company by discounting the cash flows generated by the enterprise in the future years, which can reasonably reflect the synergy value produced by the qualifications owned by the enterprise, the operation and management, and business development ability of the management, customer resources and various other factors, therefore, it can reflect the market value of CCID Exhibition more comprehensively and reasonably.

Therefore, the appraised value of 19.9% equity interests in Beijing CCID Exhibition Co. Ltd. held by Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited was RMB14,684,200.

Neither the premium arising from control nor the discount arising from minority interests has been taken into account for the valuation conclusions.

XI. NOTES ON SPECIAL MATTERS

(I) Quotation of report conclusions issued by other institutions

The book value of assets and liabilities on the Reference Date in this valuation report is audited by SHINEWING Certified Public Accountants LLP. SHINEWING Certified Public Accountants LLP issued a standard report for this project, which is named Audit Report on Beijing CCID Exhibition Co. Ltd.* (《北京賽迪會展有限公司審計報告》) (XYZH/2022BJAS20323) without qualified opinions.

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

(II) Incomplete or defective ownership information

Nil.

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

Nil.

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

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

Nil.

(VI) Significant subsequent events

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

No significant subsequent event was identified.

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

Nil.

(VIII) Other explanatory matters

1. It is the legal responsibility for the valuer and the valuation firm to make professional judgment on the value of the assets for the valuation purposes depicted in this report, and no judgment whatsoever would be made by the valuer and the valuation firm as to the economic activity corresponding to those valuation purposes. To a large extent, the valuation depends on the information provided by the principal and the appraised entity. Therefore, valuation is premised on the fact that economic activity documents, asset title documents, license and accounting vouchers and the relevant legal documents provided by the principal and the appraised entity were authentic and legal.

2. The objectives of the valuers conducting the asset valuation are to estimate the value of the valuation target and to express professional advice thereof, and accept no responsibilities for the decision of the relevant party. The valuation conclusion shall not be construed as a guarantee of the realisable value of the valuation target.

3. The principal and the appraised entity are held responsible for the authenticity and completeness of the data, statements and the relevant information which were provided by the appraised entity and were used within the scope of this valuation.

4. The principal and the appraised entity are held responsible for the authenticity and legality of the title documentary proof and relevant information which are provided by the appraised entity and are referred to in the valuation report.

5. In the event that any changes in the quantity and the pricing standard of assets occurred within the term of validity after the Reference Date, the principles set out below shall be followed:

   (1) In the event that quantity of assets changes, corresponding adjustments shall be made to the quantity of assets according to the original valuation method;

   (2) In the event that the pricing standard of the assets changes and imposes obvious impacts on the asset valuation results, the principal shall timely employ qualified asset valuation agency to redetermine the appraised value;

   (3) After the Reference Date, the principal shall give due consideration to changes in the quantity and the pricing standard of assets and make corresponding adjustment when determining prices.

6. The conclusion of this valuation is based on the assumption that the owner of property rights and the management of the valuation target make accurate judgments on the development trend in future and related plans will be duly implemented as well as continuous operation. If the future actual operation conditions of the company deviate from the operation plans, and the appraised entity and its then management fail to adopt remedies in time to correct such deviation, the conclusion of this valuation will change substantially. Therefore, users of the report are strongly advised to pay close attention in this regard.

7. The scope of valuation shall be subject to that in the asset valuation list provided by the principal and the appraised entity, without taking into consideration any existing or contingent assets or contingent liabilities other than those included in the aforesaid list.

8. The COVID-19 pandemic was under effective control and did not have substantial impact on the Company's business.

9. The valuers have not taken into account any premiums or discount arising from control and minority interests in this valuation.

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

(I) This valuation report may only be used according to the objectives and purposes as stated herein. Meanwhile, the valuation conclusion reflects the prevailing market fair value under the valuation purpose based on the open market principle, without considering the impact of mortgages and guarantees that the appraised entity may be subject to in the future, nor the impact of additional price which may be paid by special trading parties. Meanwhile, the effects of changes in national macro-economic policies, the natural force and other force majeure on the price of assets are not taken into account. In general, if the aforesaid conditions and other situations such as going concern basis changes, valuation conclusion will become invalid. The valuation agency is not liable for invalidity of the valuation conclusion due to changes of such conditions.

(II) This valuation report is only valid when the economic activity complies with the state laws and regulations and the valuation report is approved by relevant departments.

(III) The valuation report may only be used by users expressly stated herein. The right to use this report is vested in the principal. The valuation agency will not make the report public without the approval of the principal.

(IV) The asset valuation firm and its valuers shall not bear responsibilities if the principal or other users of the asset valuation report fail(s) to use the asset valuation report in accordance with the provisions of laws and administrative regulations or within scope of use specified in the asset valuation report.

(V) Except for the principal, other users of this asset valuation report designed in the asset valuation entrustment contract and asset valuation users of this report stipulated by laws and administrative regulations, any other firms or individuals cannot be asset valuation users of this report.

(VI) Save as required by laws and regulations or otherwise agreed upon by relevant parties concerned, the extraction, reference or disclosure of the whole or any part of contents of this valuation report in any public media shall be subject to approval and review of such contents by the valuation agency.

(VII) Validity period of the valuation conclusion: According to relevant laws and regulations on asset valuation, the asset valuation report involving statutory valuation business must be used by the principal after performing the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation results shall be valid for a term of one year from 31 March 2022 (the Reference Date) to 30 March 2022. Revaluation is required after the one-year term expires.

XIII. DATE OF VALUATION REPORT

This valuation report is dated 23 April 2022.

ASSET VALUATION REPORT

ON THE PROJECT OF PROPOSED TRANSFER OF EQUITY INTERESTS IN BEIJING CCID EXHIBITION CO. LTD. BY CCID ACADEMY FOR INDUSTRY AND INFORMATION TECHNOLOGY LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY, BEIJING CCID VENTURE INVESTMENT COMPANY LIMITED

Zhong Lian Ping Bao Zi [2022] No. 1289

SUMMARY

China United Assets Appraisal Group Co., Ltd. was engaged by CCID Academy for Industry and Information Technology Limited and its wholly-owned subsidiary, Beijing CCID Venture Investment Company Limited to appraise the market value of the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. involved in the economic activity of the proposed transfer of equity interests in Beijing CCID Exhibition Co. Ltd. by CCID Academy for Industry and Information Technology Limited and its wholly-owned subsidiary, Beijing CCID Venture Investment Company Limited as at the Reference Date.

The valuation target was the total shareholders' equity of Beijing CCID Exhibition Co. Ltd., and the scope of valuation was all assets and relevant liabilities of Beijing CCID Exhibition Co. Ltd., including current assets, non-current assets and relevant liabilities.

The Reference Date was 31 March 2022.

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

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

Based on the judgement by the title holders and the management of the enterprise on the future development trend and the business plans, and upon conducting the valuation procedures, such as examination and verification, site inspection, market survey and

confirmation, and determination of valuation, the valuation conclusion for the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. as at the Reference Date, i.e. 31 March 2022, was arrived at as follows:

The book value and appraised value of the total shareholders' equity were RMB14,886,900 and RMB73,790,000 (rounded to the nearest hundred) respectively, representing a valuation appreciation of RMB58,902,300 or an appreciation rate of 395.67%.

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

According to relevant laws and regulations on asset valuation, the asset valuation report involving statutory valuation business must be used after the principal has performed the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation conclusions are effective for a term of one year from 31 March 2022 to 30 March 2023.

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

ASSET VALUATION REPORT

ON THE PROJECT OF PROPOSED TRANSFER OF EQUITY INTERESTS IN BEIJING CCID EXHIBITION CO. LTD. BY CCID ACADEMY FOR INDUSTRY AND INFORMATION TECHNOLOGY LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY, BEIJING CCID VENTURE INVESTMENT COMPANY LIMITED

Zhong Lian Ping Bao Zi [2022] No. 1289

CCID Academy for Industry and Information Technology Limited and Beijing CCID Venture Investment Company Limited,

China United Assets Appraisal Group Co., Ltd. was engaged by CCID Academy for Industry and Information Technology Limited to appraise the market value of the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. involved in the economic activity of the proposed transfer of equity interests in Beijing CCID Exhibition Co. Ltd. by CCID Academy for Industry and Information Technology Limited as at the Reference Date, i.e. 31 March 2022.

Details of the asset valuation are reported as follows:

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

The principals of this asset valuation are CCID Academy for Industry and Information Technology Limited and Beijing CCID Venture Investment Company Limited, and the appraised entity is Beijing CCID Exhibition Co. Ltd.

(I) Overview of the principals

Principal 1:	CCID Academy for Industry and Information Technology Limited ("**CCID Group Co**")
Type:	Other limited liability company
Address:	Room 201, 2nd Floor, Building 1, Yard 11, Dougezhuang Village, Shahe Town, Changping District, Beijing
Legal representative:	Guan Dongsheng
Registered capital:	RMB100 million
Date of establishment:	13 September 1995
Duration of operation:	13 September 1995 to 12 September 2045

Unified social credit code:	9111000010267951X4
Scope of business:	technical services, technology development, technical consultation, technical exchange, technology transfer and technology promotion; corporate management; engineering and technology research and experimental development; economic information consultation (excluding intermediary services); legal consultation (excluding practices of lawyers); software development; computer system services; data processing (only for cloud computing with a PUE value of 1.4 or below); convention services; undertaking exhibition and demonstration; market survey; lease of commercial housing properties; lease of vehicles; lease of electronic products; copyright transfer and agency services; sales of electronic products; businesses of Internet books, Internet newspapers, Internet magazines and mobile publications with the issuance and publication license remains valid until 31 December 2021; domestic call centre business (to be operated outside Beijing); electronic certification services; human resources services; wholesale of publications; retail of publications; production of electronic publications; internet information services (in which case, market entities shall independently select business operations and carry out business activities according to laws; electronic certification services, human resources services, wholesale of publications, retail of publications, production of electronic publications, internet information services and those business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited and restricted by the state and the city's industrial policies shall be undertaken).

Principal 2:	Beijing CCID Venture Investment Company Limited
Type:	Limited liability company (wholly-owned by a legal person)
Address:	South of Dougezhuang Village, Shahe Town, Changping District, Beijing
Legal representative:	Gong Ping
Registered capital:	RMB70 million
Date of establishment:	10 July 2000
Duration of operation:	10 July 2000 to 9 July 2030

Unified social credit code:	91110114721447136X
Scope of business:	venture investment business; acting as agent of the venture investment business of institutions or individuals (such as other venture investment enterprises); venture investment advisory business; businesses in relation to the provision of venture management services for venture enterprises; participating in the establishment of venture investment enterprises and venture investment management consulting institutions. ("1. Public fund-raising shall not be conducted without the approval by the relevant authorities; 2. Trading activities of securities products and financial derivatives shall not be carried out publicly; 3. No loans shall be granted; 4. No guarantee shall be provided to other enterprises except for its invested enterprises; 5. Promises shall not be made to investors that the principal of their investments will not be subject to any loss or that they will get a minimum return"; in which case, enterprises shall independently select business operations and carry out business activities according to laws; the business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited and restricted by the city's industrial policies shall be undertaken).

(II) Overview of the appraised entity

1. Basic company information

Company name:	Beijing CCID Exhibition Co. Ltd. ("**CCID Exhibition**")
Type:	Other limited liability company
Address:	Room 801, 8th Floor, 66 Zizhuyuan Road, Haidian District, Beijing
Legal representative:	Li Kun
Registered capital:	RMB10 million
Date of establishment:	10 January 2000
Duration of operation:	10 January 2000 to 9 January 2030
Unified social credit code:	911101087187723681

Scope of business: undertaking exhibition and demonstration activities; convention services; technical consulting; technical services; computer technology training; economic and trade consulting (in which case, market entities shall independently select business operations and carry out business activities according to laws; those business operations subject to approval under the laws shall be carried out after the approval by relevant authorities; and no business activities that are prohibited and restricted by the state and the city's industrial policies shall be undertaken).

2. *History and shareholding structure*

Beijing CCID Exhibition Co. Ltd. (formerly known as Beijing CCID Exposition Co., Ltd.) was established on 10 January 2000 with a registered capital of RMB0.3 million. Its shareholding structure is as follows:

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution %
1	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	80
2	Beijing Xixin Technology Co., Ltd.* (北京希信科技有限責任公司)	6	20
	Total	30	100.00

At the general meeting held on 4 August 2000, CCID Information Consulting Company Limited and Beijing CCID Investment Co., Ltd.* (北京賽迪投資有限公司) were approved to become the shareholders of the Company, and the total registered capital increased to RMB10 million.

No.	Name of shareholder	Amount of capital contribution (RMB'0,000)	Percentage of capital contribution %
1	CCID Information Consulting Company Limited	510	51
2	Beijing CCID Investment Co., Ltd.	266	26.6
3	Beijing Xixin Technology Co., Ltd.	200	20
4	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	2.4
	Total	1,000	100.00

At the general meeting held on 10 November 2003, in view of the fact that CCID Information Consulting Company Limited, Beijing Xixin Technology Co., Ltd. and Beijing CCID Investment Co., Ltd. were renamed as CCID Information Industry (Group) Co., Ltd., Beijing CCID Information Technology Testing Co., Ltd. and Beijing CCID Venture Investment Company Limited respectively, the corresponding amendments to the Articles of Association were approved.

No.	Name of shareholder	Amount of capital contribution (RMB'0,000)	Percentage of capital contribution %
1	CCID Information Industry (Group) Co., Ltd.	510	51
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Information Technology Testing Co., Ltd.	200	20
4	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	2.4
	Total	1,000	100.00

At the general meeting held on 5 January 2004, Beijing CCID Exposition Co., Ltd. was renamed as Beijing CCID Exhibition Co. Ltd. to cater for the needs of its corporate development and operation.

At the general meeting held on 15 October 2007, the addition of a new shareholder, namely Beijing CCID Information Engineering Supervision Co., Ltd., was approved. CCID Information Industry (Group) Co., Ltd. agreed to transfer the capital contribution of RMB2 million held to Beijing CCID Information Engineering Supervision Co., Ltd..

No.	Name of shareholder	Amount of capital contribution	Percentage of capital contribution
		(RMB'0,000)	*%*
1	CCID Information Industry (Group) Co., Ltd.	310	31
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Information Technology Testing Co., Ltd.	200	20
4	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	2.4
5	Beijing CCID Information Engineering Supervision Co., Ltd.	200	20
	Total	1,000	100.00

At the general meeting held in December 2009, Beijing CCID Information Engineering Supervision Co., Ltd. transferred its 0.1% shares of Beijing CCID Exhibition Co. Ltd. (representing a capital contribution of RMB10,000) to CCID Information Industry (Group) Co., Ltd..

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution *%*
1	CCID Information Industry (Group) Co., Ltd.	311	31.1
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Information Technology Testing Co., Ltd.	200	20
4	Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry	24	2.4
5	Beijing CCID Information Engineering Supervision Co., Ltd.	199	19.9
	Total	1,000	100.00

At the general meeting held on 12 November 2014, in view of the fact that the Research Centre of Computer and Microelectronics Industry Development under the Ministry of Information Industry was renamed as Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (China Software Testing Center), CCID Information Industry (Group) Co., Ltd. was renamed as CCID Industry and Information Research Centre Co., Ltd., Beijing CCID Information Technology Testing Co., Ltd. was renamed as CCID Information Physical System Testing Lab. Co., Ltd., and Beijing CCID Information Engineering Supervision Co., Ltd. was renamed as Beijing CCID Industry and Information Engineering Supervision Co., Ltd., the corresponding amendments to the Articles of Association were approved.

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution %
1	CCID Industry and Information Research Centre Co., Ltd.	311	31.1
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	CCID Information Physical System Testing Lab. Co., Ltd.	200	20
4	Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (China Software Testing Center)	24	2.4
5	Beijing CCID Industry and Information Engineering Supervision Co., Ltd.	199	19.9
	Total	1,000	100.00

It was resolved at the general meeting on 6 September 2017 that Beijing CCID Industry and Information Engineering Supervision Co., Ltd. was approved to change its name to Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited, CCID Industry and Information Research Centre Co., Ltd.* (賽迪工業和信息化研究院有限公司) was approved to change its name to 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 Information Physical System Testing Lab. Co., Ltd. was approved to change its name to CCID Testing and Certification Centre Co., Ltd., and the addition of a new shareholder, namely Beijing CCID Publishing & Media Co. Ltd., was approved; the Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (China Software Testing Center) was approved to transfer its capital contribution of RMB240,000 to Beijing CCID Publishing & Media Co. Ltd., CCID Academy for Industry and Information Technology Limited was approved to transfer its capital contribution of RMB3.11 million to Beijing CCID Publishing & Media Co. Ltd., and CCID Testing and Certification Centre, a shareholder, was approved to transfer its capital contribution of RMB2 million to Beijing CCID Publishing & Media Co. Ltd..

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution %
1	Beijing CCID Publishing & Media Co. Ltd.	535	53.5
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	199	19.9
	Total	1,000	100.00

At the general meeting held on 8 December 2021, CCID Academy for Industry and Information Technology Limited was approved to become a new shareholder of the Company, Beijing CCID Publishing & Media Co. Ltd. was approved to transfer its equity interests of RMB5.35 million to CCID Academy for Industry and Information Technology Limited; and Beijing CCID Publishing & Media Co. Ltd. was approved to exit from the general meeting.

No.	Name of shareholder	Amount of capital contribution *(RMB'0,000)*	Percentage of capital contribution %
1	CCID Academy for Industry and Information Technology Limited	535	53.5
2	Beijing CCID Venture Investment Company Limited	266	26.6
3	Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited	199	19.9

3. Assets, financial and operating conditions

As of the Reference Date, i.e. 31 March 2022, the Company had total assets of RMB66,279,300, liabilities of RMB51,392,400 and net assets of RMB14,886,900. The operating income shown on the financial statements of the parent company was RMB0.0 and net profit was RMB-2,303,100 for January to March 2022.

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

Table 1 Assets, Liabilities and Financial Position

Units: RMB'0,000

Item	31 December 2019	31 December 2020	31 December 2021	31 March 2022
Total assets	43,205	45,094	64,611	66,279
Liabilities	9,060	6,558	47,421	51,392
Net assets	34,145	38,536	17,190	14,887

Item	2019	2020	2021	January to March 2022
Operating income	48,415	38,379	46,041	—
Total profit	11,138	5,856	14,206	–2,301
Net profit	8,351	4,391	10,654	–2,303
Net cash flows from operating activities	13,832	4,981	19,302	1,652
Net cash flows from investing activities	–3,032	267	15,577	186
Net cash flows from financing activities	—	–2,001	—	—
Auditors	SHINEWING Certified Public Accountants LLP			

4. Information about core businesses

Established in 2000, Beijing CCID Exhibition Co. Ltd. (CCID Exhibition) possesses domestic and overseas exhibition qualifications as approved by the State and gathers a team of professional, lean and high-quality operation and management team with professional operation capability for large-scale international exhibition events. After over 20 years of aggressive expansion, the company has successfully organized a number of authoritative and influential exhibition events in the green energy and advanced manufacturing industries, covering sectors such as computer, wind and photovoltaic power generation, new energy vehicles, additive manufacturing, virtual reality, security industry, semi-conductor chips and high-definition monitors. All of these events have gained wide recognition from the public and hence built up a sound brand image.

(III) Relationship between the principals and appraised entity

The principals of this asset valuation are CCID Academy for Industry and Information Technology Limited and Beijing CCID Venture Investment Company Limited, and the appraised entity is Beijing CCID Exhibition Co. Ltd. The principals are shareholders of the appraised entity.

(IV) Users of this valuation report

Users of this valuation report refer to the principals.

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

II. PURPOSE OF VALUATION

Pursuant to the "Shareholders' Resolution of CCID Academy for Industry and Information Technology Limited" and the "Shareholders' Decision of Beijing CCID Venture Investment Company Limited", CCID Academy for Industry and Information Technology Limited and Beijing CCID Venture Investment Company Limited proposed to transfer their equity interests held in Beijing CCID Exhibition Co. Ltd..

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

III. TARGET AND SCOPE OF VALUATION

The valuation target is the total shareholders' equity of Beijing CCID Exhibition Co. Ltd.. The scope of valuation is comprised of all assets and related liabilities of Beijing CCID Exhibition Co. Ltd.. As at the Reference Date (i.e. 31 March 2022), the total assets amounted to RMB66.2793 million, the liabilities amounted to RMB51.3924 million and the net assets amounted to RMB14.8869 million. Among which, current assets amounted to RMB66.1122 million, non-current assets amounted to RMB0.167 million, current liabilities amounted to RMB51.3924 million and non-current liabilities amounted to RMB0.00 million.

The data regarding the abovementioned assets and liabilities was extracted from the balance sheet of CCID Exhibition as at 31 March 2022 audited by SHINEWING Certified Public Accountants LLP, based on which business valuation was conducted.

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

(I) Information on major assets

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

1. The current assets are monetary funds, receivables, prepayments and other current assets with good liquidity.

2. The carrying amount of physical assets included in the valuation was RMB167,000, representing 0.27% of total assets within the scope of the valuation. These assets are mainly vehicles and electronic devices with the following characteristics:

   Those physical assets were mainly distributed in the office of CCID Exhibition, including vehicles for daily operation. Electronic devices are mainly comprised of, amongst others, printers, cameras, computers, mobile phones, scanners, air conditioners, refrigerators, air purifiers and office furniture, all of which were under normal operation as of the Reference Date.

(II) Types and quantity of off-balance sheet assets declared by the enterprise

Nil

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

The book value of various assets and liabilities on Reference Date in this valuation report is the result of the standard Audit Report on Beijing CCID Exhibition Co. Ltd. (XYZH/2022BJAS20323) without qualified opinions issued by SHINEWING Certified Public Accountants LLP on 21 April 2022. The valuation is carried out after the audit of the enterprise.

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

IV. VALUE TYPE AND ITS DEFINITION

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

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

V. REFERENCE DATE

The benchmark date for the asset valuation of this project is 31 March 2022.

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

VI. BASIS OF VALUATION

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

(I) Basis of economic activity

The "Shareholders' Resolution of CCID Academy for Industry and Information Technology Limited".

The "Shareholders' Decision of Beijing CCID Venture Investment Company Limited".

(II) Basis of laws and regulations

1. The Asset Valuation Law of the People's Republic of China (passed at the 21st session of the 12th Standing Committee of the National People's Congress on 2 July 2016);

2. The Company Law of the People's Republic of China (amended at the 6th session of the 13th Standing Committee of the National People's Congress on 26 October 2018);

3. The Civil Code of the People's Republic of China (passed at the 3rd session of the 13th National People's Congress on 28 May 2020);

4. The Enterprise State-owned Assets Law of the People's Republic of China (passed at the 5th session of the 11th Standing Committee of the National People's Congress on 28 October 2008);

5. The Enterprise Income Tax Law of the People's Republic of China (amended at the 7th session of the 13th Standing Committee of the National People's Congress on 29 December 2018);

6. The Implementation Rules of Interim Regulations on Value-Added Tax of the People's Republic of China (Order No. 691 of the State Council) (passed at the 191st executive meeting of the State Council on 30 October 2017);

7. The Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs);

8. The Opinions of the Ministry of Finance on Reforming the Administration and Management of Appraisal of State-owned Assets and Strengthening the Supervision and Management of Asset Valuation (Guo Ban Fa [2001] No. 102);

9. Other laws, regulations, rules, and systems related to the valuation.

(III) Basis of valuation criteria

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

(IV) Basis of asset ownership

1. Purchase contracts or evidences of material assets;

2. Other reference information.

(V) Pricing basis

1. Relevant data from price information database of China United Assets Appraisal Group Co., Ltd.;

2. Autohome, Inc.;

3. www.zol.com.cn;

4. Contracts and information of significant businesses;

5. Other reference information.

(VI) Other reference information

1. The Audit Report on Beijing CCID Exhibition Co. Ltd. (XYZH/2022BJAS20323) issued by SHINEWING Certified Public Accountants LLP;

2. RoyalFlush Financial Information Terminal;

3. Valuation: Measuring and Managing the Value of Companies (3rd Edition) (written by [US] Copeland, T. et al., translated by Hao Shaolun (郝紹倫) and Xie Guanping (謝關平), Publishing House of Electronics Industry);

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

5. Other reference information.

VII. VALUATION METHODS

(I) Introduction to valuation methods

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

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

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

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

(II) Election of valuation methods

The valuation is carried out for the purpose of the Proposed Capital Increase of CCID Academy for Industry and Information Technology Limited.

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

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

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

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

(III) Asset-based approach

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

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

1. Current assets

(1) Monetary capital

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

(2) Accounts receivables

For accounts receivables, the valuer, on the basis of verifying the accounts receivables, as well as historical information and those obtained from on-site, analysed the amount, time and reason of the arrears, the recovery status of the accounts receivables, the funds, credit standing, operating and management status of the debtors. The individual identification method is used for determining and assessing the risk losses of the accounts receivables.

The valuer, on the basis of verifying the above receivables, as well as historical information and those obtained from on-site, analysed the amount, time and reason of the arrears, the recovery status of the accounts receivables, the funds, credit standing, operating and management status of the debtors. The individual identification method and aging analysis are used for estimating the risk losses. Where there are reasonable grounds for believing that all borrowings from related-party transactions and incumbent individual employees are recoverable, the risk of losses is assessed to be 0. The risk of losses is assessed at 100%, if there is conclusive evidence that the amount is irrecoverable or overdue; 5% for external units aged 0 to 6 months (including 6 months), 5% for 7 to 12 months (including 12 months), 10% for 1 to 2 years (including 2 years), 30% for 2 to 3 years (including 3 years), 50% for 3 to 4 years (including 4 years), 80% for 4 to 5 years (including 5 years) and 100% for more than 5 years.

Valuation is determined based on the verified book value.

(3) Prepayments

As regards prepayments, the valuer inspected the relevant purchase and payment contracts, understood the status of services received during the period from Reference Date to on-site survey, found no supplier had entered into bankruptcy, cancelled, or failed to make timely delivery of goods and services in accordance with the contract, valuation is determined based on the verified book value.

(4) Other current assets

In respect of other current assets, the valuer verified the recorded accounting vouchers and the composition of book value, determined the appraised value based on the verified book value.

2. *Fixed-assets — equipment assets*

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

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

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

Appraised value = Full replacement cost × Newness rate

(1) Determination of full replacement cost

1) Transportation vehicles

The current tax-included purchase price of transport vehicles is determined according to local vehicle market sales information and other recent vehicle market price data. On this basis, the vehicle purchase tax and new car registration fee, etc. are included in determining the full replacement cost in accordance with the Vehicle Acquisition Tax Law of the People's Republic of China (《中華人民共和國車輛購置稅法》). Then a VAT deduction is calculated for deduction based on adjusted value-added tax rate in accordance with The Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Taxation Administration and General Administration of Customs) jointly issued by the Ministry of Finance, State Taxation Administration and General Administration of Customs. In this valuation, if a transportation vehicle meets the conditions for deduction of value-added tax, its VAT deduction shall be calculated for deduction, and the full replacement cost of the vehicle is:

Full replacement cost = tax-exclusive purchase price + vehicle purchase tax + license fee, etc.

① Vehicle purchase price: The vehicle purchase price is determined according to the vehicle market information and recent vehicle market price data from relevant sources, such as

Automobile Quotation Database by pcauto.com, yiche.com, and by referring to the latest market price of similar models in the same location.

② Vehicle purchase tax: According to the relevant regulations of the Vehicle Purchase Tax Law of the People's Republic of China (Order No. 294 of 2001 of the State Council) (《中華人民共和國車輛購置稅法》): taxable amount of vehicle purchase tax = taxable value × 10%. The "taxable value of self-use vehicles purchased by taxpayers shall not include value-added tax amount". Therefore: purchase surtax = purchase price/(1 +13%) × 10%.

③ New vehicle registration fee, etc.: Determined by the content and amount of such fees in the place where the vehicle is located.

2) Electronic equipment

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

Full replacement cost = Purchase price (exclusive of tax)

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

(2) Determination of newness rate

1) Newness rate for transportation vehicles

Pursuant to the relevant requirements of the Provisions on the Standards for Compulsory Retirement of Motor Vehicles (Order [2012] No. 12) promulgated by the Ministry of Commerce of the PRC, the National Development and Reform Commission, the Ministry of Public Security and the Ministry of Environmental Protection, the smaller of the newness ratios as determined below is taken as the final newness ratio of vehicles, i.e.:

Newness ratio of service life = (1 − Serviced life/Specified or economic service life) × 100%

Newness ratio of mileage = (1 − Travelled mileage/Specified mileage) × 100%

2) Newness rate of electronic equipment

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

Newness rate = remaining useful life/(actual serviced life + remaining useful life) × 100%

(3) Determination of appraised value

Appraised value = Full replacement cost × Newness rate

3. Deferred income tax assets

The valuer investigated and understood the reasons for the occurrence of deferred income tax assets, inspected relevant accounting regulations for recognizing deferred income tax assets, investigated and understood the cause and forming process of deferred income tax assets, verified whether the amount conforms to the relevant accounting policies of enterprise and tax law. Based on which, determined the appraised value of deferred income tax assets.

4. Liabilities

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

(IV) Income approach

1. Introduction

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

2. Valuation methods

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

(1) In respect of assets and principal businesses included in the scope of the financial statements, their expected income (net cash flow) are estimated based on the trend of historical operating conditions and the types of businesses, and are discounted to obtain the value of the operating assets;

(2) Current assets (liabilities) such as monetary funds, dividends receivable (payable) and non-current assets (liabilities) such as obsolete or idle equipment, house property and construction in progress not recorded in the profit and loss as at the Reference Date that are included in the scope of the financial statements but not taken into account in the forecast of expected income (net cash flow), were defined as surplus or non-operational assets (liabilities) existed as at the Reference Date, and their values were forecasted separately;

(3) In respect of long-term equity investments included in the scope of the financial statements but not taken into account in the estimation of expected income (net cash flow), their values were forecasted separately;

(4) The enterprise value of the appraised entity was derived by adding up the values of the above assets and liabilities. The value of interest-bearing debts was then deducted from the enterprise value to arrive at the value of the equity capital (total shareholders' equity) in the appraised entity.

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

3. *Valuation model*

(1) Basic model

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

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

Where:

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

B: Enterprise value of the appraised entity;

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

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

Where:

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

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

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

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

Where:

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

r: Discount rate;

n: Future operating term of the appraised entity;

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

C_1: Value of current surplus or non-operating assets (liabilities) as at the Reference Date;

C_2: Value of non-current surplus or non-operating assets (liabilities) as at the Reference Date.

(2) Income indicators

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

R = profit before interest and tax × (1–t) + depreciation and amortization – additional capital (5)

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

(3) Discount rate

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

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

Where:

W_d: Debt ratio for the appraised entity;

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

W_e: Equity ratio for the appraised entity;

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

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

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

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

Where:

r_f: Risk-free return rate;

r_m: Expected market yield;

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

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

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

β_u: Expected unleveraged market risk factor for comparable companies;

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

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

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

Where:

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

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

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

4. Income period

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

VIII. IMPLEMENTATION PROCESS AND STATUS OF VALUATION PROCEDURES

The overall valuation work was performed in four stages:

(I) Preparation stage of the valuation

1. Project negotiation and acceptance of project commission

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

2. Determining the valuation scheme and preparing the work plan

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

3. Submitting the information list and the interview outline

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

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

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

(II) On-site engagement stage of the valuation

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

1. Preliminary understanding of the overall situation

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

2. Review and verification of materials

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

3. Checking important items

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

4. Conducting due diligence interviews

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

5. Determining valuation approaches and methods

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

6. Conducting the appraisal and valuation

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

(III) Valuation consolidation stage

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

(IV) Report submission stage

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

IX. VALUATION ASSUMPTIONS

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

(I) General Assumptions

1. Transaction Assumption

Transaction assumption assumes that all assets to be appraised are in the trading process, and the appraisal is based on the simulated market including the trading conditions of the assets to be appraised by the valuer. Transaction assumption is the most fundamental assumption for the valuation of assets.

2. Open-market Assumption

Open market assumption assumes that both parties of the transaction in respect of the assets traded or to be traded in the market are equal and have opportunities and time to get adequate market information so as to make rational judgments on the function, usage and trading price of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market.

3. Going-concern Assets Assumption

Going-concern assets assumption means that the valuation method, parameters and basis shall be determined in accordance with the condition that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.

(II) Special Assumptions

1. This valuation assumes that the external economic environment remains unchanged and the current national macroeconomy does not change significantly from that as at the Reference Date;

2. There will be no significant change in the social and economic environment where the enterprise operates and the applicable policies on tax and tax rate, etc.;

3. The future operation and management team of the enterprise will be diligent and will continue the existing operation and management models;

4. The valuation is only based on the current operating capabilities as at the Reference Date without taking into account the potential expansion of operating capabilities caused by the management, operating strategies and additional investment in the future and the subsequent changes in the production and operations that may occur;

5. Each asset under this valuation is based on the actual stock on the Reference Date, and the current market price of the relevant asset is based on the domestic effective price on the Reference Date;

6. This valuation assumes that basic information and financial information provided by the principal and the appraised entity are true, accurate and complete;

7. The COVID-19 pandemic was under effective control and did not have substantial impact on the Company's business.

8. The scope of the valuation is only based on the assessment declaration form provided by the principal and the appraised entity, without considering the contingent assets and contingent liabilities that may exist beyond the list provided by the principal and the appraised entity;

9. The value of each parameter measured in this valuation does not take into account the effect of inflation.

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

X. THE CONCLUSION OF VALUATION

Based on the judgment of the appraised entity and the management of the enterprise on the future development trend and the implementation of business plans, and in accordance with the relevant laws and regulations and asset valuation standards, the asset-based approach and income approach have been adopted after implementation of valuation procedures, including checking and verification, on-site inspection, market research and inquiry, assessment and estimation. The assessment of the market value of the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. as at the Reference Date (i.e. 31 March 2022) was carried out.

(I) Valuation conclusion under the asset-based approach

By adopting the asset-based approach, the valuation conclusions made by the appraised entity as at Reference Date (i.e. 31 March 2022) are as follows:

The book value, appraised value and incremental value of total assets were RMB66,279,300, RMB66,293,900 and RMB14,600, respectively, representing an increase ratio of 0.02%.

The book value and the appraised value of liabilities were RMB51,392,400 and RMB51,392,400, respectively, with no increase or decrease in value.

The book value, appraised value and incremental value of net assets were RMB14,886,900, RMB14,901,500 and RMB14,600, respectively, representing an increase ratio of 0.10%. See the table below for details:

Table 2 Summary of valuation results
Reference Date: 31 March 2022

Unit: RMB Ten thousand

Items		Book Value	Appraised Value	Increase or Decrease in Value	Increase ratio (%)
		B	C	D = C–B	E = D/B × 100%
1	Current assets	6,611.22	6,611.22	—	—
2	Non-current Assets	16.71	18.17	1.46	8.74
3	Including: fixed assets	16.70	18.16	1.46	8.74
4	Other non-current assets	0.01	0.01	0.00	0.00
5	**Total assets**	**6,627.93**	**6,629.39**	**1.46**	**0.02**
6	Current liabilities	5,139.24	5,139.24	—	—
7	Non-current liabilities	—	—	—	—
8	**Total liabilities**	**5,139.24**	**5,139.24**	**—**	**—**
9	**Net assets (owner's equity)**	**1,488.69**	**1,490.15**	**1.46**	**0.10**

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

(II) Valuation conclusion under the income approach

(1) Income and cost

Beijing CCID Exhibition Co. Ltd. is principally engaged in organizing exhibitions, covering green energy, virtual reality, semiconductor chips and other industries. Currently, the green energy exhibition — wind energy exhibition becomes a major event held regularly every year, attracting many enterprises every year and also having a strong influence in the industry. In addition, Beijing CCID Exhibition Co. Ltd. organizes VR exhibitions and semiconductor chip exhibitions regularly every year, with increased number of enterprises participating in such exhibitions. For the sake of prudence, the business revenue is expected to grow by 4% per annum in the future. The business costs of Beijing CCID Exhibition Co. Ltd. mainly include venue rental fees, as well as service fees incurred in running exhibitions. The venue rental fee and service fee may be slightly adjusted annually, but the gross profit will remain relatively stable in the future.

(2) Forecast of tax and surcharge

The tax and surcharge of the appraised entity include municipal maintenance tax, education surcharge and local education surcharge, which were calculated based on the value-added tax actually paid. The rates of tax (surcharge) were 7%, 3% and 2%, respectively.

(3) Forecast of expenses for the period

The selling expenses and administrative expenses mainly represent the labour costs, the office expenses, services fees and other costs. Expenses for the period has a strong correlation with business revenue, hence the increase of which was considered as basically in line with business growth.

(4) Forecast of depreciation and amortization

The assets of the appraised entity that shall be depreciated are fixed assets, which mainly include office equipment. Fixed assets are measured at actual cost when acquired. Pursuant to the depreciation policies adopted by the enterprise for fixed assets, the amount of depreciation in the future operating period in this valuation is estimated based on the original book value, the estimated useful life, the weighted depreciation rate and other parameters of the fixed assets as at the Reference Date.

Forecast of future net cash flows

Unit: RMB10,000

Item/Year	April to December 2022	2023	2024	2025	2026	2027 and beyond
Revenue	4,600.00	4,800.00	5,000.00	5,200.00	5,400.00	5,400.00
Cost	2,024.00	2,084.72	2,147.26	2,211.68	2,288.00	2,288.00
Business tax and surcharge	32.42	34.56	36.00	37.44	38.88	38.88
Operating expenses	134.70	167.05	172.06	177.23	182.54	182.54
Administrative expenses	1,116.45	1,385.41	1,426.79	1,469.41	1,513.30	1,513.30
Operating profit	1,292.44	1,128.25	1,217.88	1,304.25	1,377.27	1,377.27
Total profit	1,292.44	1,128.25	1,217.88	1,304.25	1,377.27	1,377.27
Minus: income tax	265.99	282.68	305.09	326.68	344.94	344.94
Net profit	1,026.44	845.57	912.79	977.57	1,032.33	1,032.33
Depreciation of fixed assets	4.64	6.19	6.19	6.19	6.19	6.19
Asset upgrade	4.64	6.19	6.19	6.19	6.19	6.19
Increase in working capital	–176.35	86.79	86.79	86.79	86.79	—
Net cash flows	1,202.79	758.78	826.00	890.77	945.54	1,032.33

(1) Obtain the value of the operating assets by discounting based on the forecast of net cash flows, i.e. RMB80.7946 million;

(2) Calculate the value of surplus or non-operational assets (liabilities) existed as at the Reference Date, i.e. RMB-7.0054 million;

(3) Calculate the value of long-term equity investments, i.e. RMB0;

(4) The enterprise value of the appraised entity was derived by adding up the value of the operating assets, the surplus or non-operational assets (liabilities) and the long-term equity investments. The value of the interest-bearing debts as at the Reference Date was then deducted from the enterprise value to arrive at the appraised value of the total shareholders' equity of the appraised entity.

Value of the operating assets (P) = RMB80.7946 million, value of other surplus or non-operational assets existed as at the Reference Date (C) = RMB-7.0054 million and value of long-term equity investments (I) = RMB0. By applying the above values to the formula, the enterprise value of the appraised entity (B) derived = RMB73.7892 million.

Value of interest-bearing debts of the enterprise as at the Reference Date (D) = RMB0, and the value of equity interests of the appraised entity can be derived:

E = B–D = RMB73.79 million (rounded to the nearest hundred)

By adopting the income approach, the valuation conclusion made by the appraised entity as at Reference Date is as follows:

The book value, appraised value and incremental value of the total shareholders' equity were RMB14,886,900, RMB73,790,000 (rounded to the nearest hundred) and RMB58,902,300, respectively, representing an increase ratio of 395.67%.

(III) Analysis of the differences between the valuation conclusions

In this valuation, the net assets (being the total shareholders' equity) arrived at by using the income approach was RMB73,790,000 (rounded to the nearest hundred), which was RMB58,888,500 or 395% higher than the appraised value of RMB14,901,500 calculated using the asset-based approach. The major reasons for the difference in outcome under the two valuation methods are set out as follows:

1. The asset-based approach takes the replacement cost of assets as the valuation standard, and reflects the necessary social labor consumed by asset investments (acquisition and construction cost), but such acquisition and construction cost usually changes along with the changes of national economy;

2. The income approach takes the expected incomes of assets as the valuation standard, and reflects the size of the operating capacity (profitability) of assets, but such profitability is usually affected by various conditions, such as the macro economy, governmental control and effective usage of assets.

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

(IV) Selection of valuation conclusions

The asset-based approach accesses the fair market value of assets from the perspective of asset replacement, which can only reflect the value of the assets of an enterprise, but cannot fully and reasonably reflect the comprehensive profitability of the various assets and the growth of an enterprise, and it cannot cover the value of intangible resources such as contracts in force, customer resources and human resources. The asset-based approach only accesses each individual tangible asset and intangible asset, and thus may not fully reflect the contribution of such individual assets combined to the whole company, nor fully measure the synergy arising from the complementary and organic combination of each individual asset. Judging from the asset structure, CCID Exhibition is an asset-light company, so the asset-based approach was not adopted as it cannot fully reflect the value of CCID Exhibition.

The income approach not only considers the assets of an enterprise measured in accordance with accounting principles, but also takes into account the resources effectively owned or controlled by the enterprise which cannot be reflected in the balance sheet, such as contracts in force, customer resources, sales networks, potential projects, enterprise qualifications, human resources and R&D capabilities, the contribution of which to the enterprise is reflected in the net cash flows of the enterprise. Therefore, the valuation conclusion under the income approach can better reflect the overall growth and profitability of an enterprise.

In addition to tangible resources such as fixed assets, the main value of CCID Exhibition also includes the contribution of important intangible resources such as the extensive management experience, the ability of organizing large-scale professional exhibitions and service experience, and the stable customer resources of the enterprise, which cannot be quantified and reflected in the balance sheet of the target company. The income approach determines the value of the target company by discounting the cash flows generated by the enterprise in the future years, which can reasonably reflect the synergy value produced by the qualifications owned by the enterprise, the operation and management, and business development ability of the management, customer resources and various other factors, therefore, it can reflect the market value of CCID Exhibition more comprehensively and reasonably.

Based on the above, the appraised value of the total shareholders' equity of Beijing CCID Exhibition Co. Ltd. as at the Reference Date was RMB73,790,000 (rounded to the nearest hundred).

XI. NOTES ON SPECIAL MATTERS

(I) Quotation of report conclusions issued by other institutions

The book value of assets and liabilities on the Reference Date in this valuation report is audited by SHINEWING Certified Public Accountants LLP. SHINEWING Certified Public Accountants LLP issued a standard report for this project, which is named Audit Report on Beijing CCID Exhibition Co. Ltd.* (《北京賽迪會展有限公司審計報告》) (XYZH/2022BJAS20323) without qualified opinions.

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

(II) Incomplete or defective ownership information

Nil.

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

Nil.

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

Nil.

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

Nil.

(VI) Significant subsequent events

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

No significant subsequent event was identified.

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

Nil.

(VIII) Other explanatory matters

1. It is the legal responsibility for the valuer and the valuation firm to make professional judgment on the value of the assets for the valuation purposes depicted in this report, and no judgment whatsoever would be made by the valuer and the valuation firm as to the economic activity corresponding to those valuation purposes. To a large extent, the valuation depends on the information provided by the principal and the appraised entity. Therefore, valuation is premised on the fact that economic activity documents, asset title documents, license and accounting vouchers and the relevant legal documents provided by the principal and the appraised entity were authentic and legal.

2. The objectives of the valuers conducting the asset valuation are to estimate the value of the valuation target and to express professional advice thereof, and accept no responsibilities for the decision of the relevant party. The valuation conclusion shall not be construed as a guarantee of the realisable value of the valuation target.

3. The principal and the appraised entity are held responsible for the authenticity and completeness of the data, statements and the relevant information which were provided by the appraised entity and were used within the scope of this valuation.

4. The principal and the appraised entity are held responsible for the authenticity and legality of the title documentary proof and relevant information which are provided by the appraised entity and are referred to in the valuation report.

5. In the event that any changes in the quantity and the pricing standard of assets occurred within the term of validity after the Reference Date, the principles set out below shall be followed:

   (1) In the event that quantity of assets changes, corresponding adjustments shall be made to the quantity of assets according to the original valuation method;

   (2) In the event that the pricing standard of the assets changes and imposes obvious impacts on the asset valuation results, the principal shall timely employ qualified asset valuation agency to redetermine the appraised value;

   (3) After the Reference Date, the principal shall give due consideration to changes in the quantity and the pricing standard of assets and make corresponding adjustment when determining prices.

6. The conclusion of this valuation is based on the assumption that the owner of property rights and the management of the valuation target make accurate judgments on the development trend in future and related plans will be duly implemented as well as continuous operation. If the future actual operation conditions of the company deviate from the operation plans, and the appraised entity and its then management fail to adopt remedies in time to correct such deviation, the conclusion of this valuation will change substantially. Therefore, users of the report are strongly advised to pay close attention in this regard.

7. The scope of valuation shall be subject to that in the asset valuation list provided by the principal and the appraised entity, without taking into consideration any existing or contingent assets or contingent liabilities other than those included in the aforesaid list;

8. The COVID-19 pandemic was under effective control and did not have substantial impact on the Company's business.

9. The valuers have not taken into account any premiums or discount arising from control and minority interests in this valuation.

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

(I) This valuation report may only be used according to the objectives and purposes as stated herein. Meanwhile, the valuation conclusion reflects the prevailing market fair value under the valuation purpose based on the open market principle, without considering the impact of mortgages and guarantees that the appraised entity may be subject to in the future, nor the impact of additional price which may be paid by special trading parties. Meanwhile, the effects of changes in national macro-economic policies, the natural force and other force majeure on the price of assets are not taken into account. In general, if the aforesaid conditions and other situations such as going concern basis changes, valuation conclusion will become invalid. The valuation agency is not liable for invalidity of the valuation conclusion due to changes of such conditions.

(II) This valuation report is only valid when the economic activity complies with the state laws and regulations and the valuation report is approved by relevant departments.

(III) The valuation report may only be used by users expressly stated herein. The right to use this report is vested in the principal. The valuation agency will not make the report public without the approval of the principal.

(IV) The asset valuation firm and its valuers shall not bear responsibilities if the principal or other users of the asset valuation report fail(s) to use the asset valuation report in accordance with the provisions of laws and administrative regulations or within scope of use specified in the asset valuation report.

(V) Except for the principal, other users of this asset valuation report designed in the asset valuation entrustment contract and asset valuation users of this report stipulated by laws and administrative regulations, any other firms or individuals cannot be asset valuation users of this report.

(VI) Save as required by laws and regulations or otherwise agreed upon by relevant parties concerned, the extraction, reference or disclosure of the whole or any part of contents of this valuation report in any public media shall be subject to approval and review of such contents by the valuation agency.

(VII) Validity period of the valuation conclusion: According to relevant laws and regulations on asset valuation, the asset valuation report involving statutory valuation business must be used by the principal after performing the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation results shall be valid for a term of one year from 31 March 2022 (the Reference Date) to 30 March 2022. Revaluation is required after the one-year term expires.

XIII. DATE OF VALUATION REPORT

This valuation report is dated 23 April 2022.

The following is the text of a report received from SHINEWING HK, for the purpose of incorporation in this circular.

Private and confidential

31 May 2022

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

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the accounting policies adopted and calculations of the underlying profit forecast (the "**Underlying Forecast**") to the valuations (the "**Valuation**") dated 23 April 2022 prepared by China United Assets Appraisal Group Co., Ltd (the "**Valuer**") in respect of the valuation on 北京賽迪會展有限公司 (the "**Target Company**"). The valuations are in connection with the proposed major acquisition of the entire equity interests in the Target Company as set out in announcement of CCID Consulting Company Limited (the "**Company**") dated 31 May 2022 (the "**Announcement**").

Directors' Responsibilities

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

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

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

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

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

Opinion

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

Yours faithfully,

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

Private and confidential

31 May 2022

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

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the accounting policies adopted and calculations of the underlying profit forecast (the "**Underlying Forecast**") to the valuation (the "**Valuation**") dated 23 April 2022 prepared by China United Assets Appraisal Group Co., Ltd (the "**Valuer**") in respect of the valuation on 北京賽迪工業和信息化工程監理中心有限公司 (the "**Disposal Company**"). The valuation is in connection with major disposal of 70% equity interests in the Disposal Company as set out in announcement of CCID Consulting Company Limited (the "**Company**") dated 31 May 2022 (the "**Announcement**").

Directors' Responsibilities

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

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

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

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

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

Opinion

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

Yours faithfully,

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

赛迪顧問股份有限公司

CCID CONSULTING COMPANY LIMITED*

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

(Stock code: 02176)

www.ccidconsulting.com

31 May 2022

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS

We refer to the valuation reports all dated 23 April 2022 prepared by China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司) (the "**Valuer**") in relation to the valuations of (i) 70% equity interests in Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited* (北京賽迪工業和信息化工程監理中心有限公司), (ii) 19.9% equity interests in Beijing CCID Exhibition Co. Ltd.* (北京賽迪會展有限公司) and (iii) 26.6% and 53.5% equity interests in Beijing CCID Exhibition Co. Ltd.* (北京賽迪會展有限公司) (the "**Valuations**"), which constitute profit forecasts under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have reviewed the bases and assumptions based upon which the Valuations have been prepared by the Valuer of which the Valuer is responsible. We have also considered the reports from our reporting accountant, SHINEWING (HK) CPA Limited, regarding whether the discounted cash flows of Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited* (北京賽迪工業和信息化工程監理中心有限公司) and Beijing CCID Exhibition Co. Ltd.* (北京賽迪會展有限公司), so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with the respective bases and assumptions to the Valuations.

* *For identification purposes only*

On the basis of the foregoing, we are of the opinion that the Valuations prepared by the Valuer have been made after due and careful enquiries.

By Order of the Board
CCID Consulting Company Limited
Ms. Ma Yaqing
Chairlady

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

Authorised/Registered:	*RMB*
209,000,000 H Shares	20,900,000
491,000,000 Domestic Shares	49,100,000
Issued, fully paid or credited as fully paid:	
209,000,000 H Shares	20,900,000
491,000,000 Domestic Shares	49,100,000

3. DISCLOSURE OF INTERESTS

(a) Directors', supervisors' and chief executives' Interests and Short Positions in Shares and underlying Shares

As at the Latest Practicable Date, none of the Directors, supervisors and chief executives 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 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 requirements under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("**Model Code**").

(b) Substantial Shareholders' interests and short positions in Shares and underlying Shares of the Company

As at the Latest Practicable Date, 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:

Name	Capacity	Number and class of shares[1]	Approximate percentage in the same class of Shares as at the Latest Practicable Date	Approximate percentage of the issued share capital as at the Latest Practicable Date
CCID[2]	Interest of controlled corporation	491,000,000(L) Domestic Shares	100%	70.14%
CCID Group Co[2]	Beneficial owner	392,610,000(L) Domestic Shares	79.96%	56.09%
CCID Riyue[2]	Beneficial owner	98,390,000(L) Domestic Shares	20.04%	14.06%
Lenovo Manufacturing Limited[3]	Beneficial owner	20,000,000(L) H Shares	9.57%	2.89%
Legend Holdings (BVI) Limited[3]	Interest of controlled corporation	20,000,000(L) H Shares	9.57%	2.89%
Lenovo Group Limited[3]	Interest of controlled corporation	20,000,000(L) H Shares	9.57%	2.89%

Note:

1. The letter "L" represents the substantial Shareholder's long position in the Shares.

2. CCID Group Co was owned by CCID and Research Centre as to 50% and 50%, respectively, while Research Centre is controlled and supervised by CCID. CCID, through CCID Group Co 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 CCID Group Co and 98,390,000 Domestic Shares directly held by CCID Riyue. Research Centre was 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)).

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 the Latest Practicable Date, 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or to be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the controlling Shareholders (as defined in the 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.

6. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, (i) none of the Directors was materially interested, directly or indirectly, in any contract or entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date of which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by member(s) of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

(a) the CCID Exhibition Agreement 1;

(b) the CCID Exhibition Agreement 2; and

(c) the capital increase agreement entered into among the Company, CCID Design, 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**") on 20 July 2020, pursuant to which, 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 interests in Guangdong CCID.

8. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

9. EXPERTS AND CONSENT

The following is the qualifications of the experts who have given, or agreed to the inclusion of, opinions or advice in this circular:

Name	Qualification
Alpha Financial Group Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
China United Assets Appraisal Group Co. Ltd.* (中聯資產評估集團有限公司)	independent PRC asset valuer
SHINEWING (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above experts had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, each of the above experts was not interested, directly or indirectly, in any assets which had since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

10. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Chan Yin Wah, who is a fellow member of The Hong Kong Institute of Chartered Secretaries and the Association of Chartered Certified Accountants in Hong Kong, and a fellow member of The Institute for Chartered Secretaries and Administrators in the United Kingdom.

(b) The registered office and correspondence address of the Company is situated at 10th Floor, CCID Plaza, 66 Zizhuyuan Road Haidian District, Beijing, the PRC and the principal place of business of the Company in Hong Kong is situated at 40/F, Dah Sing Financial Centre No. 248 Queen's Road East, Wanchai, Hong Kong.

(c) The Hong Kong H Share registrar and transfer office of the Company is Tricor Tengis Limited at 54/F, Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong.

(d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

The following documents will be published on the website on the Stock Exchange (*http://www.hkexnews.hk*) and the Company (*www.ccidconsulting.com*) for a period of 14 days commencing from the date of this circular,

(i) the Articles of Association;

(ii) the material contracts referred to under the paragraph headed "Material Contracts" above in this appendix;

(iii) the letter from the Independent Board Committee;

(iv) the letter from the Independent Financial Adviser;

(v) the accountant's report of CCID Exhibition, the text of which is set out in Appendix II to this circular;

(vi) the accountant's report of CCID Supervision, the text of which is set out in Appendix III to this circular;

(vii) the report from SHINEWING HK on the unaudited pro forma financial information of the Group after the Transactions, the text of which is set out in Appendix IV to this circular;

(viii) CCID Supervision Valuation Report as set out in Appendix V of this circular;

(ix) CCID Exhibition Valuation Report 1 as set out in Appendix VI of this circular;

(x) CCID Exhibition Valuation Report 2 as set out in Appendix VII of this circular;

(xi) Letter of comfort issued by SHINEWING HK regarding the profit forecast as set out in Appendix VIII of this circular;

(xii) Letter from the Board in relation to the profit forecast as set out in Appendix IX of this circular;

(xiii) the written consents referred to in the section headed "Experts and Consent" in this appendix; and

(xiv) this circular.

賽迪顧問股份有限公司

CCID CONSULTING COMPANY LIMITED*

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

(Stock code: 02176)

www.ccidconsulting.com

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of CCID Consulting Company Limited* (the "**Company**") will be held at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the People's Republic of China ("**PRC**") on Tuesday, 9 August 2022 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

Unless otherwise specified, terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 21 July 2022 (the "**Circular**"). Please refer to the Circular for details of the proposed resolutions.

ORDINARY RESOLUTIONS

1. "**THAT**, subject to and conditional upon the passing of ordinary resolution numbered 2:

   (a) the terms and conditions of and the transactions contemplated under the CCID Exhibition Agreement 1 (a copy of which has been produced at the meeting and marked "A" and initialled by the chairman of the meeting for the purpose of identification) be hereby approved, ratified and confirmed; and

   (b) authorization be granted to any one Director to do all such acts or things and execute all such documents which he or she considers necessary, desirable, or expedient in connection with the implementation or completion of the CCID Exhibition Agreement 1 and/or any variation, amendments or waiver of the terms of the CCID Exhibition Agreement 1."

2. "**THAT**, subject to and conditional upon the passing of ordinary resolution numbered 1:

   (c) the terms and conditions of and the transactions contemplated under the CCID Exhibition Agreement 2 (a copy of which has been produced at the meeting and marked "B" and initialled by the chairman of the meeting for the purpose of identification) be hereby approved, ratified and confirmed; and

   (d) authorization be granted to any one Director to do all such acts or things and execute all such documents which he or she considers necessary, desirable, or expedient in connection with the implementation or completion of the CCID Exhibition Agreement 2 and/or any variation, amendments or waiver of the terms of the CCID Exhibition Agreement 2."

3. "**THAT** the distribution of the special dividend of RMB5.0 cents (tax inclusive) per share of the Company is approved."

By order of the Board
CCID Consulting Company Limited*
Ms. Ma Yaqing
Chairlady

Beijing, the PRC, 21 July 2022

Notes:

1. In order to determine which of the Shareholders are entitled to attend and vote at the EGM, the register of members will be closed from Thursday, 4 August 2022 to Tuesday, 9 August 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending the EGM, all transfer documents of the Shares accompanied by the relevant share certificate(s) must be lodged in the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No.66 Zizhuyuan Road, Haidian District, Beijing, the PRC (in the case of the holders of Domestic Shares) or the Company's H Share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of the holders of H Shares) not later than 4:30 p.m. on Wednesday, 3 August 2022.

   Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 9 August 2022 will be entitled to attend and vote at the EGM.

* *For identification purposes only*

2. In order to determine the Shareholders who are entitled to receive the Special Dividend, the register of members will be closed from Monday, 15 August 2022 to Tuesday, 16 August 2022, both days inclusive, during which period no transfer of the Shares will be effected. In order to qualify for receiving the Special Dividend, all transfer documents of the Shares accompanied by the relevant share certificate(s) must be lodged to the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No.66 Zizhuyuan Road, Haidian district, Beijing, the PRC (in case of the holders of Domestic Shares) or the Company's H Share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of the holders of H Shares) not later than 4:30 p.m. on Friday, 12 August 2022 for registration.

   Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 16 August 2022 are entitled to receive the Special Dividend. The proposed Special Dividend will be paid on or about Tuesday, 13 September 2022 subject to the approval by the Shareholders at the EGM.

3. Shareholders entitled to attend and vote at the EGM convened by the above notice are entitled to appoint in writing one or more proxies to attend and vote at the EGM on their behalf. A proxy needs not be a Shareholder.

4. A proxy form for the EGM is enclosed. In order to be valid, the instrument appointing a proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation or a legal person, executed under common seal or under the hand of its director or attorney duly authorised in writing.

5. In order to be valid, the instrument appointing a proxy shall be deposited at the Company's principal place of business in the PRC at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for Domestic Shares) or the Company's H Share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H Shares) not less than 24 hours before the time designated for holding the EGM or 24 hours before the time designated for any adjournment thereof.

6. A completed and signed reply slip shall be deposited at the Company's H Share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H Shares) or the Company's principal place of business at 10th Floor, CCID Plaza, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for Domestic Shares) not later than 4:30 p.m. on Wednesday, 3 August 2022. The reply slip can be returned either by post, by fax, or in person.

7. Shareholders who attend the EGM shall bear their own traveling, meal and accommodation expenses.

8. The Company's principal place of business in the PRC:

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

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

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

This notice is also published on the website of Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk* and on the "Investor Relations" page of the Company's website at *www.ccidconsulting.com*.