

# CCID Consulting

## CCID Consulting Company Limited

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

Stock Code: 02176

# 思維 創造世界

- 資本運作第一專家 ●
- 城市經濟第一智庫 ●
- 企業戰略第一顧問 ●

2022  
ANNUAL  
REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ma Yaqing (*Chairlady*)

Fu Changwen (*General Manager*) (appointed on 6 March 2023)  
(*Executive Directors*) (appointed on 31 March 2023)

Qin Hailin (*General Manager*) (resigned on 6 March 2023)  
(*Executive Directors*) (resigned on 31 March 2023)

### Independent Non-Executive Directors

Li Xuemei

Chen Yung-cheng

Hu Bin

## AUDIT COMMITTEE

Li Xuemei (*Chairlady of the Committee*)

Chen Yung-cheng

Hu Bin

## REMUNERATION COMMITTEE

Hu Bin (*Chairman of the Committee*)

Li Xuemei

Ma Yaqing

## NOMINATION COMMITTEE

Ma Yaqing (*Chairlady of the Committee*)

Li Xuemei

Chen Yung-cheng

## SUPERVISORY COMMITTEE

Gong Ping (*Chairman of the Committee*)

Jia Yinghui

Lian Jing

## COMPANY SECRETARY

Chan Yin Wah

## AUTHORISED REPRESENTATIVES

Ma Yaqing

Chan Yin Wah

## REGISTERED ADDRESS

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

## OFFICE AND CORRESPONDENCE ADDRESS

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## COMPANY WEBSITE

[www.ccidconsulting.com](http://www.ccidconsulting.com)

## STOCK CODE

02176

**AUDITOR**

SHINEWING (HK) CPA Limited

**HONG KONG H SHARE REGISTRAR AND  
TRANSFER OFFICE**

Tricor Tengis Limited  
17th Floor, Far East Finance Centre, 16 Harcourt Road,  
Hong Kong

**PRINCIPAL BANKERS**

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

## Company Overview

CCID Consulting Company Limited (“CCID Consulting”), the first listed consulting company in China (stock code: 02176), is a subsidiary of the Ministry of Industry and Information of China Center for Information Industry Development (CCID).

Adhering to the concept of “Thinking Creates the World” and practicing the core values of “Integrity, Commitment, Realism and Creativity”, CCID Consulting provides “Research+Consultation+Implementation” innovative integrated services and digital empowerment services for governments, parks and enterprises.

Relying on the profound industrial resources and methodology, CCID Consulting has built four major service systems of research, consulting, implementation and digitalization, research product system such as annual report, insight, commentary, in-depth research, industrial index and top 100 list; consulting service system such as regional strategy, industrial planning, executive research and feasibility study, enterprise strategy, investment and financing, digital transformation; implementation service system such as CCID Science and Technology Innovation Center, CCID Industrial Fund and CCID Industrial Conference; and The system of implementation services, such as the CCID Science and Technology Innovation Center, CCID Industry Fund and CCID Industry Conference, as well as the digital empowerment system, such as CCID Full Star, CCID Industry Brain, CCID Specialized New Data Platform and CCID Investment Promotion.

CCID Consulting focuses on new technology, new industry, new economy, city economy, county economy and park economy, and is committed to becoming the first think tank of city economy, the first consultant of enterprise strategy and the first expert of capital operation.

# Chairlady's Statement

I am pleased to present the annual report of CCID Consulting Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2022.

## FINANCIAL RESULTS

For the year ended 31 December 2022 (the "period" or the "year"), the Group recorded a turnover of approximately RMB203,836,000 and a gross profit of approximately RMB94,854,000. Profit and total comprehensive income for the year amounted to RMB24,616,000 and RMB24,499,000, respectively, and basic earnings per share amounted to approximately RMB4.30 cents.

## BUSINESS OUTLOOK

In 2022, the Group will implement the "business digital transformation" strategy, centering on the positioning of comprehensive services for industrial innovation, focusing on key parks, industrial enterprises, and investment institutions, and building a business innovation platform based on industrial big data with CCID's industrial brain as the core, and comprehensively upgrading products system to enhance brand influence. In 2023, the Group will build four major service systems of research, consultation, implementation and digitalization, and provide an innovative and comprehensive service and digital empowerment service in relation to "research + consultation+ implementation".

## CONSOLIDATE THE FOUNDATION FOR RESEARCH

The Group will carry out optimization on its research product systems, such as annual reports, Insights, and reviews, and the promotion of the construction of industrial databases, while strengthening the methodological construction and theoretical research to improve research quality and influence.

## EXPAND THE BASE FOR CONSULTATION

The Group will put in bigger effort for regional market development and enhance its consulting services in terms of regional strategy, industrial planning, etc. In addition, the Group will accelerate digital transformation, investment and financing and other consulting services.

## CREATE NEW MOMENTUM FOR IMPLEMENTATION

The Group will promote the implementation of plans, accelerate the layout of science and technology innovation centers, and provide industrial operation and industrial fund services. Moreover, the Group will expand the advantages of international wind energy exhibitions and explore new exhibition projects in the fields of advanced materials and consumer electronics.

## PROMOTE DIGITALIZED EMPOWERMENT

The Group will carry out the upgrade of CCID Mانتianxing, CCID Brain, and the CCID big data platform for enterprises with specialized, refined, peculiar and novelty features, and accelerate the launch of new digital products.

# Chairlady's Statement

## APPRECIATION

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

**Ma Yaqing**

*Chairlady*

Beijing, the People's Republic of China

30 March 2023

# Management Discussion and Analysis

## INDUSTRY OVERVIEW

**The consulting market is gradually picking up, and the release of potential demand is accelerating.** With the optimization and adjustment of epidemic prevention and control policies, economic activities resumed in an orderly manner, driving the recovery of various consulting businesses. Especially under the leadership of the Party Central Committee, the State Council, and Party committees and governments at all levels, the accelerated implementation of a series of key tasks such as stabilizing growth, stabilizing employment, stabilizing prices, expanding domestic demand, and building a modern industrial system has effectively stimulated the regional planning of the government, parks, and enterprises. The rapid increase and continuous release of demand for projects such as industrial planning and corporate strategic planning have expanded the market growth space for the consulting industry.

**The Chinese-style modern consulting method system is becoming more and more mature, bringing new momentum to enhance the competitive advantage.** The 20th National Congress of the Communist Party of China drew up a grand blueprint for comprehensively promoting the great rejuvenation of the Chinese nation with Chinese-style modernization, which requires the local consulting industry to adhere to the Chinese characteristics, essential requirements, and major principles of Chinese-style modernization, research and Deepen the consulting method system with national characteristics and in line with the requirements of Chinese-style modernization. On the basis of learning foreign theories, local consulting institutions will continuously summarize and extract consulting thought theories and methodologies with Chinese characteristics from management practice and consulting practice, establish unique competitive advantages, and better serve the advancement of Chinese-style modernization. It will also make outstanding contributions to the development of international management consulting theory.

**There is a strong demand for the implementation of consulting results, which puts forward higher requirements for the business sinking and closed-loop implementation of consulting services.** Under the gradual upgrading of customer needs and the demonstration guidance of leading consulting institutions, the demand for the implementation of various consulting projects is increasingly strong. Some customers are no longer satisfied with pure planning research and consulting results, but hope to provide closed-loop research, planning, consulting, and implementation of the whole process of services with the help of the professional capabilities of consulting agencies. This requires the consulting industry to accelerate the implementation of the back-end of consulting services and the extension of diagnostic monitoring, cultivate more systematic implementation capabilities, respond to customers' more comprehensive requirements, and extend the consulting business service chain.

**The accelerated popularization of new technologies has provided a solid support for the efficiency improvement and model upgrading of the consulting business.** With the comprehensive popularization of digital technologies such as artificial intelligence, cloud computing, and big data, especially the rapid development of disruptive technologies such as AIGC and GPT, the consulting industry is expected to truly penetrate into the core business links of customers in various fields, and output comprehensive, accurate, and highly Strongly operable consulting service plan. Driven by digital technology, consulting agencies can provide customers with more comprehensive, systematic and intelligent solutions by integrating data resources and method model capabilities, using digital products such as city brain, industry brain, enterprise management and control brain, and precision investment promotion big data platform as carriers, thus enhancing the added value of consulting business.



## Management Discussion and Analysis

### BUSINESS REVIEW

#### Create new momentum for digitalized business

In 2022, the Group increased its effort in the research and development of digital products, continued to promote the iterative upgrade of standardized products and made new achievements. “CCID brain” for industries focuses on “digitalizing basic capacity building, digitalizing consulting product system construction, and digitalizing operation ecological construction”, creates a three-in-one digitalized consulting service system, and improves the level of expansion of digital consulting business empowerment. It monitors more than 5 million pieces of enterprise data, including patent data, investment and financing data, corporate relationship graphs, etc. to construct the enterprise database with specialization and newness as the main theme, and has successfully signed the projects with Pengzhou, Shehong, and other cities and counties. The “CCID brain” takes user needs as its purpose, improves pre-sales services, clarifies optional functional modules of the project, while continuously improving after-sales services, establishes backstage data for operation and maintenance updates to ensure dynamic updates, uses small program development, short video production, etc. to enhance the value of product operation and increase user stickiness. CCID’s “Mantianxing” added the “Industrial Big Data” item to realize the dynamic display of industry data and established the “2022 IT Market Annual Conference” and “CCTV Authoritative Report” video items to classify videos based on industry fields, time ranges and other elements to allow easier search for users. We launched the CCID Mantianxing “specialized, special and new power bank” mini program to promote the iterative upgrade of the platform.

#### Create distinctive research results and products

In 2022, the Group made every effort to create distinctive research results and products. We insisted on being research-oriented, consolidated basic research capabilities, grasped hot issues to carry out forward-looking research, established a multi-product matrix, and further enhanced brand influence through research results. We issued 78 annual reports, focusing on key areas such as software information, county economy, big data, new materials, artificial intelligence, investment and financing, and digital transformation. We published 25 issues of Insights, and their research areas included semiconductor materials, intelligent networked vehicles, clean energy and other fields. 172 Shushuo articles were published, and their research areas included electronic information, integrated circuits, dual-carbon economy, park economy, investment and financing and other popular research fields. 90 Xinrui reviews were published, and their research areas covered real-time hotspots such as AI digital, virtual reality, 5G applications, finance and hard technology, and ESG. 197 CCID Quick Reviews were published, including the Winter Olympics series, the double-carbon economy series, the consumer economy series, the 2022 ICT trend forecast series, the hard technology series, and the ten-year struggle series. At the same time, the Group continuously optimized research product carriers, used high-quality media such as new media, and combined current events and the Company’s business to create a series of high-quality short videos. 41 research videos were published, including special new series, Mantianxing industry expert series, etc.

### Promote management innovation

In 2022, the Group continued to promote management innovation. We improved the management mechanism system, formulated lead management, execution management, and revenue confirmation management systems, optimized group research and project collaboration mechanisms, implemented a pilot “two-way mutual selection system” for project managers and project members, and a project manager responsibility system to encourage healthy competition among team members. The project management department strengthened the management of the entire life cycle of projects such as regular contracts, signing and registration, and sorted out the entire life cycle of multi-department cooperation projects from contract signing, project signing and project approval to completion, and cleaned up old projects. The existing regular statistics were standardized and programmed. We promoted the smooth progress of qualification management, completed the annual internal and external audits of ISO9001 quality certification, and ensured the continuous validity of qualifications.

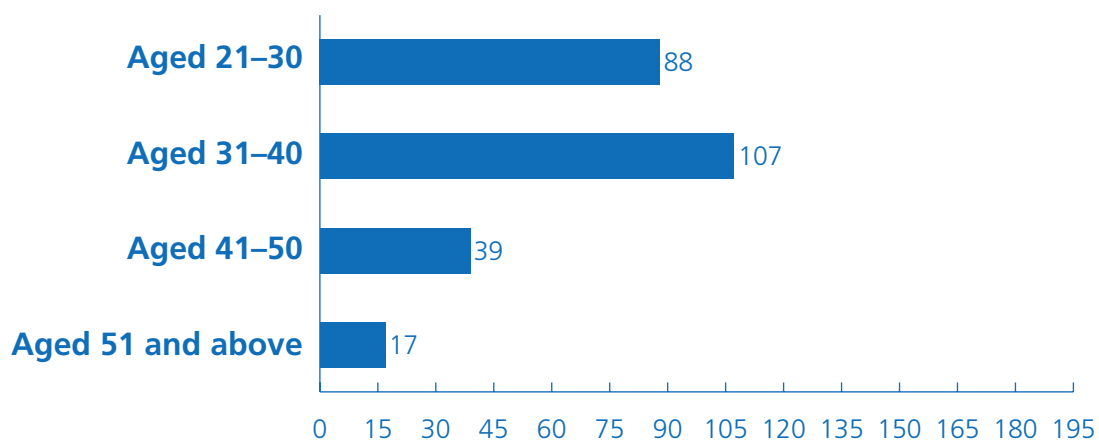
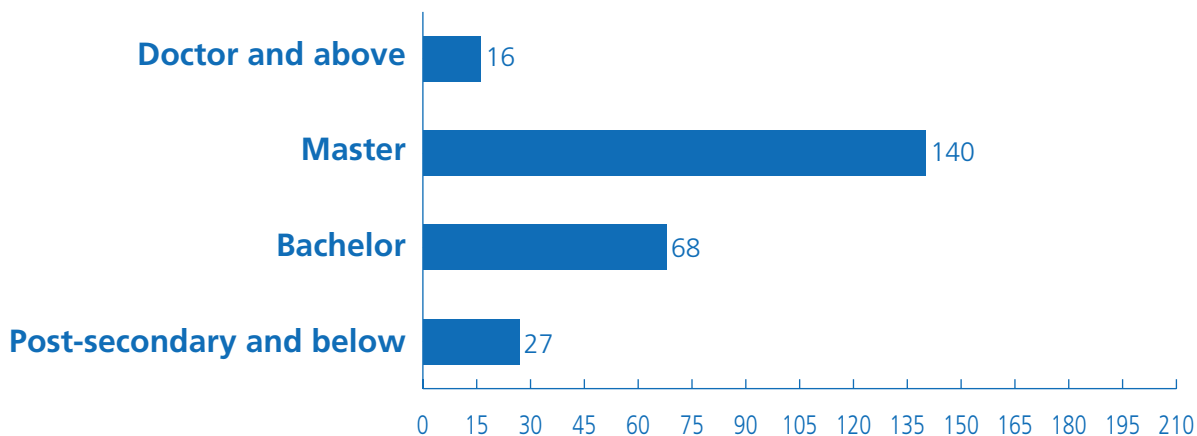
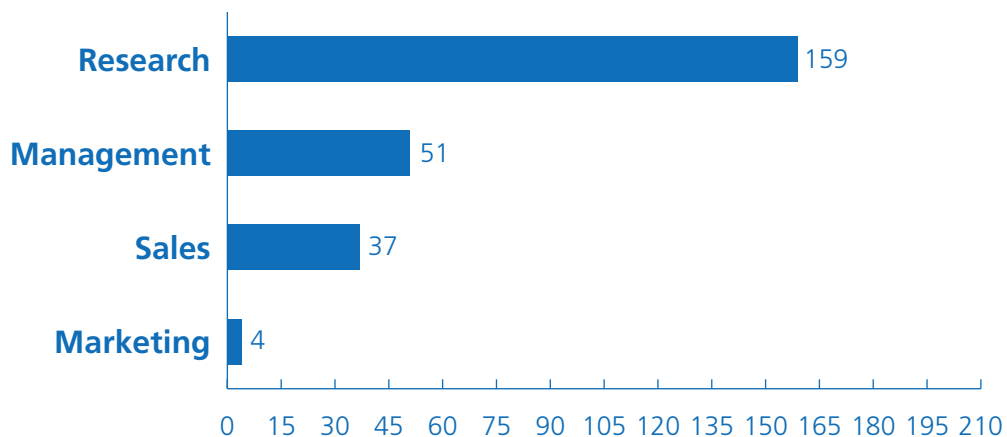
### Improve brand influence continuously

In 2022, the Group continued to enhance its brand influence. We successfully held the “2022 •IT Market Annual Conference” which focused on “Key Technology Innovation • Evolving Digital Momentum”, invited industry experts to conduct on-site exchanges through scrolling public speeches, dynamic concept walls, and 11 video results publication. We successfully hosted the “2022 Nanjing World Semiconductor Conference” to further enhance the influence of the CCID brand in the semiconductor field across the country and abroad. We undertook the “2022 Hefei World Integrated Circuit Conference”, “Semiconductor Market Annual Conference Main Forum”, “Investment and Financing Forum”, “China-Korea Semiconductor Cooperation Forum” and other events, and the brand influence continued to increase.

## Management Discussion and Analysis

### Employee and Remuneration Policy

As at 31 December 2022, the Group had a total of 251 (2021: 386) employees, the composition of which was as follows:



## Management Discussion and Analysis

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

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

### FINANCIAL REVIEW

#### Turnover

For the year ended 31 December 2022, the Group recorded a turnover of approximately RMB203,836,000 (for the year ended 31 December 2021 (restated): approximately RMB281,800,000), representing a decrease of approximately 28% as compared to the corresponding period of last year.

In terms of management and strategy consultancy services, the consultancy services provided by the Group to government customers include comprehensive planning, industry-specific planning, implementation planning and action planning, industry spatial management services, and the consultancy services provided to enterprise customers include business development strategy, investment decisions analysis, financial advisory service in private equity or venture capital investment and initial public offering and so on. The Group recorded revenue of approximately RMB123,837,000 for the year ended 31 December 2022 (approximately RMB123,689,000 for the year ended 31 December 2021 (restated)) from the management and strategy consultancy services, accounting for approximately 61% of the Group's turnover and representing an increase of approximately 1% as compared to the corresponding period of last year.

In terms of market consultancy services, the Group conducts customized research on various issues, including competitive environment, customer requirements, industry applications, channel development, and product and technology development. The consultancy services provided to corporate clients include market segmentation research services, product lifecycle and market research services, and regional channel structure and market research services. For the year ended 31 December 2022, the Group had realized revenue of approximately RMB32,626,000 (approximately RMB32,956,000 for the year ended 31 December 2021 (restated)), accounting for approximately 16% of the Group's turnover and representing a decrease of approximately 1% as compared to the corresponding period of last year.

## Management Discussion and Analysis

In terms of information engineering supervision services, the Group mainly provides professional supervision services in respect of various projects ranging from software, network, communication to information security to the government and enterprises. For the year ended 31 December 2022, the turnover of the information engineering supervision services of the Group was approximately RMB37,483,000 (approximately RMB76,514,000 for the year ended 31 December 2021 (restated)), accounting for approximately 18% of the Group's turnover and a decrease of approximately 51% as compared to the corresponding period of last year. It was mainly due to the recurrence of the epidemic in 2022, 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 turnover of information engineering supervision services.

In terms of conference consultation and exhibition services, the Group mainly provides systematic services from planning, implementation to media cooperation and other exhibition activities to industry associations, enterprises and local governments. For the year ended 31 December 2022, the Group had realized revenue in conference consultation and exhibition services of approximately RMB9,297,000 (approximately RMB46,041,000 for the year ended 31 December 2021 (restated)), accounting for approximately 4% of the Group's turnover.

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

	2022		2021 (restated)	
	RMB'000	%	RMB'000	%
Management and strategy consultancy services	<b>123,837</b>	<b>61%</b>	123,689	44%
Market consultancy services	<b>32,626</b>	<b>16%</b>	32,956	12%
Information engineering supervision services	<b>37,483</b>	<b>18%</b>	76,514	27%
Conference consultation and exhibition services	<b>9,297</b>	<b>4%</b>	46,041	16%
Other services	<b>593</b>	<b>1%</b>	2,600	1%
<b>Total</b>	<b>203,836</b>	<b>100%</b>	281,800	100%

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

### Costs and expenses

For the year ended 31 December 2022, the Group's costs and expenses amounted to a total of approximately RMB176,395,000 (for the year ended 31 December 2021 (restated): RMB234,252,000), representing a decrease of approximately 25% as compared to the corresponding period of last year. In 2022, the recurrence of the COVID-19 resulted in a decrease in the Group's project costs and research and development.

### Income tax

In accordance with the requirements under the Law of the People's Republic of China on Enterprise Income Tax and its implementation regulations, the Opinions of the State Council Concerning Accelerating the Development of the Technological Service Sector (Guo Fa [2014] No. 49), the Notice of the State Taxation Administration on Issues concerning the Administration of Enterprise Income Tax Deduction and Exemption (Guo Shui Fa [2008] No. 111), the Supplementary Notice of the State Taxation Administration on Issues Concerning the Administration of Enterprise Income Tax Preferences (Guo Shui Han [2009] No. 255), the Notice of the State Taxation Administration on Issuing the Measures for the Administration of Tax Deduction or Exemption (for Trial Implementation) (Guo Shui Fa [2005] No. 129) and the Notice of the State Taxation Administration on Issues Concerning the Implementation of the Preferential Income Tax for High and New Technology Enterprises (Guo Shui Han [2009] No. 203), the Company is officially entitled to a preferential enterprise income tax rate of 15% with effect from 2016 and a income tax reduction and exemption of approximately RMB4,458,000 for the year ended 31 December 2022.

### Profit and total comprehensive income for the year

For the year ended 31 December 2022, the Group reported profit and total comprehensive income for the year of approximately RMB24,616,000 and RMB24,499,000 (for the year ended 31 December 2021 (restated): approximately RMB45,968,000 and RMB45,968,000), respectively, representing decrease of approximately 46% and 47%, respectively, as compared to the corresponding period of last year. The Group's business was adversely affected to a certain extent by the recurrence of COVID-19 in 2022, resulting in a decrease in profit and total comprehensive income for the year.

### Liquidity and Financial Resources

As at 31 December 2022, cash and cash equivalents of the Group amounted to approximately RMB247,653,000 (as at 31 December 2021 (restated): cash and cash equivalents amounted to approximately RMB389,973,000). The amount of cash and cash equivalents decreased by approximately 36% as compared to the corresponding period of last year. The Group's primary source of funds was cash flow generated from operating activities. The management believes that the Group had adequate working capital for its present needs.

## Management Discussion and Analysis

### Capital Structure

The capital structure of the Group as at 31 December 2022 is summarised as follows:

	RMB'000	%
Total shareholders' equity attributable to equity holders of the Company	<b>140,605</b>	<b>84%</b>
Non-controlling interests	<b>25,888</b>	<b>16%</b>
Total	<b>166,493</b>	<b>100%</b>

### Operating Segment Information

Operating segment information is set out in note 9 to the consolidated financial statements.

### Capital Commitment and Contingent Liabilities

As at 31 December 2022, the Group had no capital commitment (as at 31 December 2021: Nil). As at 31 December 2022, the Group had no contingent liabilities (as at 31 December 2021: Nil).

### Pledge of Assets

As at 31 December 2022, no assets of the Group were pledged to secure its banking facilities (as at 31 December 2021 (restated): RMB3,163,000).

### Gearing Ratio

As at 31 December 2022, the Group's gearing ratio was approximately 109% (as at 31 December 2021 (restated): 55%). It was mainly due to the fact that the Group's did not distribute final dividend in 2021 and the decline in the Company's return on capital due to the recurrence of the COVID-19 in 2022. The gearing ratio was calculated by dividing the aggregate of total liabilities and proposed final dividend less amounts due to related parties and deferred tax liabilities by total equity less proposed final dividend.

## Management Discussion and Analysis

### Major Investments

For the year ended 31 December 2022 and as at the date of this annual report, the Group subscribed wealth management products as set out in the following table:

Subscription Date	Counterparty	Name of Wealth Management Product	Currency of Principal and Return	Subscription Amount	Term of Product	Annualised Yield Rate/ Benchmark for Performance Comparison
12 January 2022	CCB Wealth Management Co., Ltd., a wholly-owned subsidiary of China Construction Bank Corporation	The CCB Wealth Management "Anxin" (minimum holding of 270 days) Daily Open-ended Fixed-income and Net-worth RMB Wealth Management Product (建信理财「安鑫」(最低持有270天) 按日开放固定收益类净值型人民币理财产品)	RMB	50,000,000	270 days (expiring on 9 October 2022)	Benchmarks A and B for the performance of the product are 3.45% and 4.45% per annum, respectively.  A benchmark for performance comparison is the investment target set for a product by the product manager based on various factors such as product nature, investment strategies, past experience and future market expectation. The product is a net-worth product and its performance will fluctuate with the market and be subject to uncertainty.

For the year ended 31 December 2022, the Company recorded gains of approximately RMB138,000 from the products subscribed on 12 January 2022. The Board believes that with greater stability and stronger liquidity but lower risk exposure compared to other non-banking wealth management products, these wealth management products can provide the Group with better return on its idle funds, which is in the interests of the Group and the shareholders as a whole.

Save as disclosed above, as at 31 December 2022, there were no other major investment.



## Management Discussion and Analysis

### Material Acquisition and Disposal

On 31 May 2022, the Group entered into a stock purchase and disposal agreement with connected parties in respect of (i) 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”) (a non wholly-owned subsidiary of the Company) (as purchaser) entered into the CCID Exhibition Agreement 1 with 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”) (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 interest in Beijing CCID Exhibition Co. Ltd.\* (北京賽迪會展有限公司) (“CCID Exhibition”) at a consideration of RMB14,684,200; and (ii) CCID Design (as purchaser) entered into the CCID Exhibition Agreement 2 with CCID Academy for Industry and Information Technology Limited\* (賽迪工業和信息化研究院(集團)有限公司) (“CCID Group Co”) and Beijing CCID Venture Investment Company Limited\* (北京賽迪創業投資有限公司) (“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. The acquisition has completed on 9 August 2022 and the Company ceases to hold any equity interest in CCID Supervision while it acquires 100% equity interest in CCID Exhibition. For further details of the acquisition and the disposal, please refer to the announcement and the circular of the Company dated 31 May 2022 and 21 July 2022.

Save as disclosed above, the Group did not have any material acquisition or disposal as of 31 December 2022.

\* The English translation is for identification only

### Major Future Investment

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

### Exchange Rate Risk

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

### Significant Event after the Reporting Period

There were no significant event after the reporting period which had materially affected the Group’s operations and financial performance as at the date of this annual report.

# Directors, Supervisors and Senior Management

## EXECUTIVE DIRECTORS

Ma Yaqing (馬雅清), aged 59, was appointed as an Executive Director and Chairlady of the Company since 21 January 2022. Ms. Ma has over 30 years of working experience in, among other fields, law, corporate management and state-owned asset management. Ms. Ma worked in China Centre of Information Industry Development\* (中國電子信息產業發展研究院) (“CCID”) since July 2000, and served in various positions consecutively, including the deputy head of the corporate management department (企業管理處副處長), the Director of the investment, finance and law department (投融資和法律處處長) and the Director of the operation management department (經營管理處處長) of CCID, as well as a member of the commission for discipline inspection (紀委) of CCID. She has been the chief legal counsel (首席法律顧問) of CCID Academy for Industry and Information Technology Limited\* (賽迪工業和信息化研究院(集團)有限公司), a wholly-owned controlling subsidiary of CCID, and an executive director and legal representative of CCID Industrial and Information Technology Research Institute Group (Suzhou) Co. Ltd.\* (賽迪工業和信息化研究院集團(蘇州)有限公司) since April 2019. From July 1986 to 1997, Ms. Ma worked in the Court of Huimin District, Hohhot Municipality, Inner Mongolia (內蒙古呼和浩特市回民區法院), became a judge and served as, among other positions, the deputy officer of the general office (辦公室副主任) and the Deputy Chief Judge of the civil court (民事審判庭副庭長). During that period, she participated in the “Reserve Talent Training Program for Senior Judge”\* (高級法官後備人才培訓項目) organized by the Supreme People’s Court through open recruitment and became a postgraduate receiving targeted training from March 1991 to July 1995. Ms. Ma Yaqing graduated from the Inner Mongolia University in 1986 and obtained a bachelor’s degree in law. She also graduated from the School of Law of the Renmin University of China and obtained a master’s degree in international economic laws and a doctoral degree in civil and commercial laws in 1995 and 2000, respectively. Ms. Ma Yaqing was accredited as a senior economist by the Ministry of Industry and Information Technology (“MIIT”) (formally known as the “Ministry of Information Industry”) of the People’s Republic of China in December 2003, and served as a member of the Senior Economist Title Evaluation Committee\* (高級經濟職稱評審委員會) of MIIT since 2004.

Fu Changwen (付長文), aged 42, has been appointed as an Executive Director of the Company since 31 March 2023, and as the General Manager of the Company since 6 March 2023. Mr. Fu joined the Company in 8 July 2004 and has served in the investment consulting business department, strategy consulting business department and investment management department. Mr. Fu served as the secretary of the Board from 25 November 2008 to 23 August 2022 and served as the deputy general manager of the Company from 10 January 2014 to 23 August 2022. Mr. Fu has concurrently served as the chairman of Beijing CCID Tiandi Investment Management Company Limited\* (北京賽迪天地投資管理有限公司) since 15 December 2021 and the general manager of Beijing CCID Technology Limited Company\* (北京賽迪科創技術有限公司) since 21 March 2022. Mr. Fu has over 19 years of experience in strategy consulting, investment management and corporate governance. Mr. Fu graduated from the Renmin University of China with a master’s degree in economics in June 2004.

## Directors, Supervisors and Senior Management

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Xuemei (李雪梅), aged 55, was appointed as an Independent Non-Executive Director with effect from 25 November 2011, and was re-elected on 25 November 2020. Ms. Li has been working in the School of Economics and Management (經濟管理學院) of Beijing Jiaotong University (北京交通大學) since December 1995, and has been a professor and PhD supervisor since October 2010. She has also been serving as a managing director of China Association of International Business Negotiation\* (中國管理現代化研究會國際商務談判專業委員會) since July 2010, and a director of the Beijing Big Data Association\* (北京大數據協會) and the Beijing Applied Statistics Association\* (北京應用統計學會) since October 2019. Ms. Li has been engaged in teaching and scientific research for a long time, presided over and participated in more than 50 scientific research projects commissioned by the Ministry of Science and Technology (科技部), National Natural Science Foundation of China (中國國家自然科學基金委員會), the Ministry of Railways (鐵道部), Beijing Municipal Science and Technology Commission (北京市科學技術委員會), Beijing Municipal Education Commission (北京市教育委員會) and many enterprises. Her research results won the second prize of Science and Technology of the China Railway Society (中國鐵道學會) in 2014. Ms. Li was a visiting scholar at the University of Nevada from August 2014 to December 2014 and a visiting professor at Dartmouth College from December 2014 to September 2015. Ms. Li graduated from Heilongjiang University (黑龍江大學) with a Bachelor of Science degree in July 1989, Harbin University of Civil Engineering and Architecture (哈爾濱建築大學) (now incorporated into Harbin Institute of Technology (哈爾濱工業大學)) with a master's degree in engineering in May 1995, and Beijing Jiaotong University with a doctoral degree in management in October 2007.

Chen Yung-cheng (陳永正), aged 66, was appointed as an Independent Non-Executive Director with effect from 20 May 2019 and was re-elected on 25 November 2020. Mr. Chen has accumulated more than three decades of experience in telecommunications, media and technology ("TMT") and corporate management in multinational corporations. Mr. Chen has been a non-executive director of Asia Pacific Telecom Co., Ltd. (the shares of which are listed on the Taiwan Stock Exchange (stock code: 3682)) since August 2016 and an independent non-executive director of Digital China Holdings Limited (the shares of which are listed on the Stock Exchange (stock code: 00861)) since July 2021. Previously, Mr. Chen held various senior positions in various corporations, including the president of Motorola Solutions (China) Co., Ltd.\* (摩托羅拉系統(中國)有限公司), the president of Alibaba Health Information Technology Limited (formerly known as CITIC 21CN Company Limited, the shares of which are listed on the Stock Exchange (stock code: 00241)), the president of the Greater China Region of Microsoft, the president of NBA China, a partner of GL Capital Group and the chairman of CSL Holding Limited. In addition, Mr. Chen served as an independent director of Guiyang Longmaster Information & Technology Company Limited\* (貴陽朗瑪信息技術股份有限公司, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300288)) from October 2010 to October 2013, the president of Telstra International from November 2012 to December 2015, the chairman of Autohome, Inc. (NYSE: ATHM) from 2012 to May 2016, an independent director of Qingdao Haier Co., Ltd.\* (青島海爾股份有限公司, currently known as Haier Smart Home Co., Ltd.\* (海爾智家股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600690)) from September 2014 to 31 May 2016, the general manager of Asia Pacific Telecom Co., Ltd. from August 2016 to January 2017, the chairman of Foxconn Industrial Internet Co., Ltd. (富士康工業互聯網股份有限公司, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601138)) from January 2018 to October 2018, the vice president of Suirui Technology Limited\* (隨銳科技股份有限公司, a company listed on the National Equities Exchange and Quotations (stock code: 835990)) from February 2019 to July 2021 and an independent non-executive director of BeiGene, Ltd. (the shares of which are listed on the Stock Exchange (stock code: 06160)) from February 2016 to June 2022. Mr. Chen obtained an MBA degree from the University of Chicago in June 1991 and a bachelor's degree from National Chiao Tung University in June 1978.

## Directors, Supervisors and Senior Management

Hu Bin (胡斌), aged 41, was appointed as an Independent Non-Executive Director with effect from 23 December 2020. Mr. Hu is a senior economist and associate professor. Mr. Hu has been the chairman of Xinjin Investment Holdings Limited\* (信金投資控股有限公司) since July 2019. Mr. Hu was a member of the executive committee of CSC Financial Co., Ltd. (中信建投證券股份有限公司) and the chief executive officer of China Securities (International) Finance Holding Company Limited (中信建投(國際)金融控股有限公司) from January 2016 to July 2019. Mr. Hu served as the managing director and a member of the management team of CSC Financial Co., Ltd. from June 2014 to January 2016. Mr. Hu was a director-level cadre (正處級幹部) of CITIC Group General Office\* (中信集團辦公廳) from January 2010 to June 2014. Mr. Hu was a vice president of the capital markets department of CITIC Securities Co., Ltd.\* (中信證券股份有限公司) from September 2006 to January 2010. Mr. Hu was a trader in the treasury department at the headquarters of Huaxia Bank (華夏銀行) from September 2004 to September 2006. Mr. Hu obtained a master of investment degree from the Birmingham Business School of the University of Birmingham in the United Kingdom in September 2004, a Bachelor of Business Management with Finance degree from the Business School of Edinburgh Napier University in the United Kingdom in September 2003 as well as a Bachelor of Economics degree from the department of finance of Shandong University of Finance and Economics (山東財經大學) in July 2002.

### Supervisors

Gong Ping (龔平), aged 45, served as a supervisor of the Company from June 2017 to November 2017, appointed as a supervisor of the Company with effect from 20 May 2019, and was re-elected on 25 November 2020. Mr. Gong has been the director of the Finance Centre of China Centre of Information Industry Development since June 2022, the general manager of the Finance Centre of China Centre of Information Industry Development\* since February 2019, and a deputy head of the finance department of China Centre of Information Industry Development\* from February 2010 to October 2016. He joined CCID Group in 2009 and served as the manager of the finance department of Beijing CCID Media Investments Co. Ltd.\* (currently known as Nanhua Bio-medicine Co., Ltd.\*), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000504) from May 2009 to February 2010. Mr. Gong holds various professional qualifications, including a certified Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in January 2011 senior accountant conferred by the Ministry of Industry and Information Technology (工業和信息化部) of the People's Republic of China in January 2017. Mr. Gong graduated from Beijing Institute of Technology (北京理工大學) with an MBA degree in June 2012.

Jia Yinghui (賈映輝), aged 38, was appointed as a supervisor of the Company with effect from 25 November 2020. He has been the head of the party community department of Finance Centre of China Centre of Information Industry Development\* since 22 February 2023. He was a director and senior deputy general manager of CCID Academy for Industry and Information Technology Limited\* from April 2020 to 22 February 2023. He has also been a deputy secretary of the Youth League Committee of the agencies directly under the Ministry of Industry and Information Technology since September 2021. Mr. Jia served as a Deputy Director of the Personnel Department and Secretary of the Youth League Committee of China Centre of Information Industry Development\* from December 2012 to April 2021. Mr. Jia served as a researcher in the Industrial Policy Research Institute (產業政策研究所) and a cadre of the Personnel Department of China Centre of Information Industry Development\* from July 2009 to December 2012. During this period, Mr. Jia worked for the Department of Policies and Regulations (政策法規司) and the Department of Personnel and Education (人事教育司) of the Ministry of Industry and Information Technology on secondment for three years. Mr. Jia was certified in December 2018 by the Ministry of Industry and Information Technology as senior economist. Mr. Jia graduated from Central Party School of the Communist Party of China (National Academy of Governance) with a doctorate degree in management in July 2021.

## Directors, Supervisors and Senior Management

Lian Jing (廉晶), aged 52, was elected as an employee representative supervisor at an employee representative meeting on 20 December 2019 and re-elected on 25 November 2020. Ms. Lian has more than 20 years of work experience. She is currently the director of the general office of the Company and has been a supervisor of CCID (Shanghai) Advanced Manufacturing Research Centre Co., Ltd.\* (賽迪 (上海) 先進製造業研究院有限公司), a subsidiary of the Company, since March 2018. Ms. Lian has been the director of the general office since she joined the Company on 12 June 2016. Ms. Lian graduated from California State University, East Bay with a master's degree in business administration economics and foreign trade in June 2006.

### SENIOR MANAGEMENT

Wen Fang (文芳), aged 44, has been a deputy general manager since 16 March 2016. Ms. Wen joined the Company on 30 June 2004 and has served as the deputy general manager, the general manager and the chief computer and software business executive of the Computer Industry Research Centre\* (計算機產業研究中心), a deputy general manager of the Company, the general manager of Beijing CCID City Strategy Consulting Co., Ltd.\* (北京賽迪方略城市經濟顧問有限公司) (currently known as Beijing CCID County Strategy Consulting Co., Ltd.\* (北京賽迪方略縣域經濟顧問有限公司)), and the president of the Industrial Economics Institute\* and a deputy director of the Technological Development Department (科技發展處) of China Centre of Information Industry Development\*. She has 18 years of experience in the research of electronic information, software, industry planning and regional economy. Ms. Wen graduated from Beijing Jiaotong University with a master's degree in May 2004.

Song Yu (宋宇), aged 50, has been a deputy general manager of the Company since 25 June 2013. Ms. Song joined the Company on 1 September 2002 and has served as a deputy general manager and the business group research director of the Semiconductor Industry Research Centre\* (半導體產業研究中心). She has over 20 years of experience in the industrial research of electronic information, semiconductors and internet of things. Ms. Song graduated from Peking University with a bachelor's degree in July 1996.

Li Ke (李珂), aged 46, has been a deputy general manager of the Company since 22 September 2011. Mr. Li joined the Company on 1 May 2003 and has served as the general manager of the Semiconductor Industry Research Centre\* and the director of semiconductors and consumer electronics business group. He has over 19 years of experience in industrial research of semiconductors, optoelectronics and internet of things. Mr. Li graduated from Beijing Institute of Technology with a bachelor's degree in July 1999.

Lu Ping (呂萍), aged 44, has been a deputy general manager of the Company since 16 March 2016. Ms. Lu has over 18 years of experience in market research, industry planning and government consultation. Ms. Lu joined the Company on 22 June 2004 and has served as a deputy general manager of the Development Zone Consultation Centre\* (開發區諮詢中心) and a deputy general manager of the Electronic Information Industry Research Centre\* (電子信息產業研究中心). She served as a deputy president of the World Industrial Research Institute\* (世界工業研究所) (responsible for operation) and a deputy director of the Technological Development Department of China Centre of Information Industry Development\* from February 2012 to January 2015 and from January 2015 to March 2016, respectively. Ms. Lu graduated from Beihang University with a doctorate degree in management in June 2022. She is a senior economist.

## Directors, Supervisors and Senior Management

Ma Chengen (馬承恩), aged 37, has been the deputy general manager of the Company since 21 January 2022. Mr. Ma joined the Company in July 2017. He was the standing deputy director of the County Economy Research Center\* (縣域經濟研究中心) from December 2017 to July 2018. From August 2018 to January 2021, he served as the director of the County Economy Research Center. From January 2021 to January 2022, he was the assistant to president of the Company as well as the director of the County Economy Research Center. Mr. Ma graduated from the University of Chinese Academy of Sciences with a doctoral degree in ecology in June 2017.

Hu Yun (胡雲), aged 49, has been the financial controller of the Company since 14 June 2017 and the secretary of the Board since 23 August 2022. Ms. Hu has 20 years of experience in audit, internal control consultation and financial management. Ms. Hu joined the CCID Group on 29 October 2007 and worked for the Company and Beijing CCID Media Investments Co. Ltd.\*, respectively. Ms. Hu was a supervisor of the Company from 25 November 2014 to 13 June 2017 and was appointed as the financial controller of the Company on 14 June 2017. She served as the financial controller of China Software Testing Centre\* (中國軟件評測中心) from January 2011 to June 2017. She worked for various accounting firms between 2001 and 2007 and was responsible for the annual audit, internal control consultation and financial training affairs of large state-owned enterprises. Ms. Hu graduated from the Business School (商學院) of Hubei University (湖北大學) with a bachelor's degree in economics in July 1995. She is a senior accountant and taught at the Business School of Hubei University from July 1995 to November 2000.

### COMPANY SECRETARY

Chan Yin Wah (陳燕華), aged 48, is the company secretary and an authorised representative. She joined the Company in March 2012. Ms. Chan is an Associate Director of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). Ms. Chan has worked for various internationally well-known professional firms and listed companies in Hong Kong and has over 15 years of professional experience in handling the company secretarial services, compliance services and share registry services for listed companies in Hong Kong. Ms. Chan holds a bachelor's degree in economics and a master's degree in professional accounting. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute for Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants.

\* For identification purpose only

# Corporate Governance Report

## CORPORATE PURPOSE, VALUES, STRATEGIES AND CULTURE

With the aim of becoming a “first-rate top-notch think tank” in China, and the principal of “value creation, ability upgrade and mission accomplishment”, the Group is implementing “the new pattern and new development” concept, and build itself into a comprehensive industrial consulting service and modern information technology service organization with core competitiveness around the construction of a manufacturing power, a strong network and a digital power, and empower the high-quality development of enterprises and industries. the Group is committed to being the booster, and leader of the high-quality development of industry and information technology.

## CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Group has adopted and complied with the code provisions (the “Code Provision(s)”) of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

## SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) as the standard of conduct for securities transactions by the Directors and the supervisors (“Supervisor(s)”) of the Company, and regulates securities transactions by the Directors and Supervisors pursuant to the requirements thereof. Having made enquiry of all Directors and Supervisors, the Company confirmed that, during the year ended 31 December 2022, all Directors and Supervisors have complied with the Model Code. The Company was not aware of any non-compliances during the period.

## BOARD OF DIRECTORS

Throughout the year, the Board, who comprises three independent non-executive Directors, has complied with the minimum requirements under the Rules 3.10(1) and 3.10A of the Listing Rules of appointing at least three independent non-executive Directors, the number of which represented one-third of the total number of members of the Board. At the same time, one of the independent non-executive Directors had appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 3.10(2) of the Listing Rules. In accordance with the requirements under Rule 3.13 of the Listing Rules, the Company has obtained a written confirmation of independence from each independent non-executive Director, and therefore considers that all independent non-executive Directors are independent from the Company. To the knowledge of the Company, there was no relationship, including financial, professional, family, or other significant/relevant relationship, between the members of the Board.

For the year ended 31 December 2022 and as at the date of this annual report, the Board comprised:

## EXECUTIVE DIRECTORS

Ms. Ma Yaqing (*Chairlady*)

Mr. Fu Changwen (*General Manager*) (appointed on 6 March 2023)

(*Executive Directors*) (appointed on 31 March 2023)

Mr. Qin Hailin (*General Manager*) (resigned on 6 March 2023)

(*Executive Directors*) (resigned on 31 March 2023)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Xuemei  
Mr. Chen Yung-Cheng  
Mr. Hu Bin

Biographical details of all our Directors are set out on page 17 to page 21 of this annual report.

### DUTIES AND AUTHORITIES OF THE BOARD

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

Duties of the Board include but are not limited to:

- (i) determining the Company's business plan and investment program;
- (ii) formulating the Company's annual financial budget and final accounts;
- (iii) formulating the Company's profit distribution plan and loss recovery plan;
- (iv) formulating plans for increasing or decreasing the registered capital of the Company and for the issuance of corporate bonds;
- (v) appointing or dismissing the general manager of the Company, and appointing or dismissing the deputy general manager and other senior management personnel (including the person in charge of finance) of the Company in accordance with the nomination made by the general manager, as well as determining their remunerations; and
- (vi) performing any other duties conferred by the general meeting and the articles of association of the Company.

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

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



## Corporate Governance Report

### Mechanisms for the Board to obtain independent views and input

Pursuant to B.1.4 of Part 2 of the CG Code, the Company should establish mechanism(s) to ensure independent views and input are available to the Board. The Board has formulated a mechanism for the Board to obtain independent views and input to ensure the elements of strong independence within the Board through the daily operation mode of the Board for the improvement on the efficiency and decision-making independence of the Board. The Board will review the implementation and effectiveness of the Mechanism annually. The mechanism clarifies that each Director has the right to obtain sufficient resources provided by the Company to fulfill their duties, and Directors have the right to request independent professional advice from the Company, the expense of which shall be borne by the Company, if they consider such request is relevant and necessary for the performance of their duties.

### Board Diversity Policy

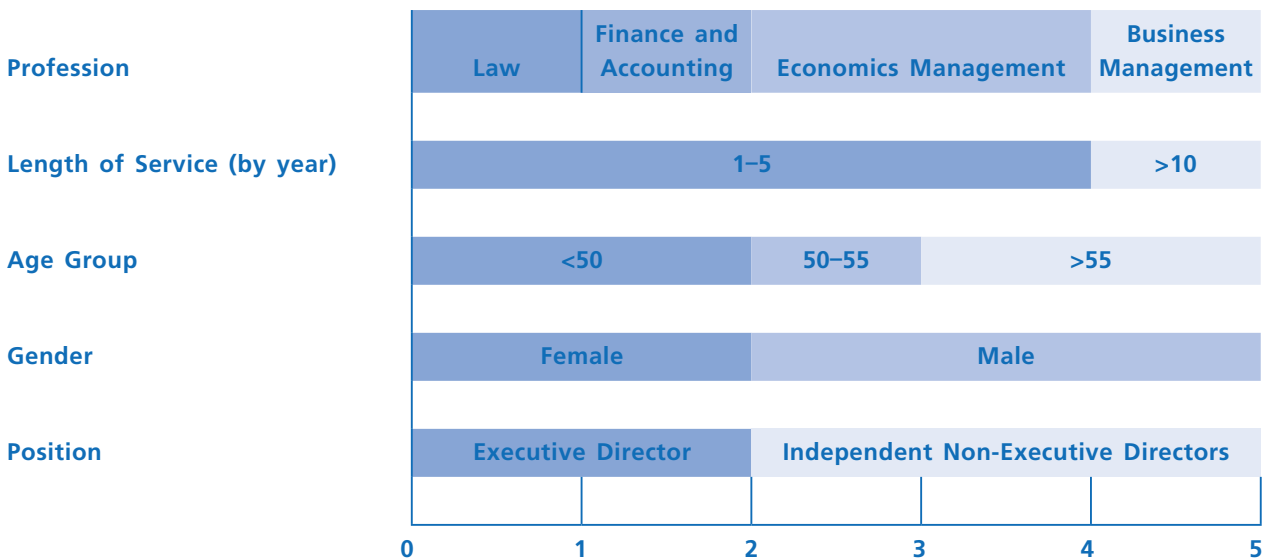
The Company recognises and embraces the benefits of having a diverse board to the quality of its performance. All board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of board diversity. The Nomination Committee supervises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

The board diversity policy aims to set out policies to achieve board diversity. In designing the composition of the Board, the Company has taken into account various measurable factors in board diversity, including but not limited to gender, age, length of service, knowledge, and professional and industrial backgrounds. As at the date of this annual report, the Board is comprised of 5 Directors, in which 3 are independent non-executive Directors, who are responsible for enhancing management procedures through stringent review and control. In addition, as at the date of this annual report, among the 5 members of the Board, 2 of them are female Directors. Therefore, the goal of gender diversity with respect to the Board was achieved. The Board enjoys a high degree of diversity, whether in terms of gender, age, culture and education backgrounds, professional experiences, skills, knowledge or length of services.

As at 31 December 2022, males accounted for 47.01% and females accounted for 52.99% of all employees (including senior management) of the Group. The proportion of male and female employees in the Group is relatively balanced. In order to continue to achieve gender diversity, we create gender-neutral positions in our workplace, thereby becoming a gender-balanced enterprise.

## Corporate Governance Report

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



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

### Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out in Code Provision A.2.1 of the CG Code:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and the disclosure in the Corporate Governance Report.

For the year ended 31 December 2022, the above corporate governance functions have been performed by the Board.

## Corporate Governance Report

### Chairlady and General Manager

Ms. Ma Yaqing, an executive Director, acts as the Chairlady of the Company, and Mr. Fu Changwen, an executive Director, acts as the general manager. The positions of the Chairlady and the general manager are clearly separated. The Chairlady is responsible for the operation of the Board, and the general manager is responsible for the management of the Company's daily business operation. The Articles of Association of the Company have set out the respective duties of the Chairlady and the general manager in details.

### Appointment and re-election of Directors

Ms. Ma Yaqing was appointed by the Board as an executive Director of the Company and the Chairlady of the Board with effect from 21 January 2022. She has entered into a service agreement with the Company for a term from 21 January 2022 to 25 November 2023.

Mr. Fu Changwen was appointed by the Board as an Executive Director with effect from 31 March 2023. He has entered into a service agreement with the Company for a term from 31 March 2023 to 25 November 2023.

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

### Directors' Training and Continuous Professional Development

All Directors confirmed that they have complied with Code Provision C.1.4 of Appendix 14 to the Listing Rules in relation to directors' training. During the year, all Directors have participated in continuous professional development by attending seminars and/or reading materials in relation to the following topics to develop and update their knowledge and skills, and have provided their training records to the Company:

Director	Corporate Governance, Rules and Regulations	Financial Management and Other Affairs
Ms. Ma Yaqing	√	√
Mr. Fu Changwen (appointed on 31 March 2023)	√	√
Mr. Qin Hailin (resigned on 31 March 2023)	√	√
Ms. Li Xuemei	√	√
Mr. Chen Yung-cheng	√	√
Mr. Hu Bin	√	√

### REMUNERATION COMMITTEE

The Company has established the Remuneration Committee according to the relevant requirements under the Listing Rules. As at the date of this annual report, the Remuneration Committee, which is chaired by Mr. Hu Bin, an independent non-executive Director, who was appointed as the Chairman of Remuneration Committee, and comprised of Ms. Ma Yaqing, an executive Director, and Ms. Li Xuemei, an independent non-executive Director, who were appointed as members of Remuneration Committee is in compliance with the requirement under the Listing Rules that the Remuneration Committee shall comprise a majority of independent non-executive directors.

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

During the period, the Remuneration Committee held 2 meetings, at which the existing terms of the service contracts of all Directors have been reviewed. The Remuneration Committee considers that the existing terms of the service contracts of all Directors are fair and reasonable. The attendance of each member is set out below:

Name of Member	Number of Meetings Attended/Held
Mr. Hu Bin	2/2
Ms. Li Xuemei	2/2
Ms. Ma Yaqing	2/2

### NOMINATION COMMITTEE

The Company has established the Nomination Committee according to the relevant requirements under the Listing Rules. As at the date of this annual report, the Nomination Committee is chaired by Ms. Ma Yaqing, the Chairlady of the Board, who was appointed on, and comprised of Ms. Li Xuemei and Mr. Chen Yung-cheng, who are independent non-executive Directors.

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

## Corporate Governance Report

During the period, the Nomination Committee held 2 meetings, at which the structure, size and composition of the Board that are in compliance with the relevant requirements under the Listing Rules and the Articles of Association are reviewed, the independence of the independent non-executive Directors was confirmed, and the board diversity policy was reviewed. In addition, the Nomination Committee had considered the appointment of Ms. Ma Yaqing as an executive Director of the Company at the meeting and made recommendations to the Board. The attendance of each member is set out below:

<b>Name of Member</b>	<b>Number of Meetings Attended/Held</b>
Ms. Ma Yaqing	2/2
Li Xuemei	2/2
Chen Yung-cheng	2/2

### Nomination Policy

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

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

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

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

### Nomination Process

- (1) After sufficient communication, the Nomination Committee shall carefully consider the Company's needs, nomination policy and board diversity policy and prepare written materials;
- (2) The Nomination Committee shall identify suitable candidates from the Company internally and from the talent market and make recommendations to the Board on the candidates after preliminary review of the profession, academic qualifications, job title and detailed work experience, including existing jobs, of such candidates;
- (3) Other follow-up work shall be performed according to the decisions and feedbacks of the Board.

### Selection Criteria

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

- (1) Reputation for integrity;
- (2) Commitment in respect of available time and efforts to relevant affairs; and
- (3) Board diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

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

### AUDIT COMMITTEE

The Company has established the Audit Committee that comprises three independent non-executive Directors. As at the date of this annual report, the Audit Committee is chaired by Ms. Li Xuemei and comprised of Mr. Chen Yung-cheng and Mr. Hu Bin. Ms. Li Xuemei has corresponding professional qualifications and financial experience. The Company has set out the Audit Committee's authorities and duties in writing according to the requirements under Rule 3.22 of the Listing Rules.

During the period, the Audit Committee held 3 meetings, at which the financial statements and annual report for the year ended 31 December 2021, interim report for the period ended 30 June 2022, respectively, were reviewed. The Audit Committee was of the view that the preparation of such results has complied with applicable accounting standards and relevant regulatory and legal requirements, and that sufficient disclosures have been made. The Audit Committee has also reviewed contents including related party transactions as well as the effectiveness of risk management and internal control procedures and the internal audit function, and has submitted its opinions to the Board for consideration and approval.

The Audit Committee has reviewed the financial statements and annual report for the year ended 31 December 2022, and was of the view that the preparation of such results has complied with applicable accounting standards and relevant regulatory and legal requirements, and that sufficient disclosures have been made.

## Corporate Governance Report

The attendance of each member is set out below:

<b>Name of Member</b>	<b>Number of Meetings Attended/Held</b>
Ms. Li Xuemei	3/3
Mr. Chen Yung-cheng	3/3
Mr. Hu Bin	3/3

### Attendance of Directors at Board Meetings and General Meetings

During the period, 6 board meetings were held and attended by all Directors, and 1 annual general meeting and 5 extraordinary general meetings were held. Set out below is a record of the attendance of the Directors at the meetings held during the period:

<b>Name of Directors</b>	<b>Attendance at Meetings Held During the Period</b>			
	<b>Number of Board meetings attended/</b>	<b>Attendance rate for Board meetings</b>	<b>Number of general meetings attended/</b>	<b>Attendance rate for general meeting</b>
Ms. Ma Yaqing	6/6	100%	6/6	100%
Mr. Qin Hailin (resigned on 31 March 2023)	6/6	100%	6/6	100%
Ms. Li Xuemei	6/6	100%	6/6	100%
Mr. Chen Yung-cheng	6/6	100%	6/6	100%
Mr. Hu Bin	6/6	100%	6/6	100%

Apart from regular Board meetings, the Chairlady also held a meeting with the independent non-executive directors without the presence of other Directors during the year.

### Remuneration of Senior Management by Remuneration Band

Pursuant to Code Provision E.1.5, the remunerations of the senior management by remuneration band for the year ended 31 December 2022 are set out below:

Remuneration band	Number of individuals
RMB300,000 and below	2
RMB301,000 to RMB500,000	19
RMB501,000 to RMB1,000,000	18
RMB1,001,000 to RMB1,500,000	5
RMB1,501,000 and above	1

Further details of Directors' emoluments and the five highest paid individuals required to be disclosed pursuant to paragraph 25 of Appendix 16 to the Listing Rules are set out in notes 14 and 15 to the consolidated financial statements on pages 117 to 120 of this annual report.

### AUDITOR'S REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit engagements performed by the external auditor, including whether such non-audit engagements would have any potential material adverse effect on the Company. During the year, RMB800,000 and RMB750,000 were payable by the Company to the external auditor as remuneration for their auditing services and non-audit service, respectively. The non-audit service amounting RMB750,000 is related to engagement of the external auditor to report on the calculations of the discounted cash flows set out in the valuation reports in respect of a merger and acquisition transaction.

### DIRECTORS' AND AUDITOR'S FINANCIAL REPORTING RESPONSIBILITIES

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

The responsibilities of the auditor of the Company with respect to the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 61 to 65.

### GOING CONCERN

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



## Corporate Governance Report

### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

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

The Board has conducted a review on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2022. Based on a review of the internal audit team's findings as well as an assessment of the risk management and internal control systems conducted by the Audit Committee, the Board was of the view that the risk management and internal control systems, including financial, operational and compliance controls, accounting policies, internal control procedures, staff qualifications and experience, staff training programmes and relevant budget of the Group are effective and adequate. No material defect in the risk management and internal control systems was identified in the review. Therefore, the Board believed that the risk management and internal control systems were effective and that appropriate resources were allocated.

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

- only a limited number of employees may access inside information wherever necessary, and Directors, Supervisors, senior management and employees in possession of inside information shall fully understand their confidentiality obligations;
- confidentiality clauses shall be incorporated into any significant negotiations and contracts entered into by the Group;
- the management of the Group shall inform the Board of any possible leakage or divulgement of inside information as soon as practicable so that appropriate actions can be taken in a timely manner;
- if there is any evidence of gross violation of the inside information policies, the Board shall appoint or designate appropriate personnel to take remedial actions with respect to the relevant issues.

### COMPANY SECRETARY

Ms. Chan Yin Wah (“Ms. Chan”), the Company Secretary of the Company, has complied with the requirements set out in Rule 3.29 of the Listing Rules. Ms. Chan is an Associate Director of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). Ms. Chan’s primary contact persons in the Company are Ms. Hu Yun, the secretary of the Board and the financial controller.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company adopted the Shareholders Communication Policy on 23 August 2022, which sets out the use of a number of mechanisms by the Company to provide effective and efficient communications to shareholders, including (i) the Hong Kong branch share registrar of the Company to provide share transfer registration and services of related matters; (ii) corporate communications such as annual reports, interim reports and circulars, available in both Chinese and English on the website of the Stock Exchange [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company [www.ccidconsulting.com](http://www.ccidconsulting.com); and (iii) annual general meeting and extraordinary general meeting to provide a platform for shareholders to express their opinions and exchange their views with Directors and senior management. At the annual general meeting and extraordinary general meeting, the chairman of the Board, the chairmen of the Board committees, or in their absence, other members of the committees shall also answer shareholders’ questions.

For the year ended 31 December 2022, the Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy. The Board believes that various communication channels for shareholders provide effective channels through which shareholders and investors may obtain information with respect to the Group. Moreover, shareholders can contact the Board directly and express their opinions actively through the ways described in “Shareholders’ Rights” and “Procedures for shareholders to direct enquiries to the Board” below. Accordingly, the Board recognizes the effectiveness of the Shareholders Communication Policy.

### SHAREHOLDERS’ RIGHTS

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

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

## Corporate Governance Report

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

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

#### ***Principal Place of Business in Hong Kong***

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

#### ***Principal Place of Business in Beijing***

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

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

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

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

#### ***Principal Place of Business in Hong Kong***

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

#### ***Principal Place of Business in Beijing***

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

## CONSTITUTIONAL DOCUMENTS

Amendments to the Articles of Association were approved by Shareholders at the extraordinary general meetings and the class meetings held on 21 January 2022 and 24 March 2022.

# Environmental, Social and Governance Report

## STATEMENT FROM THE BOARD

The Board of CCID Consulting believes that the establishment and improvement of the environmental, social and governance (ESG) management system can continuously promote the sustainable development of the Company. As the decision-making body for sustainable development, the Board of the Company is fully responsible for the Company's sustainable development strategy, and based on which conducts overall planning for the Company's ESG management. The Board regularly provides guidance on ESG working guidelines. The Group has integrated ESG risk management into its daily risk management system in order to identify and prevent major ESG risks in its daily operations and production, mainly comprising, among others, risks related to environmental protection, safety and operation. The Audit Committee conducts regular review on these risks and regularly reports the risk management situation to the Board.

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

## ENVIRONMENT AND NATURAL RESOURCES

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

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

### Use of Resources

In compliance with the Water Law of the People's Republic of China, the Energy Conservation Law of The People's Republic of China, the Circular Economy Promotion Law of the People's Republic of China, the Design Standard for Energy Efficiency of Public Buildings and other relevant laws and regulations, the Group adopts a series of measures to protect the environment under the principles and practices of recycling and conservation. In light of the business nature of consultancy services, the main resources consumed by the Group included office water, power and paper. The Group does not need to use any packaging materials since it has no physical products for sale. The following table sets out major resources used by the Group during the year ended 31 December 2022:

Types of resources used	Unit	Amount used	Amount used per capita
Power consumption	kWh	71,273.41	283.96
Water consumption	ton	1,263.2	5.03
Paper consumption	ton	1.09	0.004

## Environmental, Social and Governance Report

In 2022, the Group advocates water conservation and encourages the use of recycled paper for printing and photocopying as well as double-sided printing and photocopying in the office. The Group has adopted a computerized and network-based office system utilizing modern information technology to not only promote a paperless work environment and reduce paper consumption, telecommunication fees and postage, but also minimize the use of social resources such as telecommunication lines and postal services by using less telephone, fax, and postal services. Employees are regularly given educational and promotional materials about environmental protection, and are encouraged to practice reuse and recycling, as well as to use refillable instead of disposable office supplies and stationery.

### Responding to Climate Change

The industry in which the Group operates is less affected by climate change. In response to climate change, the Group actively implements measures such as energy conservation and emission reduction, and pursues green development.

### EMISSIONS

According to the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Action Plan for Prevention and Control of Water Pollution, the Regulation on Urban Drainage and Sewage Treatment, and the Air Pollution Prevention and Control Action Plan, the Group pays close attention to its pollutants emissions. The Group mainly generates pollutants from daily office operations and does not generate and hazardous waste as its business operation does not involve any manufacturing activity. Waste generated during the year mainly included domestic sewage, office waste and vehicle exhaust. Emissions generated from the domestic sewage included chemical oxygen demand (COD), biochemical oxygen demand (BOD), suspended solids (SS) and ammonia nitrogen. The following table sets out emissions generated by the Group from office waste and vehicle exhaust for the year ended 31 December 2022:

<b>Types of emissions</b>	<b>Amount of emissions (ton)</b>	<b>Emission per capita (ton)</b>	<b>Density (ton/person)</b>
<b>Office waste</b>			
Including: Waste paper	1.91	N/A	0.004
Garbage	4.34	0.017	0.102
<b>Vehicle exhaust</b>			
Including: Carbon monoxide	0.005	N/A	N/A

During the year, the Group's total greenhouse gas emissions amounted to 55.95 tons of CO<sub>2</sub> equivalent, and the per capita greenhouse gas emissions was 0.22 tons of CO<sub>2</sub> equivalent.

## Environmental, Social and Governance Report

In 2022, the Group maintained best environmental practices, used energy efficiently and reduced greenhouse gas emissions under the supervision of the administration department. These practices included: maximizing efficiency by keeping lamps and lightings clean, turning all idling lights and electrical appliances off, turning idling computers into standby or sleep modes automatically, and reviewing the Group's internal policies and practices regularly with the aim of incorporating environmental factors into its work procedures. Recyclable waste and waste paper of the Group were centrally collected by qualified property companies for recycling and processing.

### SOCIAL

#### Employment

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

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

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

## Environmental, Social and Governance Report

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

In 2022, the Group consistently stimulated the vitality of the enterprise, enhanced the happiness of employees, and actively cultivated a positively progressive corporate culture of unity. Such an atmosphere has been established in which employees are upright, righteous and decent, and the organization is responsible, forward-looking, profound and caring. The practice activity themed as “Do practical things for the public” was solidly promoted, to show care for the physical and mental health of employees and condolences to employees who are sick, giving birth or have marriages or deaths. Employees’ families benefited from such care. The Group improved the quality of staff’s office environment by adding workstations, green plants, telephone booths and staff rest areas, etc. The essay solicitation activity themed as “Say Something to the Century-old CPC” was launched, and the activity themed as “Today in the Party History — Consultants Read the Party History” was carried out, to make every employee bear in mind the history of the CPC. The Children’s Day celebration on June 1 was held with the theme of “CCID Kids’ Loyalty to the CPC”, and employees’ children expressed their blessings to the motherland through brushes and videos. The “Stamps Tell the History of the CPC” exhibition board was launched to vividly present the century-old struggle of the CPC. All employees were organized to participate in a singing competition with the theme of “The Centennial Celebration of the CPC’s History and Welcome the Anniversary of Motherland’s Birthday”. All employees expressed their love and respect for the motherland through chorus, drama, recitation, calligraphy and so on. The rope skipping competition themed “vitalizing the body and mind with rope skipping” was carried out, through which the physical fitness of employees was improved and the team and vigorous spirit were promoted.

As at 31 December 2022, the Group had a total of 251 employees. Breakdowns of the Group’s employee composition by employment type, gender, age group and geographical region are as follows.

	Year	
	2022	2021
Total workforce by gender		
Male	118	212
Female	133	174
	Year	
	2022	2021
Total workforce by employment type		
Full-time	251	386
Part-time	0	0

## Environmental, Social and Governance Report

Total workforce by age group	Year	
	2022	2021
18–25	10	12
26–35	147	208
36–45	61	121
46–55	28	41
56 and above	5	4

Total workforce by geographical region	Year	
	2022	2021
Mainland China	251	386

### Employee turnover

During the reporting period, 53 employees left the Group, representing an overall turnover rate of 21.2%. The Group has implemented various measures to minimize its staff turnover, such as strengthening control over recruitment, letting candidates understand the Group's work environment and control, and reinforcing the staff training system in order to meet the employees' needs on their career development. Employee turnover rate of the Group by gender, age group and geographical location is set out as follows:

Employee turnover rate by gender	Year	
	2022	2021
Male	11.6%	16.3%
Female	9.6%	13%

Employee turnover rate by age group	Year	
	2022	2021
18–25	0.4%	1%
26–35	16.3%	21.3%
36–45	4%	7%
46–55	0.4%	0
56 and above	0	0

Employee turnover rate by geographical region	Year	
	2022	2021
Mainland China	21.2%	29.3%



## Environmental, Social and Governance Report

### Health and Safety

In compliance with the Social Insurance Law of the People's Republic of China, the Regulations on Unemployment Insurance, the Provisional Regulations on Collection and Payment of Social Insurance Premiums, the Regulation on Work-Related Injury Insurances and other relevant laws and regulations, the Group has arranged and made monthly contributions in full to the housing provident fund, social retirement pension, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and other social insurances. In accordance with the relevant regulations set by the labor authorities, the Group processes the relevant formalities regarding labor contracts and social insurance policies for newly recruited and departed employees in a timely manner, thereby ensuring that employees enjoy the protection of social insurances and receive timely support and compensation due to their retirement, sickness, work-related injury, unemployment, pregnancy and other conditions. In addition, employees are entitled to paid annual leave and other benefits in order for them to work and develop steadily in a fair and equitable environment. The Group was not aware of any non-compliances in relation to the health and safety or any work-related fatalities of its employees, nor any work-related fatalities or lost days due to work injury in 2020, 2021 and 2022, during the reporting period.

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

### Development and Training

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

## Environmental, Social and Governance Report

As at 31 December 2022, the training rate of senior management and middle management of the Group was 100%.

Training and development data	Year	
	2022	2021
<u>Percentage of employees trained by gender</u>		
Male	100%	100%
Female	100%	100%
<u>Percentage of employees trained by employee category</u>		
Senior management	100%	100%
Middle management	100%	100%
Frontline and other staff	100%	100%

Training and development data	Year	
	2022	2021
<u>Average training hours completed per employee by gender</u>		
Male	77	77
Female	77	77
<u>Average training hours completed per employee by employee category</u>		
Senior management	55	52
Middle management	45	44
Frontline and other staff	56	56

### Labor Standards

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

## Environmental, Social and Governance Report

### SUPPLY CHAIN MANAGEMENT

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

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

Guided by the new concept of green development, the Group actively undertakes social responsibilities and contributes to the development of green supply chain. The Group assesses the environmental protection qualifications of the suppliers to ensure that they meet the international environmental protection requirements. At the same time, the Group requires suppliers to make full use of resources in processes such as product manufacturing, use, recycling and reuse, so as to reduce environmental pollution and actively fulfill social responsibilities.

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

### PRODUCT RESPONSIBILITY

In compliance with the Product Quality Law of the People's Republic of China and relevant laws and regulations, the Group fully implements procedures to maintain information privacy and data security in order to protect individual privacy, safeguard sensitive trade information and prevent children and young people from accessing improper information. During the reporting period, no gross violation of the relevant laws and regulations that have a significant impact on the Group was not found, nor are there any complaints about the products and services of the Group. As of 31 December 2022, no products sold or shipped by the Group have been subject to recalls for safety and health reasons.

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

### ANTI-CORRUPTION

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

The Group launches a learning and training program, namely "A Lesson on Anti-Corruption and Advocation of Integrity for Every Quarter" to enable employees to master the basic theories and methods of "Anti-Corruption and Integrity Promotion" and to enhance their awareness of compliance with the law through thematic training, with members of the Board of the Company participating in the relevant training. Through such warning education, the Group will continue to consolidate the ideological foundation of the Party members and cadres in respect of integrity and lawful conduct.

## Environmental, Social and Governance Report

Any person in violation of the Group's policies and/or relevant laws may be subject to disciplinary and administrative penalties, as well as civil or criminal liabilities. In case of any non-compliance with the policies of the Company, the involved employee may be subject to termination of employment or other actions. During 2022, the Company was not involved in any concluded legal cases regarding corrupt practices.

### COMMUNITY INVESTMENTS

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

# Report of the Directors

The Board hereby presents its report and the audited financial statements of the Group for the year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The Group is principally engaged in management and strategy consultancy, market consultancy, data information management, information engineering supervision, training courses services and subscription to information system services and other services. There was no significant change in the nature of the Group's principal activities during the year. The principal activities and other details of the Company and its subsidiaries are set out in note 1 and note 35 to the consolidated financial statements.

## BUSINESS REVIEW

The fair review of the Group's business is set out in detail in the Management Discussion and Analysis on pages 7 to 16 of this annual report. Such discussion constitutes a part of this Report of the Directors.

## BUSINESS OUTLOOK

The business outlook of the Group's business is set out in detail in the Chairlady's Statement on pages 5 to 6 of this annual report. Such statement constitutes a part of this Report of the Directors.

## PRINCIPAL RISKS AND UNCERTAINTIES

### Market Risk

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

### Risk of Losing Talent

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

## Report of the Directors

### Financial Risk

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

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

### RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 December 2022 and the financial position of the Company and Group as at that date are set out on pages 66 to 68 of this annual report. A special dividend of RMB0.05 per share was distributed on 13 September 2022 and an interim dividend of RMB0.0643 per share was distributed on 14 November 2022.

The Board has proposed the payment of a final dividend of RMB0.026 (tax inclusive) per share for the year ended 31 December 2022 to the shareholders whose names appear on the registers of members of the Company on Monday, 19 June 2023 (the "2022 Final Dividend"). Based on the number of issued shares as at the date of the annual report, the 2022 Final Dividend, if declared and paid, will amount to an aggregate amount of RMB18,200,000 (tax inclusive). For distribution of the 2022 Final 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 the Company's annual general meeting (the "2022 AGM") to be held on Thursday, 8 June 2023). The proposed payment of the 2022 Final Dividend is subject to the approval by the shareholders at the 2022 AGM.

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.

### DIVIDEND POLICY

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

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

### ANNUAL GENERAL MEETING

The annual general meeting will be held on Thursday, 8 June 2023. A notice convening the annual general meeting will be published and despatched to the shareholders in due course.

### CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders who are entitled to attend and vote at the 2022 AGM, the register of members will be closed from Thursday, 1 June 2023 to Thursday, 8 June 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the 2022 AGM, 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 the case of the holders of domestic shares) or the Company's H share registrar, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in case of the holders of H shares) not later than 4: 30 p.m. on Wednesday, 31 May 2023.

Shareholders whose names appear on the registers of members of the Company on 8 June 2023 will be entitled to attend and vote at the 2022 AGM.



## Report of the Directors

In order to determine which of the shareholders are entitled to receive the final dividend, the registers of members will be closed from Thursday, 15 June 2023 to Monday, 19 June 2023, both days inclusive, during which period no transfer of the shares will be effected. In order to qualify for the 2022 Final Dividend, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in case of the holders of H shares) not later than 4: 30 p.m. on Wednesday, 14 June 2023 for registration.

Shareholders whose names appear on the register of members of the Company on Monday, 19 June 2023 are entitled to receive the 2022 Final Dividend. The proposed 2022 Final Dividend will be paid on or about Friday, 14 July 2023 following the approval by the shareholders at the 2022 AGM.

### FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years extracted from audited financial statements are set out on page 144. Such summary is not a part of the audited financial statements.

### FIXED ASSETS

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

### SHARE CAPITAL

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

### PRE-EMPTIVE RIGHTS

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

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

### RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

### DISTRIBUTABLE RESERVES

For the year ended 31 December 2022, no capital reserve of the Group was available for distribution by way of a future capitalisation issue. Other than that, the Company had retained profits of approximately RMB44,672,000 available for distribution.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's top five customers accounted for approximately 11.58% of the total sales of the Company for the year, of which sales to the top customer accounted for 3.56%.

The Group provided companies that had the same ultimate shareholders as the Company with certain consultancy services, details of which are set out in note 31 to the consolidated financial statements, "Related Parties Relationships and Transactions". Save as disclosed above, none of the Directors or any of their associates or any other shareholder which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had any interests in the Company's top five customers.

As the nature of the Group's main activities are the provision of consultation and research services, which may be obtained from various suppliers at similar prices, there is no major supplier (as defined in Appendix 16 to the Listing Rules). The Group maintains sustained and stable relationships with its customers and suppliers and provides its customers with products and services of good quality. The Group's business does not rely on any individual customers and suppliers who may have a material impact on the Group.

### BOARD OF DIRECTORS

For the year ended 31 December 2022 and as at the date of this annual report, the Board comprised:

#### Executive Directors

Ma Yaqing (Chairlady)  
Mr. Fu Changwen (General Manager) (appointed on 6 March 2023)  
(Executive Directors) (appointed on 31 March 2023)  
Mr. Qin Hailin (General Manager) (resigned on 6 March 2023)  
(Executive Directors) (resigned on 31 March 2023)

#### Independent Non-Executive Directors

Li Xuemei  
Chen Yung-cheng  
Hu Bin

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

### BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the biographies of the Directors, Supervisors and senior management of the Company are set out in pages 17 to 21 of this annual report.

## Report of the Directors

### SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Ms. Ma Yaqing, an executive Director of the Company, was appointed as executive Director on 21 January 2022 and has entered into a service agreement with the Company for a term from 21 January 2022 to 25 November 2023.

Mr. Fu Changwen, an executive Director of the Company, was appointed as executive Director on 31 March 2023 and has entered into a service agreement with the Company for a term from 31 March 2023 to 25 November 2023. In addition, Mr. Fu has acted as the General Manager of the Company with effect from 6 March 2023 and has entered into a service contract with the Company in respect of his appointment as General Manager with effect from 6 March 2023.

Ms. Li Xuemei and Mr. Chen Yung-cheng, independent non-executive Directors of the Company, were re-elected with effect from 25 November 2021 and have entered into service agreements with the Company for terms of three years from 25 November 2020 to 25 November 2023. Mr. Hu Bin, an independent non-executive Director of the Company, was appointed with effect from 23 December 2020 and has entered into a service agreement with the Company for a term from 23 December 2020 to 25 November 2023.

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

Mr. Qin Hailin resigned as an executive Director with effect from 31 March 2023. He entered into a service contract with the Company for a term from 7 December 2020 to 31 March 2023.

Except for the above contracts, during the year ended 31 December 2022, the Directors and the Supervisors did not have any other service contract with the Company and its subsidiaries.

### DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and Supervisors' remuneration must be approved by the shareholders at the general meeting. Other emoluments must be fixed by the Board based on the Directors' and Supervisors' responsibilities, duties and performance as well as the Company's results. Details of the Directors' and Supervisors' remuneration of the Group for the year ended 31 December 2022 are set out in note 14 to the consolidated financial statements. Details of the five highest paid individuals of the Group for the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements.

Mr. Fu Changwen, Mr. Qin Hailin, Mr. Gong Ping and Mr. Jia Yinghui voluntarily waived their remunerations for the year ended 31 December 2022.

### CONTRACT OF SIGNIFICANCE

Apart from those disclosed under the sections relating to connected transactions and continuing connected transactions in this annual report and the related parties relationships and transactions as set out in note 31 to the consolidated financial statements, none of the Company, its holding company or any of its subsidiaries or subsidiaries of the Company has entered into any contract of significance during the year.

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules for the year ended 31 December 2022. The Company considers each of the independent non-executive Directors to be independent.

### CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2022, the Group has entered into the following continuing connected transactions, of which the disclosure of certain details is in compliance with the requirements of Chapter 14A of the Listing Rules.

#### 1. Non-Exempted Continuing Connected Transactions (with terms of co-operation from 1 January 2022 to 31 December 2024)

- (1) On 17 December 2021, the Company and China Centre of Information Industry Development\* (中國電子信息產業發展研究院) (“CCID”) renewed the information consultancy and supervision services revenue framework agreement that expired on 31 December 2021 (the “Renewed Framework Agreement 1”). Pursuant to the Renewed Framework Agreement 1, the Company and/or its subsidiaries (hereinafter as defined in the announcement of the Company dated 17 December 2021) shall, upon the request of CCID and/or its associates (hereinafter as defined in the announcement of the Company dated 17 December 2021), provide information planning, information engineering supervision and related services to CCID and/or its associates during the period from 1 January 2022 to 31 December 2024. The Renewed Framework Agreement 1 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2024 are RMB5,000,000, RMB5,000,000 and RMB5,000,000 (until the date of termination of the Renewed Framework Agreement 1), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 1 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 1 nor constitute new categories of continuing connected transactions.
- (2) On 17 December 2021, the Company and CCID renewed the information consultancy and supervision services expense framework agreement that expired on 31 December 2021 (the “Renewed Framework Agreement 2”). Pursuant to the Renewed Framework Agreement 2, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide information planning, information engineering supervision and related services to the Company and/or its subsidiaries during the period from 1 January 2022 to 31 December 2024. The Renewed Framework Agreement 2 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2024 are RMB3,200,000, RMB3,200,000 and RMB3,200,000 (until the date of termination of the Renewed Framework Agreement 2), respectively. Individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 2 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 2 nor constitute new categories of continuing connected transactions.

## Report of the Directors

- (3) On 17 December 2021, the Company and CCID renewed the management and strategy consultancy services revenue framework agreement that expired on 31 December 2021 (the “Renewed Framework Agreement 3”). Pursuant to the Renewed Framework Agreement 3, the Company and/or its subsidiaries shall, upon the request of CCID and/or its associates, provide management and strategy consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to CCID and/or its associates during the period from 1 January 2022 to 31 December 2024. The Renewed Framework Agreement 3 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2024 are RMB6,000,000, RMB6,000,000 and RMB6,000,000 (until the date of termination of the Renewed Framework Agreement 3), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 3 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 3 nor constitute new categories of continuing connected transactions.
- (4) On 17 December 2021, the Company and CCID renewed the management and strategy consultancy services expense framework agreement that expired on 31 December 2021 (the “Renewed Framework Agreement 4”). Pursuant to the Renewed Framework Agreement 4, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide management and strategy consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to the Company and/or its subsidiaries during the period from 1 January 2022 to 31 December 2024. The Renewed Framework Agreement 4 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2024 are RMB2,200,000, RMB2,200,000 and RMB2,200,000 (until the date of termination of the Renewed Framework Agreement 4), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 4 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 4 nor constitute new categories of continuing connected transactions.
- (5) On 17 December 2021, the Company and CCID renewed the administration services expense framework agreement that expired on 31 December 2021 (the “Renewed Framework Agreement 5”). Pursuant to the Renewed Framework Agreement 5, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide administration services in respect of house leasing, property management, Internet port and telephone and translation to the Company and/or its subsidiaries during the period from 1 January 2022 to 31 December 2024. The Renewed Framework Agreement 5 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2024 are RMB4,000,000, RMB4,200,000 and RMB4,410,000 (until the date of termination of the Renewed Framework Agreement 5), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 5 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 5 nor constitute new categories of continuing connected transactions.

For the category of information consultancy and supervision services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Renewed Framework Agreement 1 and the Renewed Framework Agreement 2 in aggregate do not exceed 25% and the total consideration is less than HK\$10,000,000. Pursuant to Rule 14A.76(2) of the Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For the category of management and strategy consultancy services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Renewed Framework Agreement 3 and the Renewed Framework Agreement 4 in aggregate do not exceed 25% and the total consideration is less than HK\$10,000,000. Pursuant to Rule 14A.76(2) of the Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For the category of administration services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Renewed Framework Agreement 5 do not exceed 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

CCID is the ultimate controlling shareholder of the Company and holds approximately 70.14% of the total issued share capital of the Company as at the date of this annual report. Accordingly, CCID and its associates are connected persons of the Company under the Listing Rules. In accordance with Chapter 14A of the Listing Rules, the above renewed framework agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As of the date of renewal of the framework agreement, Ms. Xia Lin (resigned on 21 January 2022) is the chief investment advisor of CCID Academy for Industry and Information Technology Limited\* (賽迪工業和信息化研究院(集團)有限公司) ("CCID Group Co") and Mr. Qin Hailin (resigned on 31 March 2023) is the general manager of CCID Group Co. CCID Group Co is ultimately held by CCID, the controlling shareholder of the Company, and is an associate of CCID. Therefore, Ms. Xia Lin and Mr. Qin Hailin are deemed to be materially interested in the above continuing connected transactions and have abstained from voting for passing the resolutions in relation to the approval of the aforementioned renewed framework agreements at the Board meeting. Save as disclosed above, as of the date of renewal of the framework agreement, none of the Directors was required to abstain or has abstained from voting on the board resolutions to approve the respective framework agreements as mentioned above pursuant to the Articles of Association and the Listing Rules.

Details of the above continuing connected transactions are set out in the Company's announcement published on 17 December 2021.

## Report of the Directors

### 2. Non-exempted Connected Transaction

On 31 May 2022, (i) 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”) (a non wholly-owned subsidiary of the Company) (as purchaser) entered into the CCID Exhibition Agreement 1 with 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”) (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 interest in Beijing CCID Exhibition Co. Ltd.\* (北京賽迪會展有限公司) (“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 Beijing CCID Venture Investment Company Limited\* (北京賽迪創業投資有限公司) (“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 31 May 2022, (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, the transactions contemplated under CCID Exhibition Agreement 1 and the CCID Exhibition Agreement 2 (the “Transactions”) constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Group is principally engaged in providing (i) management and strategic consultancy services; (ii) market consultancy services, and (iii) information engineering supervision services. The acquisition of CCID Exhibition can extend the Group’s existing business chain and complement the shortcomings of comprehensive services for industrial innovation. 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 acquire 100% equity interest in CCID Exhibition.

Details of the Transactions are set out in the announcement dated 31 May 2022.

Save as disclosed above, during the year ended 31 December 2022, the Group did not enter into any other connected transactions and continuing connected transactions.

### 3. Confirmation from Directors and Auditor

Further details of the above continuing connected transactions and connected transactions are set out in note 31 to the consolidated financial statements on pages 135 to 137 of this annual report. The independent non-executive Directors have reviewed the above non-exempted continuing connected transactions and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better (as defined in the Listing Rules); and
- (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to the Rules 14A.56 of the Listing Rules, the auditor has issued a letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 135 to 137 of this annual report. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

The Group's auditor has reviewed the above non-exempted continuing connected transactions for the year ended 31 December 2022 and confirmed to the Board that nothing has come to their attention that causes them to believe that the continuing connected transactions:

- (1) have not been approved by the Board;
- (2) were not, in all material respects, in accordance with the pricing policies of the Group if the continuing connected transactions involve the provision of goods or services by the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (4) have exceeded the proposed annual caps as set out in the relevant agreements and announcements.

\* The English translation is for identification only

### TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the sections relating to connected transactions and continuing connected transactions in this annual report and the related parties relationships and transactions as set out in note 31 to the consolidated financial statements, no Directors or Supervisors have, directly or indirectly, any material interests in any transaction, arrangement or contract of significance entered into by the Company or any of its subsidiaries during the year ended 31 December 2022.



## Report of the Directors

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

As at 31 December 2022, none of the Directors, Supervisors and chief executives of the Company or their close associates had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were otherwise notified to the Company and the Stock Exchange pursuant to the requirements under the Model Code.

### **DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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

### **EQUITY-LINKED AGREEMENTS**

There was no equity-linked agreement entered into by the Company during the year ended 31 December 2022.

### **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme on 20 November 2002. The principal terms and conditions of the share option scheme were set out in the section headed "Summary of Principal Terms of the Share Option Scheme" under Appendix IV of the prospectus published by the Company on 29 November 2002. However, employees who are Chinese nationals are not entitled to exercise their options until these persons are allowed to subscribe for or deal in H shares under the PRC laws and regulations. As at the date of this annual report, the share option scheme is not yet effective. As at 31 December 2022, no option has been granted under the share option scheme.

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

As at 31 December 2022, to the knowledge of the Directors, Supervisors and chief executives of the Company, the following corporations or persons (other than the Directors, Supervisors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or required pursuant to Section 336 of the SFO to be recorded in the register required to be kept pursuant thereto:

**Long positions in shares**

Name	Capacity	Number and class of shares <sup>1</sup>	Approximate percentage in the same class of shares	Approximate percentage of the issued share capital
CCID <sup>2</sup>	Interest of controlled corporation	491,000,000(L) domestic shares	100%	70.14%
CCID Group Co <sup>2</sup>	Beneficial owner	392,610,000(L) domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd* (北京賽迪日月投資有限公司) ("CCID Riyue") <sup>2</sup>	Beneficial owner	98,390,000(L) domestic shares	20.04%	14.06%
Lenovo Manufacturing Limited <sup>3</sup>	Beneficial owner	20,000,000(L) H shares	9.57%	2.86%
Legend Holdings (BVI) Limited <sup>3</sup>	Interest of controlled corporation	20,000,000(L) H shares	9.57%	2.86%
Lenovo Group Limited <sup>3</sup>	Interest of controlled corporation	20,000,000(L) H shares	9.57%	2.86%

Notes:

- The letter "L" represents the substantial shareholder's long position in the shares.
- CCID Group Co was owned by CCID and 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") 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P微電子發展研究中心)).
- Lenovo Manufacturing Limited, a wholly-owned subsidiary of Legend Holdings (BVI) Limited, directly held 20,000,000 H shares of the Company. Legend Holdings (BVI) Limited was a wholly-owned subsidiary of Lenovo Group Limited.

Save as disclosed above, as at 31 December 2022, 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.

\* The English translation is for identification only

## Report of the Directors

### SUFFICIENCY OF PUBLIC FLOAT

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

### COMPETING INTEREST

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

### MANAGEMENT CONTRACT

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

### DONATION

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

### ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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

For more detail about the environmental policies and performance of the Group, please refer to the Environmental, Social and Governance Report set out on pages 35 to 44 of this annual report.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

### PERMITTED INDEMNITY PROVISION

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

### AUDITORS

The financial statements for the year ended 31 December 2022 have been audited by SHINEWING (HK) CPA Limited, who will retire and offer themselves for re-appointment at the 2022 AGM.

SHINEWING (HK) CPA Limited was appointed as the auditor of the Company at the extraordinary general meeting on 6 February 2020 to fill the vacancy following the resignation of Qual-Mark CPA Limited. Apart from the above disclosure, there was no change in the Company's auditor in the past three years.

### CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Group and the Group's compliance thereof are set out in the Corporate Governance Report on pages 22 to 34 of this annual report.

By Order of the Board

**Ma Yaqing**

*Chairlady*

Beijing, the People's Republic of China

30 March 2023

## Report of the Supervisory Committee

To all Shareholders,

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

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

The Supervisory Committee has reviewed conscientiously and gave its consent to the report of the Directors, the audited financial report and the dividend distribution proposal to be proposed at the 2022 AGM. It is of the opinion that the members of the Board, the general manager and other senior management of the Company have strictly observed the principles of integrity and dedication, performed their duties diligently and scrupulously, and have exercised their authority of office in good faith for the best interests of the Company, and have been capable of conducting their work in accordance with the Articles of Association, featuring relatively standardised operation and ever-perfecting internal control system. The transactions between the Company and related companies are executed strictly pursuant to terms in the interests of the shareholders of the Company as a whole and at fair and reasonable considerations. To date, none of the Directors, general manager and senior management members has been found abusing their official positions, prejudicing the interests of the Company and infringing on the interests of shareholders and employees of the Company, or breaching any laws and regulations and the Articles of Association.

The Supervisory Committee is satisfied with the works of and the economic benefits obtained by the Company in the year of 2022 and is fully confident in the future development of the Group.

By Order of the Supervisory Committee

**Gong Ping**

*Chairman of the Supervisory Committee*

Beijing, the People’s Republic of China

30 March 2022

# Independent Auditor's Report



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

## TO THE SHAREHOLDERS OF CCID CONSULTING COMPANY LIMITED

### 賽迪顧問股份有限公司

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

## OPINION

We have audited the consolidated financial statements of CCID Consulting Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 66 to 143, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

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

- Revenue recognition
- Expected credit losses of accounts receivables

## Independent Auditor's Report

### REVENUE RECOGNITION

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

#### The key audit matter

#### How the matter was addressed in our audit

The Group recorded revenue amounted to approximately RMB203,836,000 mainly from provision of management and strategic consultancy services, market consultancy services, information engineering supervision services and conference consultation and exhibition services for the year ended 31 December 2022. The Group recognises revenue at a point in time or overtime by reference to the satisfaction of relevant performance obligations.

We identified revenue recognition as a key audit matter as it is quantitatively significant to the consolidated financial statements as a whole and revenue is one of the key performance indicators of the Group. The recognition of each of the Group's revenue stream requires judgement by the directors of the Company in determining the timing of satisfaction of performance obligations.

In relation to the recognition of revenue from provision of management and strategic consultancy services, market consultancy services, information engineering supervision services and conference consultation and exhibition services, we performed the following procedures, on a sample basis.

We have evaluated the design, implementation and operating effectiveness of key internal controls over the revenue recognition process;

We have inspected customer contracts to identify terms and conditions relating to the provision of services and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; and

We have compared specific revenue transactions recorded before and after the financial year end date with underlying documentation, including service contracts and service records, to determine whether the related revenue had been recognised in the appropriate financial period.

### EXPECTED CREDIT LOSSES OF ACCOUNTS RECEIVABLES

Refer to Note 22 to the consolidated financial statements and the accounting policies on pages 85 to 88.

#### The key audit matter

#### How the matter was addressed in our audit

As at 31 December 2022, the Group's accounts receivables amounted to approximately RMB27,391,000, net of allowance for impairment of accounts receivables of approximately RMB9,469,000.

Loss allowance for accounts receivables is estimated based on lifetime expected credit losses ("ECL") model, which is estimated by taking into account the credit loss experience and forward looking information including both current and forecast general economic conditions.

We have identified ECL of accounts receivables as a key audit matter because the impairment assessment of accounts receivables involved a significant degree of management estimation and may be subject to management bias.

In relation to the estimation, assumptions and judgements adopted by the Group in ECL model on impairment assessment of accounts receivables, we performed the following procedures, on a sample basis.

We have evaluated the design and implementation of key control that the Group has implemented to manage and monitor its credit risk and measurement on ECL;

We have assessed the reasonableness of management's estimates for loss allowance by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information, and

We have also inspected cash received from debtors after year end relating to accounts receivables balance as at 31 December 2022 on a sample basis.

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

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

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

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



## Independent Auditor's Report

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

## Independent Auditor's Report

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

#### **Chan Wing Kit**

Practising Certificate Number: P03224

Hong Kong

30 March 2023

# Consolidated Statement of Profit or loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (restated)
Revenue	8	203,836	281,800
Cost of sales		(108,982)	(134,174)
Gross profit		94,854	147,626
Other income and gains	10	3,906	8,527
Selling and distribution expenses		(18,416)	(22,964)
Administrative and other operating expenses		(48,997)	(77,114)
Impairment loss recognised on accounts and other receivables, net	11	(1,501)	(81)
Profit before taxation		29,846	55,994
Income tax expense	12	(5,230)	(10,026)
Profit for the year	13	24,616	45,968
<b>Other comprehensive (expense) income for the year</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial assets at fair value through other comprehensive income		(156)	—
Income tax relating to items that will not be reclassified subsequently to profit or loss		39	—
		(117)	—
<b>Total comprehensive income for the year</b>		<b>24,499</b>	<b>45,968</b>
<b>Profit (loss) for the year attributable to:</b>			
Owners of the Company		30,098	42,921
Non-controlling interests		(5,482)	3,047
		24,616	45,968
<b>Total comprehensive income (expense) for the year attributable to:</b>			
Owners of the Company		29,981	42,921
Non-controlling interests		(5,482)	3,047
		24,499	45,968
Earnings per share (RMB cents):	16		
Basic		4.30	6.13
Diluted		4.30	6.13

# Consolidated Statement of Financial Position

At 31 December 2022

	Notes	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated)	1 January 2021 RMB'000 (restated)
<b>Non-current assets</b>				
Property, plant and equipment	18	12,872	14,993	16,373
Intangible asset	19	14,681	14,681	14,681
Financial assets at fair value through other comprehensive income	20	1,524	1,680	1,680
Pledged bank deposits	24	—	—	1,336
Deferred tax assets	21	1,640	1,773	1,632
		<b>30,717</b>	33,127	35,702
<b>Current assets</b>				
Accounts receivables	22	27,391	26,436	28,742
Prepayments, deposits and other receivables	23	3,040	12,353	11,720
Financial assets at fair value through profit or loss	20	104	149	60,087
Tax recoverable		181	6,301	3,066
Amounts due from related parties	28	505	10,017	11,000
Pledged bank deposits	24	—	3,163	1,862
Cash and cash equivalents	24	247,653	389,973	281,480
		<b>278,874</b>	448,392	397,957
<b>Current liabilities</b>				
Accounts payables	25	1,245	2,381	3,983
Accruals and other payables	26	27,485	49,123	54,306
Contract liabilities	27	113,460	106,766	85,414
Amounts due to related parties	28	157	25,782	4,471
Income tax payable		751	3,349	997
		<b>143,098</b>	187,401	149,171
<b>Net current assets</b>		<b>135,776</b>	260,991	248,786
<b>Total assets less current liabilities</b>		<b>166,493</b>	294,118	284,488

## Consolidated Statement of Financial Position

At 31 December 2022

	Notes	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated)	1 January 2021 RMB'000 (restated)
<b>Non-current liability</b>				
Deferred tax liabilities	21	—	4	—
<b>Net assets</b>		<b>166,493</b>	294,114	284,488
<b>Equity</b>				
Share capital	29	70,000	70,000	70,000
Reserves		70,605	158,805	141,813
Total equity attributable to owners of the Company		140,605	228,805	211,813
Non-controlling interests		25,888	65,309	72,675
<b>Total equity</b>		<b>166,493</b>	294,114	284,488

The consolidated financial statements on pages 66 to 143 were approved and authorised for issue by the board of directors of the Company on 30 March 2023 and are signed on its behalf by:

**Ms. Ma Yaqing**  
Director

**Mr. Qin Hailin**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company							Total RMB'000
	Share Capital RMB'000	Capital reserve (Note (a)) RMB'000	Statutory reserve (Note (b)) RMB'000	Investment revaluation reserve (Note (c)) RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	
At 1 January 2022, as previously reported	70,000	(1,707)	31,206	7,221	121,745	228,465	64,320	292,785
Business combination involving entities under common control	—	19,874	—	(7,221)	(12,313)	340	989	1,329
At 1 January 2022 (as restated)	70,000	18,167	31,206	—	109,432	228,805	65,309	294,114
Profit (loss) for the year	—	—	—	—	30,098	30,098	(5,482)	24,616
Other comprehensive expense for the year	—	—	—	(117)	—	(117)	—	(117)
Total comprehensive (expense) income for the year	—	—	—	(117)	30,098	29,981	(5,482)	24,499
Appropriation of statutory reserve	—	—	2,564	—	(2,564)	—	—	—
Effect of adopting merger accounting for common control combination	—	(38,171)	—	—	—	(38,171)	(33,939)	(72,110)
Dividends recognised as distribution (Note 17)	—	—	—	—	(80,010)	(80,010)	—	(80,010)
At 31 December 2022	70,000	(20,004)	33,770	(117)	56,956	140,605	25,888	166,493
At 1 January 2021(as originally stated)	70,000	(1,707)	23,198	4,672	100,088	196,251	59,426	255,677
Business combination involving entities under common control	—	19,874	—	(4,672)	360	15,562	13,249	28,811
At 1 January 2021 (as restated)	70,000	18,167	23,198	—	100,448	211,813	72,675	284,488
Profit and total comprehensive income for the year	—	—	—	—	42,921	42,921	3,047	45,968
Dividends declared to the shareholder of the subsidiaries before business combination involving entities under common control (Note (d))	—	—	—	—	(15,219)	(15,219)	(10,413)	(25,632)
Appropriation of statutory reserve	—	—	8,008	—	(8,008)	—	—	—
Dividends recognised as distribution (Note 17)	—	—	—	—	(10,710)	(10,710)	—	(10,710)
At 31 December 2021 (as restated)	70,000	18,167	31,206	—	109,432	228,805	65,309	294,114

## Notes:

- (a) The capital reserve represented the sum of (i) share premium reserve of the Company which can be used to increase share capital; (ii) merger reserve of the Group arose from the deemed acquisition of a subsidiary under common control and calculating as the difference between the consideration paid for the deemed acquisition and the carrying amount of the net assets of the acquired subsidiary when the Group and the acquired subsidiary become under common control and (iii) other reserve of the Group arose from the loss arising from transaction with non-controlling interests and the difference between the fair value of shares acquired of the acquired subsidiary for the deemed acquisition and carrying amount of the net assets of the diluted subsidiary at the date when the Group and the acquired subsidiary at the date of acquisition.
- (b) According to the People's Republic of China ("PRC") Company Law, companies in the PRC are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The statutory reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital. The statutory reserve is not distributable as cash dividends and must be made before distribution of dividend to equity owners.
- (c) As at 31 December 2022 and 2021, the investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investment in unlisted equity instruments designated as financial assets at fair value through other comprehensive income.
- (d) Before the acquisition of the CCID Exhibition on 9 August 2022, CCID Exhibition has declared 2021 interim dividends of RMB32,000,000 during the year ended 31 December 2021. RMB6,368,000 was declared to Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited\* ("CCID Supervision") ("北京賽迪工業和信息化工程監理中心有限公司"), a subsidiary of the Group.

\* The English translation is for identification only.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000 (Restated)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	29,846	55,994
Adjustments for:		
Depreciation of property, plant and equipment	1,930	2,100
Loss on written off of property, plant and equipment	43	—
Other receivables written off	1,391	—
Impairment loss recognised on accounts and other receivables, net	1,501	81
Interest income from bank deposits	(2,916)	(5,406)
Government grant	(111)	(181)
Investment income arising from financial assets at fair value through profit or loss	(173)	(2,128)
Fair value loss (gain) arising from financial assets at fair value through profit or loss	45	(62)
Operating cash flows before movements in working capital	31,556	50,398
(Increase)/decrease in accounts receivables	(4,721)	2,462
Increase in prepayments, deposits and other receivables	(4,795)	(343)
Decrease in financial assets at fair value through profit or loss	—	60,000
Decrease in accounts payables	(611)	(1,602)
Decrease in accruals and other payables	(11,308)	(5,183)
Increase in contract liabilities	50,255	21,352
Increase in amounts due from fellow subsidiaries	(745)	(527)
Decrease in amount due to ultimate holding company	—	(176)
Increase in amount due from ultimate holding company	(834)	—
Decrease in amount due to immediate holding company	(1,006)	(462)
Increase in amounts due to an intermediate holding company	1,080	—
Increase (decrease) in amounts due to fellow subsidiaries	7	(2,105)
Cash generated from operations	58,878	123,814
Income taxes paid	(2,016)	(11,046)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>56,862</b>	<b>112,768</b>

## Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Restated)
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(102)	(720)
Withdrawal of pledged bank deposits		3,163	2,337
Placement of pledged bank deposits		—	(2,302)
Interest received from bank deposits		2,916	5,406
Acquisition of combined entities under common control	2(vi)	(109,313)	—
Investment income from financial assets at fair value through profit or loss		173	2,128
Repayment from a fellow subsidiary		12	1,000
Advance to ultimate holding company		—	(5)
Advance to a fellow subsidiary		—	(12)
Repayment from ultimate holding company		9,500	—
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>		<b>(93,651)</b>	7,832
<b>FINANCING ACTIVITIES</b>			
Repayment to fellow subsidiaries		(25,632)	—
Repayment to immediate holding company		—	(1,578)
Government grant received		111	181
Dividends paid		(80,010)	(10,710)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(105,531)</b>	(12,107)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(142,320)</b>	108,493
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>389,973</b>	281,480
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>247,653</b>	389,973



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 1. GENERAL

CCID Consulting Company Limited (the “Company”) is registered in the People’s Republic of China (the “PRC”) as a joint stock company with limited liability and its H shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock code: 08235) since 12 December 2002. On 14 May 2021, the listing of shares was transferred from GEM to the Main Board of the Stock Exchange (Stock code: 02176).

The Company’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”), a company established in the PRC and ultimately held by China Center of Information Industry Development\* (“中國電子信息產業發展研究院”) (“CCID”), a company established in the PRC and the ultimate controlling party of which is the Ministry of Industry and Information Technology of the PRC.

Upon completion of the restructuring of equity interests held by Research Centre 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 Group Co”) during the year ended 31 December 2022, CCID Group Co becomes the immediate holding company of the Group. As the Research Centre held 50% equity interest in CCID Group Co, Research Centre become the intermediate holding company of the Company. The ultimate parent company and ultimate controlling party remain unchanged.

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

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are the provision of management and strategic consultancy services, market consultancy services, information engineering supervision services, data information design services, training courses services and subscription to information system services, and conference consultation and exhibition services. The Group is also engaged in the provision of industry spatial management services which is included in management and strategic consultancy services segment since the merger with Guangdong CCID Industrial and Information Research Center Company Limited\* (“廣東賽迪工業和信息化研究院有限公司”) (“Guangdong CCID”) in September 2020.

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

\* The English translation is for identification only

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 2. BASIS OF PREPARATION

On 31 May 2022, a sale and purchase agreement was entered into by Beijing CCID Industry and Information Engineering Design Center Company Limited (“CCID Design”), a non wholly-owned subsidiary of the Company with CCID Supervision in relation to the acquisition of 19.9% equity interest of Beijing CCID Exhibition Co. Ltd. (“CCID Exhibition”) at a cash consideration of approximately RMB14,684,000.

On 31 May 2022, a sale and purchase agreement was entered into by CCID Design with CCID Academy for Industry and Information Technology Limited (“CCID Group Co”) and Beijing CCID Venture Investment Company Limited\* (“CCID Venture Investment”) (“北京賽迪創業投資有限公司”) in relation to (i) the acquisition of 53.5% equity interest of CCID Exhibition at a consideration of 44.797% equity interests in CCID Supervision to CCID Group Co together with a cash consideration of approximately RMB4,590,000 and (ii) the acquisition of 26.6% equity interest of CCID Exhibition at a consideration of 25.203% equity interests in CCID Supervision to CCID Venture Investment. The transactions have been approved on the extraordinary general meeting convened on 9 August 2022 and have been completed on 9 August 2022.

Upon the completion, the CCID Exhibition became a subsidiary of the Group. As CCID Exhibition and the Group are commonly controlled by the CCID Group Co both before and after the acquisitions, the acquisitions of CCID Exhibition were considered as business combination involving entities under common control. Accordingly, the Company applied the principle of merger accounting to account for the acquisitions of CCID Exhibition in preparing these consolidated financial statements.

The assets and liabilities of CCID Exhibition acquired by the Group are stated at predecessor value, and were included in the Group’s financial statements from the beginning of the earliest period presented as if CCID Exhibition had always been part of the Group. No amount is recognised as consideration for goodwill or excess of Group’s interest in the net fair value of CCID Exhibition’s identified assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of CCID Supervision’s interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of CCID Exhibition since the date when CCID Exhibition first came under the common control of the Group. Comparative figures in the Group’s consolidated financial statements for the year ended 31 December 2021 have been restated to include the results of CCID Exhibition for the year ended 31 December 2021 and its assets and liabilities as at 31 December 2021.

A uniform set of accounting policies is adopted by CCID Exhibition. All intra-group transactions, balances and unrealised gains on transactions within the Group are eliminated on consolidation.

\* The English translation is for identification only.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 2. BASIS OF PREPARATION (Continued)

#### Restatement of prior year's consolidated financial statements due to business combination involving entities under common control

The quantitative impact on the consolidated financial statements is summarised below:

*(i) The consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021*

	As previously reported RMB'000	Merger of CCID Exhibition RMB'000	Adjustments RMB'000 (Note)	As restated RMB'000
Revenue	235,759	46,041	—	281,800
Profit for the year	41,682	10,654	(6,368)	45,968
Profit for the year attributable to owners of the Company	40,375	10,654	(8,108)	42,921
Total comprehensive income for the year	47,818	10,654	(12,504)	45,968
Total comprehensive income for the year attributable to owners of the Company	42,924	10,654	(10,657)	42,921

*(ii) The consolidated statement of financial position as at 31 December 2021*

	As previously reported RMB'000	Merger of CCID Exhibition RMB'000	Adjustments RMB'000 (Note)	As restated RMB'000
Total non-current assets	50,425	184	(17,482)	33,127
Total current assets	390,333	64,427	(6,368)	448,392
Total non-current liabilities	1,627	—	(1,623)	4
Total current liabilities	146,346	47,421	(6,366)	187,401
Total equity	292,785	17,190	(15,861)	294,114
Total equity attributable to owners of the Company	228,465	17,190	(16,850)	228,805
Total equity attributable to non- controlling interests	64,320	—	989	65,309

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 2. BASIS OF PREPARATION (Continued)

#### Restatement of prior year's consolidated financial statements due to business combination involving entities under common control (Continued)

##### (iii) The consolidated statement of cash flows for the year ended 31 December 2021

	As previously reported RMB'000	Merger of CCID Exhibition RMB'000	Adjustments RMB'000 (Note)	As restated RMB'000
Cash and cash equivalents at the beginning of the year	263,723	17,757	—	281,480
Net cash from (used in) operating activities	78,564	34,302	(98)	112,768
Net cash from investing activities	7,157	577	98	7,832
Net cash used in financing activities	(12,107)	—	—	(12,107)
Cash and cash equivalents at the end of the year	337,337	52,636	—	389,973

##### (iv) The consolidated statement of profit or loss for the year ended 31 December 2020

	As previously reported RMB'000	Merger of CCID Exhibition RMB'000	Adjustments RMB'000 (Note)	As restated RMB'000
Revenue	211,954	38,379	—	250,333
Profit for the year	26,598	4,391	—	30,989
Profit for the year attributable to owners of the Company	21,224	4,391	1	25,616
Total comprehensive income for the year	28,321	4,391	(1,723)	30,989
Total comprehensive income for the year attributable to owners of the Company	22,169	4,391	(944)	25,616

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 2. BASIS OF PREPARATION (Continued)

#### Restatement of prior year's consolidated financial statements due to business combination involving entities under common control (Continued)

##### (v) The consolidated statement of financial position as at 1 January 2021

	As previously reported RMB'000	Merger of CCID Exhibition RMB'000	Adjustments RMB'000 (Note)	As restated RMB'000
Total non-current assets	45,185	242	(9,725)	35,702
Total current assets	353,105	44,852	—	397,957
Total non-current liabilities	—	—	—	—
Total current liabilities	142,613	6,558	—	149,171
Total equity	255,677	38,536	(9,725)	284,488
Total equity attributable to owners of the Company	196,251	38,536	(22,974)	211,813
Total equity attributable to non-controlling interests	59,426	—	13,249	72,675

Notes:

The adjustments represented:

- (i) Elimination of the issued capital of the acquired subsidiary.
- (ii) Reallocation of statutory reserve and retained profits to non-controlling interests in the acquired subsidiary.
- (iii) Recognition of capital reserve representing the difference between (i) and (ii).
- (iv) Reallocation of profit for the year to non-controlling interests in the acquired subsidiary.
- (v) Elimination of the fair value of the acquired subsidiary which was originally classified as financial assets at fair value through other comprehensive income.
- (vi) Elimination of the declaration of dividend to CCID Supervision during the year ended 31 December 2021 before the acquisition of CCID Exhibition.

Reconciliation of net cash outflow arising on acquisition of combined entities under common control:

	9 August 2022 RMB'000
Cash consideration paid for acquisition of combined entities under common control	19,274
Bank balances and cash of CCID Supervision disposed of (note 30)	90,039
	109,313

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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

In the current year, the Group has applied, for its first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning 1 January 2022.

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

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

#### New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
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 <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants 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 significant accounting policies are set out below.

#### **Basis of consolidation**

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

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

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

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of consolidation (Continued)

##### *Changes in the Group's ownership interests in existing subsidiaries*

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### *Merger accounting for business combination involving entities under common control*

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

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

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

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Intangible asset

Intangible asset with indefinite useful life that is acquired separately is measured at initial recognition at cost. After initial recognition, intangible asset with indefinite useful life is measured at cost less any subsequent accumulated impairment losses, if any.

#### Property, plant and equipment

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

#### *Ownership interests in leasehold land and buildings*

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

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

#### Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 24.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment losses on tangible assets and intangible asset

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

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

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

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

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

#### Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for accounts 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 ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### *Financial assets*

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

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

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

##### *Financial assets at amortised cost (debt instruments)*

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

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

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

##### *Amortised cost and effective interest method*

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### *Financial assets* (Continued)

##### *Amortised cost and effective interest method* (Continued)

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

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

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

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

##### *Equity instruments designated as at FVTOCI*

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

#### *Financial assets* (Continued)

#### *Equity instruments designated as at FVTOCI* (Continued)

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

#### *Financial assets at FVTPL*

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in Note 7.

A financial asset is held for trading if:

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

#### *Financial assets* (Continued)

##### *Impairment of financial assets*

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

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

##### Significant increase in credit risk

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

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;

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

#### *Financial assets* (Continued)

#### *Impairment of financial assets* (Continued)

#### Significant increase in credit risk (Continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

#### *Financial assets* (Continued)

##### *Definition of default*

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

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

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

##### *Credit-impaired financial assets*

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### *Financial assets* (Continued)

##### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or when the accounts receivables are over 4 years past due, whichever occurs earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

##### *Measurement and recognition of ECL*

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

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

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

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

##### *Derecognition of financial assets*

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### *Financial liabilities and equity instruments*

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

##### *Equity instruments*

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

##### *Financial liabilities*

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

##### *Financial liabilities subsequently measured at amortised cost*

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

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

##### *Derecognition of financial liabilities*

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Taxation (Continued)

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 Group intends 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.

#### Revenue from contracts with customers

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 Group uses a five-step approach to recognise revenue:

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

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue from contracts with customers (Continued)

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

The Group recognised revenue from the following major sources:

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

#### *Provision of management and strategic consultancy services and market consultancy services*

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

#### *Provision of industry spatial management services*

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

#### *Provision of information engineering supervision services*

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue from contracts with customers (Continued)

##### *Provision of conference consultation and exhibition services*

Revenue from the provision of conference consultation and exhibition services is recognised at the point in time when the service for the transaction is completed under the terms of each contract.

##### *Provision of other services*

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

Revenue from the provision of subscription to information system services is recognised at the point in time when the service for the transaction is completed under the terms of each contract.

##### *Contract costs*

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

#### Fair value measurement

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

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Research and development expenditure

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

#### Leasing

##### *Definition of a lease*

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

##### *The Group as lessee*

For contracts entered into or modified on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### Segment reporting

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

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

#### Government grants

Government grants 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 Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Critical judgements in applying accounting policies

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

#### Assessment of the indefinite useful life of an intangible asset

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

The useful life of digital management platform could change significantly as a result of changes in commercial and technological environment. When the actual useful life of digital management platform is different from its estimated useful life due to change in commercial and technological environment, such difference will impact the amortisation charges and the amounts of assets written down for future periods. As at 31 December 2022, the carrying amount of digital management platform with indefinite useful life is approximately RMB14,681,000 (2021: RMB14,681,000).

#### Judgments in determining the timing of satisfaction of performance obligations

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

#### Judgments in determining the timing of satisfaction of performance obligations (Continued)

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

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

For the provision of industry spatial management services, the directors of the Company have determined that the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Therefore, the directors of the 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 followings are the key assumptions concerning the future, and other key source of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Revenue recognition

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

#### Income taxes

As at 31 December 2022, no deferred tax asset has been recognised on the tax losses of approximately RMB8,736,000 (2021: RMB5,089,000) due to the unpredictability of future profit streams for certain subsidiaries. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

#### ECL on accounts receivables

The impairment provisions for accounts receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that those grouped debtors is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment loss to the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 December 2022, impairment loss recognised on accounts receivables is approximately RMB1,925,000 (2021: RMB1,355,000) and impairment loss reversed on accounts receivables is approximately RMB586,000 (2021: RMB984,000).

At 31 December 2022, the carrying amount of accounts receivables is approximately RMB27,391,000 (2021 restated: RMB26,436,000), net of accumulated allowance for impairment of accounts receivables approximately RMB9,469,000 (2021 restated: RMB8,324,000).

#### Depreciation and estimated impairment of property, plant and equipment

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

As at 31 December 2022, the carrying amount of property, plant and equipment is approximately RMB12,872,000 (2021 restated: RMB14,993,000), net of accumulated impairment losses amounted to nil (2021: nil). No impairment loss was recognised during the years ended 31 December 2022 and 2021.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

#### Estimated impairment of an intangible asset

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

Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2022, the carrying amount of an intangible asset is approximately RMB14,681,000 (2021 restated: RMB14,681,000), net of accumulated impairment losses amounted to nil (2021: nil). No impairment loss was recognised during the years ended 31 December 2022 and 2021. Details of the impairment of an intangible asset are disclosed in Note 19.

#### Fair value measurement of financial assets

As described in note 7c, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For unlisted equity investments, assumptions are made 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 Group. The estimation of fair value of unlisted equity investment include some assumptions not supported by observable market prices or rates.

The carrying amount of the unlisted equity investments as at 31 December 2022 is approximately RMB1,524,000 (2021 restated: RMB1,680,000). Details of the assumptions used are disclosed in note 7c. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Company consists of net debt, which includes total liabilities less amounts due to related parties, and total equity, comprising total equity.

The Group's audit committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 70% determined as the proportion of net debt to equity. The increase of Group's gearing ratio due to the acquisition of CCID Exhibition during the year ended 31 December 2022 which resulted in decreasing the total equity. Based on the committee's recommendations, the Group expects to decrease its gearing ratio closer to 70% through the issuance of new shares.

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

	2022 RMB'000	2021 RMB'000 (restated)
Total liabilities	143,098	187,405
Add: Proposed final dividends	18,200	—
Less: Amounts due to fellow subsidiaries	(157)	(25,782)
Less: Deferred tax liabilities	—	(4)
Net debt	161,141	161,619
Total equity	166,493	294,114
Less: Proposed final dividends	(18,200)	—
Equity	148,293	294,114
Net debt to equity ratio	109%	55%

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 7. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

	2022 RMB'000	2021 RMB'000 (restated)
<b>Financial assets</b>		
Financial assets at amortised cost (including cash and cash equivalents)	278,414	441,497
Financial assets at FVTOCI		
— Equity instruments designated at FVTOCI	1,524	1,680
Financial assets at FVTPL		
— Financial assets mandatorily measured at FVTPL	104	149
	280,042	443,326
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	28,067	73,865

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 7. FINANCIAL INSTRUMENTS (Continued)

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

##### *Market risk*

##### *(i) Interest rate risk*

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 24).

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

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

##### *(ii) Other price risk*

The Group is exposed to other price risk through its listed and unlisted equity instruments measured at FVTPL and FVTOCI. For equity securities measured at FVTPL, the management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on unlisted equity investments measured at FVTOCI operating in exhibition industry sector. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

##### *Sensitivity analysis*

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

If the fair value of the respective equity instruments had been 1% (2021: 1%) higher/lower, investment valuation reserve would increase/decrease by RMB15,000 (2021 restated: increase/decrease by RMB17,000) for the Group as a result of the changes in fair value of unlisted equity instruments measured at FVTOCI.

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

In the opinion of the directors of the Company, the Group's exposure to listed equity instruments measured at FVTPL was insignificant. Accordingly, no other price risk sensitivity analysis is presented.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 7. FINANCIAL INSTRUMENTS (Continued)

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

##### *Credit risk*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

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

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 (2021: 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 Company determine concentration of credit risk based on the size of project, location of customers, credit limit and credit terms. The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounts for all accounts receivables as at 31 December 2022 and 2021.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 7. FINANCIAL INSTRUMENTS (Continued)

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

##### *Credit risk* (Continued)

As at 31 December 2022 and 2021, no single customer or a group of customers contribute more than 10% of the Group's revenue. The Group has concentration of credit risk as 21% (2021 restated: 20%) and 7% (2021 restated: 6%) of the total accounts receivables was due from the Group's five largest customers and the largest customer respectively. The concentration of credit risk is limited due to the customer base being large and unrelated.

For other non-traded related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL

Management considered certain deposits and other receivables and amounts due from related parties to be low credit risk and thus the measurement of the loss allowance was limited to 12-month ECL.

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

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 7. FINANCIAL INSTRUMENTS (Continued)

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

##### *Credit risk* (Continued)

- significant increase in credit risk on other financial instruments of the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

##### *The Group's exposure to credit risk*

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

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

<b>Internal credit rating</b>	<b>Description</b>	<b>Basis for recognising ECL</b>
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 Group has no realistic prospect of recovery	Amount is written off

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 7. FINANCIAL INSTRUMENTS (Continued)

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

##### Liquidity risk

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

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

#### (c) Fair value measurements recognised in the consolidated statement of financial position on a recurring basis

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

Financial instruments	Fair value hierarchy	Fair value as at		Valuation Technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
		2022 RMB'000	2021 RMB'000 (restated)			
Financial assets at FVTOCI						
— unlisted equity investment	Level 3	1,524	1,680	Based on net asset value ("NAV") of the investment determined with reference to the fair value of the underlying investment portfolio, which is comprised of discount cash flows and equity interest held by the Group	NAV of the investment: RMB27,500,000 (2021: RMB30,000,000)	The higher NAV of the investment, the higher the fair value (Note (a))
Financial assets at FVTPL						
— equity securities listed in the PRC	Level 1	104	149	Quoted bid price in an active market	N/A	N/A

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 7. FINANCIAL INSTRUMENTS (Continued)

#### (c) Fair value measurements recognised in the consolidated statement of financial position on a recurring basis (Continued)

Note:

- (a) A 5% increase in NAV, 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 RMB76,000(2021 restated: RMB84,000) and vice versa.

Reconciliation of Level 3 fair value measurements of financial asset:

	2022 RMB'000	2021 RMB'000 (restated)
<b>Unlisted equity instruments at FVTOCI</b>		
At the beginning of the year	1,680	1,680
Change in fair value recognised in OCI	(156)	—
At the end of the year	1,524	1,680

The above total change in fair value for the year ended 31 December 2022 of approximately RMB156,000 (2021 restated: nil) is included in investment revaluation reserve.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 8. REVENUE

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

	2022 RMB'000	2021 RMB'000 (restated)
Revenue from contracts with customers within the scope of HKFRS 15 Disaggregated by major services lines		
— Provision of management and strategic consultancy services	<b>115,182</b>	113,320
— Provision of market consultancy services	<b>32,626</b>	32,956
— Provision of information engineering supervision services	<b>37,483</b>	76,514
— Provision of industry spatial management services	<b>8,655</b>	10,369
— Provision of conference consultation and exhibition services	<b>9,297</b>	46,041
— Provision of other services	<b>593</b>	2,600
	<b>203,836</b>	281,800

	2022 RMB'000	2021 RMB'000 (restated)
Disaggregation of revenue from contracts with customers by: Timing of revenue recognition		
At a point in time	<b>157,698</b>	194,917
Overtime	<b>46,138</b>	86,883
Total revenue from contracts with customers	<b>203,836</b>	281,800

#### Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 December 2022, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately RMB132,870,000 (2021 restated: RMB114,411,000). The amount mainly represents revenue expected to be recognised in the future from provision of information engineering supervision services and industry spatial management services. The Group will recognise this revenue in the next 12 months (2021: next 12 months).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 9. SEGMENT INFORMATION

#### Descriptive information about the Group's reportable segments

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

- the management and strategic consultancy services segment provides services involving the application and implementation of enterprise management information digitalization, industry spatial management services involving industry planning, operation, management and attracting investments for industrial parks in Guangdong province. This incorporates the functions of business process re-engineering, enterprise resource planning, customer relationship management, supply chain management, call centre and other electronic business pattern designs, marketing, brand name promotion, public relationship and advertising;
- the market consultancy services segment provides two kinds of services: standard research on specific sectors and tailor-made research;
- the information engineering supervision services segment provides information engineering supervision services to undertaken projects; and
- the conference consultation and exhibition services segment provides systematic services for exhibition events, from planning and implementation to media cooperation, etc. to industry associations, enterprises, and local governments.

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

- During the year ended 31 December 2022, the Group completed the acquisition of entire equity interest in CCID Exhibition as business combination involving entities under common control. CCID Exhibition was principally engaged in provision of conference consultation and exhibition services. Accordingly, the comparative figures of the reportable segments have been restated for the purpose of presenting segment information.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 9. SEGMENT INFORMATION (Continued)

#### Segment revenue and result

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

#### For the year ended 31 December 2022

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Conference consultation and exhibition services RMB'000	Others services RMB'000	Total RMB'000
External sales	123,837	32,626	37,483	9,297	593	203,836
Inter-segment sales	—	—	—	—	3,538	3,538
Segment revenue	123,837	32,626	37,483	9,297	4,131	207,374
Eliminations						(3,538)
Group revenue						203,836
Segment profit	62,547	16,800	11,883	1,814	471	93,515
Impairment loss recognised on other receivables, net						(162)
Unallocated income						3,906
Unallocated expenses						(67,413)
Profit before taxation						29,846

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 9. SEGMENT INFORMATION (Continued)

#### Segment revenue and result (Continued)

#### For the year ended 31 December 2021 (restated)

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Conference consultation and exhibition services RMB'000	Others services RMB'000	Total RMB'000
External sales	123,689	32,956	76,514	46,041	2,600	281,800
Inter-segment sales	17	521	—	—	5,094	5,632
<b>Segment revenue</b>	<b>123,706</b>	<b>33,477</b>	<b>76,514</b>	<b>46,041</b>	<b>7,694</b>	<b>287,432</b>
Eliminations						(5,632)
<b>Group revenue</b>						<b>281,800</b>
<b>Segment profit</b>	<b>64,851</b>	<b>18,868</b>	<b>33,532</b>	<b>27,694</b>	<b>2,310</b>	<b>147,255</b>
Impairment loss reversed on other receivables, net						290
Unallocated income						8,527
Unallocated expenses						(100,078)
<b>Profit before taxation</b>						<b>55,994</b>

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by each segment without allocation of other income and gains, selling and distribution expenses, administrative and other operating expenses and impairment loss recognised on accounts and other receivables, net. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market price.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 9. SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities

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

#### Segment assets

	2022 RMB'000	2021 RMB'000 (restated)
Management and strategic consultancy services	21,196	15,732
Market consultancy services	5,563	823
Information engineering supervision services	—	9,634
Conference consultation and exhibition services	584	150
Other services	48	97
Total segment assets	27,391	26,436
Unallocated assets	282,200	455,083
Consolidated assets	309,591	481,519

#### Segment liabilities

	2022 RMB'000	2021 RMB'000 (restated)
Management and strategic consultancy services	52,225	52,647
Market consultancy services	14,938	2,230
Information engineering supervision services	—	43,840
Conference consultation and exhibition services	47,067	10,034
Other services	475	396
Total segment liabilities	114,705	109,147
Unallocated liabilities	28,393	78,258
Consolidated liabilities	143,098	187,405



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 9. SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities (Continued)

#### Segment liabilities (Continued)

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

- all assets are allocated to operating segments other than property, plant and equipment, intangible asset, financial assets at FVTOCI, deferred tax assets, prepayments, deposits and other receivables, financial assets at FVTPL, tax recoverable, pledged bank deposits, amounts due from related parties and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than accruals and other payables, amounts due to related parties, income tax payable and deferred tax liabilities.

#### Other segment information

#### For the year ended 31 December 2022

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Conference consultation and exhibition services RMB'000	Others RMB'000	Total RMB'000
<b>Amounts included in the measure of segment profit or segment assets:</b>						
Impairment loss recognised (reversed) on accounts receivables, net	1,212	99	—	(8)	36	1,339
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:</b>						
Additions to non-current assets (Note)	57	14	13	18	—	102
Depreciation of property, plant and equipment	1,364	387	92	59	28	1,930
Other receivables written off	1,092	299	—	—	—	1,391
Impairment loss recognised on other receivables, net	127	35	—	—	—	162
Income tax expense	4,216	950	—	3	61	5,230

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 9. SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities (Continued)

#### Other segment information (Continued)

#### For the year ended 31 December 2021 (restated)

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Conference consultation and exhibition services RMB'000	Others RMB'000	Total RMB'000
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#### Amounts included in the measure of segment profit or segment assets:

Impairment loss recognised (reversed) on accounts receivables, net	408	(32)	10	(13)	(2)	371
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#### Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:

Additions to non-current assets (Note)	296	116	206	15	87	720
Depreciation of property, plant and equipment	1,412	390	207	69	22	2,100
Reversal of impairment loss on other receivables, net	(119)	—	(171)	—	—	(290)
Income tax expense (credit)	4,778	1,502	(202)	3,552	396	10,026

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

#### Geographical information

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

#### Information about major customers

During the years ended 31 December 2022 and 2021, there is no single customer or a group of customers contributing over 10% of the total revenue of the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 10. OTHER INCOME AND GAINS

	2022 RMB'000	2021 RMB'000 (restated)
Interest income from bank deposits	2,916	5,406
Investment income arising from financial assets at FVTPL	173	2,128
Government grant (Note (a))	111	181
Sundry income	706	812
	<b>3,906</b>	<b>8,527</b>

Note:

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

### 11. IMPAIRMENT LOSS RECOGNISED ON ACCOUNTS AND OTHER RECEIVABLES, NET

	2022 RMB'000	2021 RMB'000 (restated)
Accounts receivables	1,339	371
Other receivables	162	(290)
	<b>1,501</b>	<b>81</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 12. INCOME TAX EXPENSE

(a) Income tax expense (credit):

	2022 RMB'000	2021 RMB'000 (restated)
Current tax:		
— PRC Enterprise Income Tax	5,538	10,163
Deferred tax (Note 21)		
— Current year	(308)	(137)
	<b>5,230</b>	10,026

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25%. During the years ended 31 December 2022 and 2021, the Company and CCID Supervision, a subsidiary of the Company, are high and new technology enterprises (the "HNTE") registered in Beijing New Technology Enterprise Development Zone. During the years ended 31 December 2022, Beijing CCID Industrial Brain Technology Co., Ltd.\* ("北京賽迪產業大腦科技有限公司"), a subsidiary of the Company, is registered as HNTE. Pursuant to the EIT Law, the enterprise income tax of those entities registered as HNTE is at a rate of 15%.

\* The English translation is for identification only

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

	2022 RMB'000	2021 RMB'000 (restated)
Profit before taxation	29,846	55,994
Tax at domestic income tax rate of 25%	7,462	13,999
Preferential tax rate granted to HNTE	(3,655)	(3,803)
Tax effect of super deduction of research and development expenses	(803)	(1,435)
Tax effect of expenses not deductible for tax purpose	1,109	1,129
Tax effect of tax losses not recognised	1,117	935
Utilisation of tax losses previously not recognised	—	(799)
Income tax expense	<b>5,230</b>	10,026

Details of deferred taxation are set out in note 21.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 13. PROFIT FOR THE YEAR

	2022 RMB'000	2021 RMB'000 (restated)
Profit for the year has been arrived at after charging (crediting):		
Directors', supervisors' and general manager's emoluments (Note 14)	630	658
Staff costs (excluding directors', supervisors' and general manager's emoluments)		
— Salaries, wages, allowances and other benefits	100,653	118,027
— Contributions to retirement benefits scheme	25,994	29,517
<b>Total staff costs</b>	<b>126,647</b>	147,544
Auditor's remuneration	800	800
Depreciation of property, plant and equipment	1,930	2,100
Loss on written off of property, plant and equipment	43	—
Fair value loss (gain) arising from FVTPL	45	(62)
Other receivables written off	1,391	—
Research and development expenses (Note (a))	18,766	28,942
Rental expenses on short term leases in respect of rented office premises (Note (b))	2,681	4,820

Notes:

- (a) The research and development expenses disclosed here included salaries and wages, allowances and other benefits of approximately RMB12,737,330 (2021: RMB21,132,000), and contributions to retirement benefits scheme of approximately RMB4,781,955 (2021: RMB7,273,000) for the year ended 31 December 2022 which had been included in total staff costs disclosed above.
- (b) During the year ended 31 December 2022, the total cash outflow for leases amount to RMB2,681,000 (2021: RMB4,820,000).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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

The emoluments paid or payable to each of the ten (2021: nine) directors, supervisors and general manager were as follows:

For the year ended 31 December 2022

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses (Note) RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
<b>Emoluments paid or receivable in respect of director's other service in connection with the management of the affairs of the Company and its subsidiary undertaking</b>					
<b>Executive directors</b>					
Xia Lin <sup>1</sup>	—	—	—	—	—
Qin Hailin <sup>4</sup>	—	—	—	—	—
Ma Yaqing <sup>3</sup>	—	—	—	—	—
<b>Emoluments paid or receivable in respect of a person's services as a director/supervisor of the Company and its subsidiary undertaking</b>					
<b>Independent non-executive directors</b>					
Guo Xinping <sup>2</sup>	5	—	—	—	5
Li Xuemei	60	—	—	—	60
Chen Yung-cheng	60	—	—	—	60
Hu Bin <sup>5</sup>	60	—	—	—	60
<b>Supervisors</b>					
Lian Jing	—	225	130	90	445
Gong Ping	—	—	—	—	—
Jia Yinghui	—	—	—	—	—
	<b>185</b>	<b>225</b>	<b>130</b>	<b>90</b>	<b>630</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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

For the year ended 31 December 2021

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses (Note) RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
<b>Emoluments paid or receivable in respect of director's other service in connection with the management of the affairs of the Company and its subsidiary undertaking</b>					
<b>Executive directors</b>					
Xia Lin <sup>1</sup>	—	—	—	—	—
Qin Hailin <sup>4</sup>	—	—	—	—	—
<b>Emoluments paid or receivable in respect of a person's services as a director/supervisor of the Company and its subsidiary undertaking</b>					
<b>Independent non-executive directors</b>					
Guo Xinping <sup>2</sup>	57	—	—	—	57
Li Xuemei	57	—	—	—	57
Chen Yung-cheng	57	—	—	—	57
Hu Bin	57	—	—	—	57
<b>Supervisors</b>					
Lian Jing	—	218	130	82	430
Gong Ping	—	—	—	—	—
Jia Yinghui	—	—	—	—	—
	228	218	130	82	658

<sup>1</sup> Ms. Xia Lin was resigned as executive director on 21 January 2022.

<sup>2</sup> Mr. Guo Xinping was resigned as independent non-executive director on 21 January 2022.

<sup>3</sup> Ms. Ma Yaqing was appointed as executive director on 21 January 2022.

<sup>4</sup> Mr. Qin Hailin was resigned as general manager on 6 March 2023.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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

Ms. Xia Lin voluntarily waived all her remunerations paid by the Group during the year ended 31 December 2021. Mr. Qin Hailin, Mr. Gong Ping and Mr. Jia Yinghui voluntarily waived all their remunerations paid by the Group during the years ended 31 December 2021.

Ms. Xia Lin was chairlady of the board of directors of the Company. Upon Ms. Xia Lin retirement on 21 January 2022, Ms. Ma Yaqing has been appointed as chairlady of the board of directors of the Company on 21 January 2022.

No emoluments were paid by the Group to the directors of the Company as an incentive payment for joining the Group or as compensation, for loss of office during the years ended 31 December 2022 and 2021.

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

### 15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, none (2021: none) was a director and the emoluments of all five (2021: five) individuals were as follows:

	2022 RMB'000	2021 RMB'000 (restated)
Salaries and allowances	4,807	3,366
Contributions to retirement benefits scheme	297	218
Discretionary bonuses (Note)	2,284	2,842
	<b>7,388</b>	6,426



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 15. INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

Their emoluments were within the following bands:

	2022 No. of employees	2021 No. of employees
HK\$1,000,001 to HK\$1,500,000 (equivalent to RMB858,796 to RMB1,288,193) (2021: RMB829,603 to RMB1,244,402)	2	2
HK\$1,500,001 to HK\$2,000,000 (equivalent to RMB1,288,194 to RMB1,717,591) (2021: RMB1,244,403 to RMB1,659,203)	3	3

No emoluments were paid by the Group to these five (2021: five) individuals of the Company as an incentive payment for joining the Group or as compensation, for loss of office during the years ended 31 December 2022 and 2021.

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

### 16. EARNINGS PER SHARE

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

	2022	2021 (restated)
Profit for the year attributable to owners of the Company (RMB'000)	30,098	42,921
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	700,000	700,000
Basic and diluted earnings per share (RMB cents)	4.30	6.13

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the years ended 31 December 2022 and 2021.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 17. DIVIDENDS

	2022 RMB'000	2021 RMB'000
2022 final dividend (Note (a))	18,200	—
2022 interim dividend (Note (b))	45,010	—
2022 special dividend (Note (c))	35,000	—
2020 final dividend (Note (d))	—	10,710

Notes:

- (a) Subsequent to the end of the reporting period, the Company has proposed cash dividends of RMB2.6 cents per share (tax included) based on 700,000,000 shares held amounting to approximately RMB18,200,000 during the year ended 31 December 2022. The dividends on domestic shares were paid in RMB and dividends on H shares were paid in Hong Kong dollars. The dividends are subject to approval by the shareholders in the forthcoming general meeting. (2021: nil).
- (b) Pursuant to the resolution of the shareholders meeting on 10 October 2022, the Company distributed interim cash dividends of RMB6.43 cents per share (tax included) based on 700,000,000 shares held amounting to approximately RMB45,010,000 during the year ended 31 December 2022. The dividends on domestic shares were paid in RMB and dividends on H shares were paid in Hong Kong dollars.
- (c) Pursuant to the resolution of the shareholders meeting on 14 July 2022, the Company distributed special cash dividends of RMB5 cents per share (tax included) based on 700,000,000 shares held amounting to approximately RMB35,000,000 during the year ended 31 December 2022. The dividends on domestic shares were paid in RMB and dividends on H shares were paid in Hong Kong dollars.
- (d) Pursuant to the resolution of the shareholders meeting of 2020 on 11 June 2021, the Company distributed cash dividends of RMB1.53 cents per share (tax included) based on 700,000,000 shares held amounting to approximately RMB10,710,000 during the year ended 31 December 2021. The dividends on domestic shares were paid in RMB and dividends on H shares were paid in Hong Kong dollars.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 18. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>Cost</b>				
At 1 January 2021 (restated)	32,819	7,474	1,729	42,022
Additions	—	483	237	720
At 31 December 2021 (restated)	32,819	7,957	1,966	42,742
Additions	—	102	—	102
Written-off	—	(659)	(225)	(884)
Disposal of a subsidiary	—	(2,524)	(649)	(3,173)
At 31 December 2022	<b>32,819</b>	<b>4,876</b>	<b>1,092</b>	<b>38,787</b>
<b>Accumulated depreciation</b>				
At 1 January 2021 (restated)	19,431	4,575	1,643	25,649
Provided for the year	1,039	1,038	23	2,100
At 31 December 2021 (restated)	20,470	5,613	1,666	27,749
Provided for the year	1,039	846	45	1,930
Eliminated on written-off	—	(627)	(214)	(841)
Disposals of a subsidiary	—	(2,307)	(616)	(2,923)
At 31 December 2022	<b>21,509</b>	<b>3,525</b>	<b>881</b>	<b>25,915</b>
<b>Carrying amounts</b>				
At 31 December 2022	<b>11,310</b>	<b>1,351</b>	<b>211</b>	<b>12,872</b>
At 31 December 2021 (restated)	12,349	2,344	300	14,993
At 1 January 2021 (restated)	13,388	2,899	86	16,373

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 19. INTANGIBLE ASSET

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

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

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

At 31 December 2022, the directors of the Company determined the recoverable amount of the intangible asset based on value in use calculation using the Relief from Royalty Valuation Method and adopted discounted cash flow projections with long-term growth rate of 3%. The value-in-use of the intangible asset as at 31 December 2022 has been carried out by the directors of the Company. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 12.25%. The intangible asset's cash flow beyond 5-year is extrapolated using a steady 3% growth rate. This long-term growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of pre tax cash inflows and outflows which include budgeted revenue, contribution rate of the intangible asset and royalty rate of the intangible asset as of valuation date. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the intangible asset to exceed its recoverable amount. No impairment loss was recognised for the year ended 31 December 2022 as the recoverable amount of the intangible asset is greater than the carrying amount.

At 31 December 2021, the directors of the Company determined the recoverable amount of the intangible asset based on value in use calculation using the Relief from Royalty Valuation Method and adopted discounted cash flow projections with long-term growth rate of 3%. The value-in-use of the intangible asset as at 31 December 2021 has been carried out by the directors of the Company. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 12.9%. The intangible asset's cash flow beyond 5-year is extrapolated using a steady 3% growth rate. This long-term growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of pre tax cash inflows and outflows which include budgeted revenue, contribution rate of the intangible asset and royalty rate of the intangible asset as of valuation date. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the intangible asset to exceed its recoverable amount. No impairment loss was recognised for the year ended 31 December 2021 as the recoverable amount of the intangible asset is greater than the carrying amount.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 20. FINANCIAL ASSETS AT FVTOCI/FVTPL

	2022 RMB'000	2021 RMB'000 (restated)
Unlisted equity investments at FVTOCI (Note (i)):		
— Wuhan Jiangxia CCID Strategic Emerging Industry Equity Investment Partnership (Limited Partnership)* (“武漢江夏賽迪戰略新興產業股權投資合夥企業(有限合夥)”)	1,524	1,680
	<b>1,524</b>	1,680
Financial assets held for trading measured at FVTPL:		
Equity securities listed in the PRC	104	149
Analysed for reporting purposes as:		
Non-current assets at FVTOCI	1,524	1,680
Current assets at FVTPL	104	149
	<b>1,628</b>	1,829

Note:

- (i) The unlisted equity investments represent investment in 5.6% (2021: 5.6%) unlisted equity interests in Wuhan Jiangxia CCID Strategic Emerging Industry Equity Investment Partnership (Limited Partnership) held by the Company of RMB1,524,000 (2021: RMB1,680,000).

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

\* The English translation is for identification only

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 21. DEFERRED TAXATION

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

	2022 RMB'000	2021 RMB'000 (restated)
Deferred tax assets	1,640	1,773
Deferred tax liabilities	—	(4)
	<b>1,640</b>	<b>1,769</b>

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

	Credit loss allowances and impairment of assets RMB'000	Accruals and other temporary differences RMB'000	Changes in fair value of financial assets at FVTOCI RMB'000	Fair value loss (gain) arising from financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2021 (restated)	1,185	442	—	5	1,632
Credit (charge) to profit or loss	92	54	—	(9)	137
At 31 December 2021 (restated) and 1 January 2022	<b>1,277</b>	<b>496</b>	<b>—</b>	<b>(4)</b>	<b>1,769</b>
Credit (charge) to profit or loss (note 12)	<b>321</b>	<b>(20)</b>	<b>—</b>	<b>7</b>	<b>308</b>
Credit to other comprehensive income	—	—	<b>39</b>	—	<b>39</b>
Disposal of a subsidiary	—	<b>(476)</b>	—	—	<b>(476)</b>
At 31 December 2022	<b>1,598</b>	<b>—</b>	<b>39</b>	<b>3</b>	<b>1,640</b>

At the end of reporting period, the Group has unused tax losses of approximately RMB8,678,000 (2021: RMB5,089,000) available for offset against future profits. No deferred tax asset has been recognised in respect of approximately RMB8,678,000 (2021: RMB5,089,000) due to the unpredictability of future profit streams.

Included in unrecognised tax losses are losses of the Group of approximately RMB42,000, RMB124,000, RMB303,000 and RMB3,741,000 and RMB4,468,000 that will expire in 2023, 2024, 2025, 2026 and 2027 respectively. (2021: RMB58,000, RMB42,000, RMB183,000, RMB1,065,000 and RMB3,741,000 that will expire in 2022, 2023, 2024, 2025 and 2026 respectively).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 22. ACCOUNTS RECEIVABLES

	2022 RMB'000	2021 RMB'000 (restated)
Receivables at amortised cost comprise:		
Accounts receivables	36,860	34,760
Less: allowance for impairment of accounts receivables	(9,469)	(8,324)
Net accounts receivables	27,391	26,436

As at 31 December 2022, the gross amount of accounts receivable arising from contracts with customers amounted to approximately RMB36,860,000 (2021 restated: RMB34,760,000).

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

	Related parties RMB'000	Third parties RMB'000	Total RMB'000
<b>2022</b>			
0 to 60 days	1,636	16,173	17,809
61 to 180 days	—	624	624
181 to 365 days	—	164	164
More than 365 days	476	8,318	8,794
	2,112	25,279	27,391

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 22. ACCOUNTS RECEIVABLES (Continued)

	Related parties RMB'000	Third parties RMB'000	Total RMB'000
<b>2021 (restated)</b>			
0 to 60 days	533	4,400	4,933
61 to 180 days	—	3,143	3,143
181 to 365 days	—	3,140	3,140
More than 365 days	—	15,220	15,220
	533	25,903	26,436

The Group measures the loss allowance at an amount equal to lifetime ECL, which is based on the categories of customers, expected credit loss rates and ageing analysis of gross carrying amount. Expected loss rates are determined by reference to historical data over the past 3 years (2021: 3 years) adjusted with the credit quality of grouped debtors, current economic conditions and the forecast economic conditions over the expected lives of the accounts receivables. In view of the macroeconomic in the PRC showing no material unfavourable factors to the customers of the Group, the management does not expect significant credit loss due to credit curtailment. There has been no change in the estimation techniques or significant assumptions made during the year from preceding reporting period.

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

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

As at 31 December 2022, the directors of the Company considered the ECL rate is 3.6% (2021: 1.4%) for accounts receivables from low risk customers past due within 365 days with gross carrying amount of approximately RMB26,346,000 (2021 restated: RMB24,837,000) and ECL allowance amounted to RMB949,000 (2021 restated: RMB348,000).

As at 31 December 2022, the directors of the Company considered the ECL rate is 81% (2021: 80.3%) for accounts receivables from high risk customers past due for more than 365 days with gross carrying amount of approximately RMB10,514,000 (2021: RMB9,923,000) and ECL allowance amount of RMB8,520,000 (2021: RMB7,976,000).



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 22. ACCOUNTS RECEIVABLES (Continued)

Amounts due from related parties are analysed as follows:

	2022 RMB'000	2021 RMB'000 (restated)
Name of ultimate holding company CCID	834	—
Name of fellow subsidiaries		
CCID Network Information Technology Co., Ltd.* (“CCID NIT”) (“北京賽迪網信息技術有限公司”)	8	68
CCID Group Co. (Note)	—	465
CCID Supervision	470	—
CCID Industrial and Information Technology Research Institute Group (Suzhou) Co. Ltd.* (“CCID Suzhou”) (“賽迪工業和信息化研究院集團(蘇州)有限公司”)	800	—
<b>Total</b>	<b>2,112</b>	<b>533</b>

Note: CCID Group Co is immediate holding company of the Group in 2022 (2021: a fellow subsidiary). Details are set out in note 1.

\* The English translation is for identification only

The amounts due from related parties are trade nature, unsecured, interest-free and repayable at a credit period of 60 days as at 31 December 2022 and 2021.

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

	2022 RMB'000	2021 RMB'000 (restated)
At the beginning of the year	8,324	8,596
Impairment losses recognised	1,925	1,355
Amounts reversed	(586)	(984)
Amount written off as uncollectible	(194)	(643)
<b>At the end of the year</b>	<b>9,469</b>	<b>8,324</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000 (restated)
Prepayments	380	652
Rental and other deposits	141	362
Other receivables	2,724	11,546
	<b>3,245</b>	12,560
Less: Allowance for impairment of other receivables	<b>(205)</b>	(207)
Prepayment, deposit and other receivables, net	<b>3,040</b>	12,353

As at 31 December 2022, the Group classifies rental and other deposits and other receivables with gross carrying amount of approximately RMB3,040,000 (2021 restated: RMB12,353,000) under low risk category, and measures the loss allowance equal to 12-month ECL amounted to nil (2021: nil).

As at 31 December 2022, the Group classifies other receivables with gross carrying amount of approximately RMB205,000 (2021: RMB207,000) under high risk category since there are significant increase in credit risk, and measures the loss allowance from 12-month ECL equal to lifetime ECL (credit-impaired) amounting to approximately RMB205,000 (2021: RMB207,000).

The Group had written off other receivable of approximately RMB1,391,000 during the year ended 31 December 2022 as it was past due over 4 years and recoverability from a counter party is remote.

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

	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2021	497	497
— Amount reversed	(290)	(290)
As at 31 December 2021	207	207
— Impairment losses recognised	162	162
— Disposal of a subsidiary	(164)	(164)
As at 31 December 2022 (restated)	<b>205</b>	<b>205</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 24. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

#### Cash and cash equivalents

Cash and cash equivalents include demand deposits and short-term bank deposits for the purpose of meeting the Group's short term cash commitment, which carry interest at market rates which range from 0.01% to 0.3% (31 December 2021: 0.01% to 0.3%) per annum.

#### Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately RMB3,163,000 at 31 December 2021 (2022: nil) had been pledged to secure banking facilities with maturity date within one year and are therefore classified as current assets. The pledged bank deposit was released upon settlement of relevant bank borrowings. As at 31 December 2021, the pledged deposits carried fixed interest rate of 0.01% to 2.00% per annum.

### 25. ACCOUNTS PAYABLES

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

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

	2022 RMB'000	2021 RMB'000 (restated)
Within 30 days	1,080	2,233
Over 365 days	165	148
<b>Total</b>	<b>1,245</b>	<b>2,381</b>

Amounts due to a related party included in accounts payables are analysed as follows:

	2022 RMB'000	2021 RMB'000 (restated)
Name of a related party — Research Centre*	1,080	1,006

\* Research Centre is an intermediate holding company of the Group in 2022 (2021: immediate holding company). Details are set out in note 1.

## Notes to the Consolidated Financial Statements

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### 26. ACCRUALS AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000 (restated)
Accrued salaries, wages, allowances and other benefits	18,535	36,412
Accrued social insurance fees and the public housing funds	4,076	4,061
Other tax payables	820	3,421
Other payables	4,054	5,229
	<b>27,485</b>	49,123

### 27. CONTRACT LIABILITIES

Contract liabilities represent advances received from customers for unsatisfied or partially satisfied service contracts.

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

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

The significant changes in contract liabilities in 2022 were mainly due to the continuous increase in the Group's customer base.

Revenue recognised during the year ended 31 December 2022 that was included in the contract liabilities at the beginning of the year is approximately RMB63,132,000 (2021 restated: RMB69,681,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

## Notes to the Consolidated Financial Statements

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### 28. AMOUNTS DUE FROM/TO RELATED PARTIES

- (i) As at 31 December 2022, the amount due from ultimate holding company, CCID, of approximately RMB505,000 (2021 restated: RMB10,005,000) is unsecured, interest-free and repayable on demand.

As at 31 December 2022, the amount due from a fellow subsidiary, Beijing CCID Property Management Co., Ltd (“CCID Property”)(“北京賽迪物業管理有限公司”) of approximately nil (2021: RMB12,000) is unsecured, interest-free and repayable on demand.

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

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

	2022 RMB'000	2021 RMB'000 (restated)
Fellow subsidiaries:		
— Beijing CCID Industry and Information Technology Training Center Co., Ltd.* (“CCID Industry”) (“北京賽迪工業和信息化技術培訓中心有限公司”) (note a)	150	150
— CCID Supervision	7	—
— CCID Venture Investment	—	8,512
— Beijing CCID Publishing & Media Co. Ltd.* (“CCID Publishing”) (“北京賽迪出版傳媒有限公司”)	—	17,120
	157	25,782
	157	25,782

\* The English translation is for identification only

Note:

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

## Notes to the Consolidated Financial Statements

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### 29. SHARE CAPITAL

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

	2022 RMB'000	2021 RMB'000
Registered, issued and fully paid ordinary shares of RMB0.1 each:		
— Ordinary shares	70,000	70,000
At the beginning and the end of the year	70,000	70,000

Note:

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

	2022 '000	2021 '000
Domestic shareholders	491,000	491,000
H shareholders	209,000	209,000
At end of the year	700,000	700,000

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 30. DISPOSAL OF A SUBSIDIARY

#### Disposal of CCID Supervision

On 31 May 2022, the Group entered into a sale and purchase agreement with connected parties in respect of (i) CCID Design acquire 19.9% equity interest in CCID Exhibition from CCID Supervision at a consideration of approximately RMB14,684,000; (ii) CCID Design entered into an agreement with CCID Group Co to acquire 53.5% equity interests in CCID Exhibition with a consideration of 44.797% equity interests in CCID Supervision to CCID Group Co together with a cash consideration of approximately RMB4,590,000; and CCID Design entered into an agreement with CCID Venture Investment to acquire 26.6% equity interests in CCID Exhibition at a consideration of 25.203% equity interests in CCID Supervision. Before the transactions, the Company held 59.625% equity interests in CCID Design and CCID Design held 70% equity interests in the CCID Supervision. The entire effective interests of 41.6% in CCID Supervision was disposed upon the completion of the transactions. The disposal of CCID Supervision and acquisition of CCID Exhibition has completed on 9 August 2022.

	9 August 2022 RMB'000
Analysis of assets and liabilities of CCID Supervision over which control was lost:	
Property, plant and equipment	250
Deferred tax asset	476
Accounts receivables	4,006
Prepayments, deposits and other receivables	12,555
Cash and cash equivalents	90,039
Accounts payables	(599)
Contract liabilities	(43,561)
Accruals and other payables	(10,330)
<b>Net assets disposed of</b>	<b>52,836</b>
Loss on disposal of a subsidiary:	
Non-controlling interest	33,939
Net assets disposed of	(52,836)
<b>Effects to merger reserve</b>	<b>(18,897)</b>
Net cash outflow arising on disposal:	
Less: bank balances and cash disposed of	(90,039)
	<b>(90,039)</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 31. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

#### (a) Related parties of the Group

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

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

Transactions with the CCID Group	2022 RMB'000	2021 RMB'000 (restated)
(i) Gross revenue earned before sales surtaxes		
Provision for consultancy services:		
Ultimate holding company — CCID	656	1,001
Fellow subsidiaries:		
— CCID Suzhou	—	642
— CCID NIT	103	199
— CCID Publishing	1,528	142
	<b>2,287</b>	1,984
Provision for information planning and information engineering supervision services:		
Ultimate holding company — CCID	1,771	1,543
Fellow subsidiary		
— Shandong CCID Industry and Information Technology Research Institute Co., Ltd.* (“Shandong CCID”) (“山東賽迪工業和信息化研究院有限公司”)	—	94
	<b>1,771</b>	1,637
Provision for conference consultation and exhibition services:		
Fellow subsidiary:		
— CCID NIT	—	22
	—	22



## Notes to the Consolidated Financial Statements

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### 31. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (a) Related parties of the Group (Continued)

Transactions with the CCID Group	2022 RMB'000	2021 RMB'000 (restated)
(ii) Administrative and promotion services		
Rental, building management fee, internet fee and utilities fare charged by a related party		
— Research Centre (Note (i))	427	979
Rental, building management fee charged by a fellow subsidiary — CCID Property	1,642	1,659
Translation expense charged by a fellow subsidiary		
— CCID Translation Technology Co., Ltd.* (“北京賽迪翻譯技術有限公司”)	2	22
System expense charged by a related party		
— CCID Group Co. (Note (ii))	—	47
	<b>2,071</b>	<b>2,707</b>
(iii) Service fee paid for consulting services by:		
Ultimate holding company — Research Institute	1,231	—
Fellow subsidiaries:		
— CCID Suzhou	23	—
— CCID NIT	61	189
	<b>1,315</b>	<b>189</b>
(iv) Service fee paid for information design and supervision services by:		
Related party — Research Centre (Note (i))	—	34
Fellow subsidiary — Shandong CCID	—	185
	<b>—</b>	<b>219</b>
(v) Service fee paid for conference consultation and exhibition services by:		
Related party — Research Centre (Note (i))	—	1,909
Fellow subsidiary — CCID Property	—	258
	<b>—</b>	<b>2,167</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 31. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (a) Related parties of the Group (Continued)

Notes:

- (i) Research Centre is an immediate holding company of the Group in 2022 (2021: immediate holding company). Details are set out in note 1.
  - (ii) CCID Group Co is immediate holding company of the Group in 2022 (2021: a fellow subsidiary). Details are set out in note 1.
  - (iii) The directors of the Company are of their opinion that the above transactions with related parties were conducted in the normal course of business and all others were charged at cost incurred plus a reasonable profit margin.
  - (iv) The Company and the related companies are controlled by CCID.
- \* The English translation is for identification only

#### (b) Compensation of key management personnel

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

	2022 RMB'000	2021 RMB'000
Salaries, wages, allowances and other benefits	26,289	32,256
Contributions to retirement benefits scheme	2,567	2,481
	<b>28,856</b>	<b>34,737</b>

Note: The remuneration of directors of the Company and key executives is determined by the Remuneration Committee of the Company and paid depending on staff grading, individual performance and the profitability of the Group.

### 32. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 20 November 2002. Pursuant to the share option scheme, the board of directors of the Company may, at its discretion, grant options to any full-time employees of the Group to subscribe for shares in the Company, to a maximum of 30% of the Company's H shares in issue from time to time. The exercise price will be determined by the Board of Directors, and will not be less than the highest of: (a) the closing price of the H shares as stated in the daily quotations sheet on the date of offer, which must be a business day; (b) the average closing prices of the H shares as stated in the daily quotation sheets for the five business days immediately preceding the date of offer; and (c) the nominal value of an H share. However, employees who are Chinese nationals in the PRC shall not be entitled to exercise the option until the current restrictions on these persons for subscribing or dealing in H shares imposed by the laws and regulations in the PRC have been amended or removed. At the end of reporting period, the share option scheme is not effective. Until 31 December 2022 and 2021, no options were granted to the Group's employees.

## Notes to the Consolidated Financial Statements

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### 33. COMMITMENTS

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

	2022 RMB'000	2021 RMB'000
<b>The Group as lessee</b>		
Within one year	1,112	34

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

### 34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to a fellow subsidiary (note 28(ii)) RMB'000	Amount due to immediate holding company (note 28(ii)) RMB'000	Amount due to ultimate holding company RMB'000	Total RMB'000
At 1 January 2021 (restated)	2,255	2,040	176	4,471
Operating cash flow	(2,105)	(462)	(176)	(2,743)
Financing cash flow	—	(1,578)	—	(1,578)
Non-cash changes:				
Dividends declared to the shareholder of the subsidiaries before business combination involving entities under common control	25,632	—	—	25,632
	25,782	—	—	25,782
At 31 December 2021 (restated) and 1 January 2022	<b>25,782</b>	—	—	<b>25,782</b>
Operating cash flow	<b>7</b>	—	—	<b>7</b>
Financing cash flow	<b>(25,632)</b>	—	—	<b>(25,632)</b>
At 31 December 2022	<b>157</b>	—	—	<b>157</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries as at 31 December 2022 and 2021 are as follows:

Name of subsidiary	Place of establishment/ operations	Kind of legal entity	Registered and fully paid share capital or paid in capital (RMB'000)		Proportion of effective ownership interest and voting power held by the Company				Principal activities
			2022	2021	Directly		Indirectly		
					2022	2021	2022	2021	
CCID Design	Beijing, PRC	Company with limited liability	80,000	80,000	59.4%	59.4%	—	—	Provision of data information design services
CCID Supervision	Beijing, PRC	Company with limited liability	10,000	10,000	—	—	—	41.6%	Provision of information engineering supervision and training courses services
Beijing CCID Capital Consulting Co., Ltd.* (“北京賽迪經智投資顧問有限公司”)	Beijing, PRC	Company with limited liability	500	500	80%	80%	11.9%	11.9%	Provision for investment and strategic consultancy services
Beijing CCID Industrial Brain Technology Co., Ltd.* (“北京賽迪產業大腦科技有限公司”)	Beijing, PRC	Company with limited liability	5,000	5,000	80%	80%	11.9%	11.9%	Provision for management and strategic consultancy services
Beijing CCID County Strategy Consulting Co., Ltd.* (“北京賽迪方略縣域經濟顧問有限公司”)	Beijing, PRC	Company with limited liability	5,000	5,000	90.1%	90.1%	—	—	Provision for economic and strategic consultancy services
Shenzhen CCID Strategy Consulting Co., Ltd.* (“深圳賽迪方略諮詢顧問有限公司”)	Shenzhen, PRC	Company with limited liability	1,000	1,000	100%	100%	—	—	Provision for management and strategic consultancy services

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of establishment/ operations	Kind of legal entity	Registered and fully paid share capital or paid in capital (RMB'000)		Proportion of effective ownership interest and voting power held by the Company				Principal activities
			2022	2021	Directly		Indirectly		
					2022	2021	2022	2021	
CCID (Shanghai) Advanced Manufacturing Research Center Co., Ltd.* (“賽迪(上海)先進製造業研究院有限公司”)	Shanghai, PRC	Company with limited liability	5,000	5,000	100%	100%	—	—	Provision for management and strategic consultancy services
Guangdong CCID	Guangzhou, PRC	Company with limited liability	5,000	5,000	—	—	59.4%	59.4%	Provision for industry spatial management services
CCID Exhibition	Beijing, PRC	Company with limited liability	10,000	10,000	—	—	59.4%	59.4%	Provision of conference consultation and exhibition services

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

\* The English translation is for identification only

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 RMB'000	2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		12,545	14,228
Interests in subsidiaries		33,168	63,668
Intangible asset		14,681	14,681
Financial assets at fair value through other comprehensive income		1,524	1,680
Deferred tax assets		1,010	1,105
		<b>62,928</b>	95,362
<b>Current assets</b>			
Accounts receivables		26,288	14,258
Prepayment, deposits and other receivables		2,670	5,684
Amount due from ultimate holding company	(i)	5	5
Amounts due from subsidiaries	(i)	3,773	—
Financial assets at fair value through profit or loss		104	149
Cash and cash equivalents		162,109	199,337
		<b>194,949</b>	219,433
<b>Current liabilities</b>			
Accounts payables		—	149
Accruals and other payables		25,538	20,142
Contract liabilities		65,609	52,617
Amounts due to related parties	(i)	42	—
Amounts due to subsidiaries	(i)	—	3,727
Income tax payable		320	703
		<b>91,509</b>	77,338
<b>Net current assets</b>		<b>103,440</b>	142,095
<b>Net assets</b>		<b>166,368</b>	237,457
<b>Equity</b>			
Share capital	29	70,000	70,000
Reserves	(ii)	96,368	167,457
<b>Total equity</b>		<b>166,368</b>	237,457

## Notes to the Consolidated Financial Statements

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### 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

- (i) The amounts due from/to related parties/subsidiaries are unsecured, interest-free and repayable on demand.
- (ii) Movements in the Company's reserves

	Capital reserve RMB'000	Statutory reserve RMB'000	Investment revaluation reserve RMB'000	Retained profits (Note) RMB'000	Total RMB'000
At 1 January 2021	18,100	23,141	—	99,168	140,409
Profit and total comprehensive income for the year	—	—	—	37,758	37,758
Appropriation of statutory reserve	—	8,008	—	(8,008)	—
Dividends recognised as distribution (Note 17)	—	—	—	(10,710)	(10,710)
At 31 December 2021	<b>18,100</b>	<b>31,149</b>	—	<b>118,208</b>	<b>167,457</b>
Profit for the year	—	—	—	<b>9,038</b>	<b>9,038</b>
Other comprehensive expense for the year	—	—	<b>(117)</b>	—	<b>(117)</b>
Total comprehensive (expense) income for the year	—	—	<b>(117)</b>	<b>9,038</b>	<b>8,921</b>
Appropriation of statutory reserve	—	<b>2,564</b>	—	<b>(2,564)</b>	—
Dividends recognised as distribution (Note 17)	—	—	—	<b>(80,010)</b>	<b>(80,010)</b>
At 31 December 2022	<b>18,100</b>	<b>33,713</b>	<b>(117)</b>	<b>44,672</b>	<b>96,368</b>

Note:

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 37. RETIREMENT BENEFITS SCHEME

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

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

	2022 RMB'000	2021 RMB'000 (restated)
Employers' contributions charged to the consolidated statements of profit or loss and other comprehensive income	26,084	29,599

### 38. NON-CASH TRANSACTION

Save as the business combination involving entities under common control disclosed in note 2 and 30, there are no other non-cash transaction affecting the Group.



## Five-Year Financial Summary

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

	Year ended 31 December				2022 RMB'000
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000 (restated)	
Turnover	167,367	261,529	211,954	281,800	<b>203,836</b>
Cost of sales	(82,476)	(119,614)	(111,271)	(134,174)	<b>(108,982)</b>
Gross profits	84,891	141,915	100,683	147,626	<b>94,854</b>
Profit before taxation	38,559	78,476	33,506	55,994	<b>29,846</b>
Taxation	(4,955)	(10,290)	(6,909)	(10,026)	<b>(5,230)</b>
Profit for the year	33,604	68,186	26,597	45,968	<b>24,616</b>
Attributable to:					
Equity holders of the Company	28,820	62,799	21,224	42,921	<b>30,098</b>
Non-controlling interests	4,784	5,387	5,373	3,047	<b>(5,482)</b>
	33,604	68,186	26,597	45,968	<b>24,616</b>

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

	As at 31 December				2022 RMB'000
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000 (restated)	
Total assets	272,169	357,901	398,290	481,519	<b>309,591</b>
Total liabilities	(100,779)	(120,535)	(142,613)	(187,405)	<b>(149,171)</b>
	171,390	237,366	255,677	294,114	<b>160,420</b>