CCIDConsulting

CCID Consulting Company Limited

(A joint stock limited company incorporated in the People's Republic of China)
Stock Code: 8235

ANNUAL REPORT 2018

• 城市經濟第一智庫 • 企業戰略第一顧問 • 資本運作第一專家

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CCIDConsulting

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

* *for identification purpose only*

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Corporate Information

BOARD OF DIRECTORS

Executive Director
Zhao Zeming *(Chairman)*

Non-Executive Director
Luo Junrui

Independent Non-Executive Directors
Guo Xinping
Li Xuemei
Xia Yinan

AUDIT COMMITTEE

Li Xuemei *(Chairlady of the Committee)*
Guo Xinping
Xia Yinan

REMUNERATION COMMITTEE

Guo Xinping *(Chairman of the Committee)*
Li Xuemei
Zhao Zeming

NOMINATION COMMITTEE

Zhao Zeming *(Chairman of the Committee)*
Guo Xinping
Li Xuemei
Xia Yinan

SUPERVISORY COMMITTEE

Chen Ying *(Chairlady of the Committee)*
Xia Lin
Ma Xin

COMPLIANCE OFFICER

Zhao Zeming *(Chairman)*

COMPANY SECRETARY

Chan Yin Wah

AUTHORISED REPRESENTATIVES

Zhao Zeming *(Chairman)*
Chan Yin Wah

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COMPANY'S WEBSITE

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STOCK CODE

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HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
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183 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKERS

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

Chairman'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 2018.

FINANCIAL RESULTS

For the year ended 31 December 2018 (the "period or the "year"), the Group recorded a turnover of approximately RMB167,367 thousand and a gross profit of approximately RMB89,081 thousand. Profit for the year and total comprehensive income amounted to RMB33,604 thousand and RMB34,302 thousand respectively and the basic earnings per share amounted to approximately RMB4.1 cents.

BUSINESS OUTLOOK

In 2019, in order to constantly enhance its competitive strength, the Group will continue to implement the "consulting +" strategy, focusing on the cultivation of new capabilities such as digital, brand, innovation and talents, expediting digital transformation, promoting service model, propelling platform development, as well as accelerating industrial innovation comprehensive services.

Expedite digital transformation

The early arrival of the digital wave will lead to changes in social development, re-production of production relations, economic restructuring and changes in lifestyle. The Group will accelerate the digital transformation. On the one hand, we will create a digital management platform to build its own competitiveness. On the other hand, we will build a digital business platform to better meet customers' needs. The digital management platform will focus on building a full-cycle, full-caliber accounting, visual management system for project, contract, finance, customer service and performance to further standardize service processes and standards and improve work efficiency and service quality; and the digital business platform will focus on building our own product systems such as "CCID brain for industries" and "MTX".

Promote the service model

Firstly, we will promote the transformation of the industrial planning business from planning to activities, investments, reporting and hosting and complete the transformation from the "planning consulting" to "integrated services" by amassing elements required for our industrial development. Secondly, we will promote the evolution of the corporate strategy business from industry research to competition, strategy, listing, and mergers and acquisitions and complete the transformation from "management and consulting" to "strategic services" through the introduction of corporate innovation resources. Finally, we will promote the expansion of the investment and financing business from due diligence to fund-raising, investment decision-making, fund management, and index extension and complete the transformation from "project achievement system" to "revenue generation system".

Propel platform development

Adapt to the transformation trend of enterprises in the digital economy era, by further innovating the management and assessment system, we will integrate resource for the open platform construction and promote the development of business platform to launch modular products such as investment project evaluation, industrial monitoring information push, data online service, and industry index evaluation and build the "MTX" knowledge sharing value platform, industry chain precision investment decision-making platform and enterprise cloud evaluation platform, with focus on the promotion of "Chips of Nanjing (芯上南京)", "brain for CCID county industry ", "CCID automobile evaluation" and other platform products and service.

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

ACKNOWLEDGEMENT

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

Zhao Zeming
Chairman

Beijing, the People's Republic of China
22 March 2019

Management Discussion and Analysis

INDUSTRY OVERVIEW

The Consulting Services Accelerate Digitalization and Platformization

The development of new generation technologies such as cloud computing, big data, artificial intelligence leads to the arrival of digital wave and human society is entering into a new stage characterized with digital productivity. The core competitiveness of enterprises has shifted from "manufacturing ability" in the past traditional industrialization period to "service capacity + digital capabilities + manufacturing capabilities". Consulting services in the digital era should accelerate their digital transformation in product design, customer response and project management and effectively integrate internal and external resources and capabilities so as to form platform-aggregated products and solutions to help customers determine the overall framework and promotion strategy of digital transformation and make plans in details for major tasks, implementation paths and specific measures and thereby to promote the transformation of enterprises from extensive management to refined management, transformation from ex ante, in-progress and ex post control to real-time control, from block-closed management to open and transparent management, from multi-level management to flat management.

Further standardization for government consultation

The main body of consulting services has been increasingly diversified. Under the new landscape of establishment of the new think tanks with Chinese features, think tanks and consulting institutions such as key academies of social science, administration institutes of party institutes of CCP and higher education institutions are going to further strengthen their policies study and decision making consulting functions and step up their service efforts towards government and industrial zone customers, which will result in a multi-level, cross-sectorial, and professional division of labor competition landscape in general. At the same time, the consultancy service market will be further standardized; the environment for developing social think tanks will be further improved; the product supply mechanism for social think tanks will be further perfected; and there will be an increasing number of channels for social think tanks to engage in decision consultancy services. In respect of the government decision making consulting, government authorities of different levels have established a system for the government procurement of decision making consulting services on the basis of a procurement mechanism of: procure as required, fees on case-by-case basis, open for all and contractual management. This will include the consulting reports, government policies proposals, planning designs, research and study information provided by think tanks and consulting institutions under the scope of government procurement and into the guidance catalogue of government service procurement. The procurement will be conducted by various ways, such as open tenders, invitation tenders, competitive negotiations and single source of procurement.

Consulting Services Face the Revolution of the Big Data

Big data is a collection of data which is mainly characterized by high volume, high variety, high velocity and high value. A huge amount of data with a variety of formats from diversified sources is collected and stored, and correlation analyses are carried out to discover new knowledge, create new values and develop new capabilities. With the arrival of the big data era, flow of technologies, materials, funds and talents will be driven by the flow of data. Decision making on business management should be based on massive, dynamic and timely data analyses on suppliers, customers and competitors. However, traditional consulting companies study static and lagging data and lack data resources that are comparable with those of the companies in the big data era. Once companies have mastered the collection, access and analysis of big data, they will be able to make their own decisions and thus their demand for external consultancy services will be significantly reduced. Some companies, which are able to collect, sort, analyze, explore, demonstrate and apply data, could even output the big data and offer consultancy services to other corporate customers based on big data.

Our Information Engineering Supervision Services Face Favorable Development Opportunities

In 2019, the government gradually will launch sizeable information engineering projects, among which, the safe and reliable engineering projects for e-official documents of party and government agency continue to expand further, with integration of government information resources classified as a key national undertaking. Therefore, the e-government engineering supervision segment will enjoy enormous opportunities. In addition, projects with respect to the development of digital china, new style intelligent cities, open up opportunities to industrial players engaged in construction supervision, engineering management consulting, construction cost assessment, and engineering design services. Furthermore, business players in the information security segment tap into opportunities brought by intensified efforts to develop information security, the military- civilian integration, and safe and reliable projects, while the design service segment gains access to opportunities from the development of the digital transformation of enterprises, intelligent manufacturing, and intelligent parks.

BUSINESS REVIEW

Actively explore new business models

In 2018, the Group has explored new business models on "consulting +" strategy, developed brain for CCID Industries platform, and promoted the construction of brain for county industries and urban physical examination centers; developed and iterated MTX 2.0, and completed 26 industry maps and released them on MTX; built "Integrated Services Platform of Moving Enterprises to Cloud" and "Big Data Analysis Platform for CCID's Green Manufacturing"; improved and upgraded the operation platform for "Software City"; planned and built big data platform for integrated circuit industry "Chips of Nanjing". Closely focusing on the strategic transformation direction offered by overall solution for construction and management of information system projects, the Group, on the one hand, vigorously enhanced the service added value of the traditional supervision segment, and on the other hand, speeded up the research and development and promotion of new products and new businesses, and created high-end consulting services for engineering construction management. It made major breakthroughs and new progress in the business fields such as engineering governance consulting, engineering construction management consulting, classified engineering design consulting, digital transformation of enterprise planning and design, engineering cost consulting, engineering archives management consulting, engineering inspection and acceptance management consulting, engineering operation and maintenance management consulting, etc. Focusing on engineering-level planning and design and consulting services, the Group explored and tried to achieve the organic combination with engineering supervision, accelerated business capacity building, and made major breakthroughs in planning and design services such as these for the Ministry of Foreign Affairs and China Southern Power Grid.

Expand the depth and breadth of research

In 2018, the Group optimized its annual reporting formats by closely observing the movements in the new business formats and new markets, and presented novel annual reports specifically prepared for the relevant industries, markets, and investment and financing segments by handpicking focal areas. It released "2018 Insights" and research reports including "Characteristics of Advanced Manufacturing Clusters and Industrial Maps", "Development Index of Advanced Manufacturing Industry in Cities of China in 2018","White Paper on China's Urban Industrial Competitiveness Index and Top 100 Industrial Cities in China", "White Paper on the Development of Top 100 Cities in China's Digital Economy in 2018","2018 Report on Urban Competitiveness in China Unicorn New Economy", "Top 10 IC Parks in China", "White Paper on Development and Investment Value of China's Autopilot Industry in 2018 ","Research on China's New Energy Vehicle Market and Top 10 Consumers' Most Satisfactory Models", "Insights into the Development of China's Big Data Industry", "White paper on innovation and development of China's industrial Internet in 2018","White paper on Future of Edge Computing Intelligence-Development and Evolution of Edge Intelligence", "White Paper on the Development of China's NBIOT Industry", "White paper on Evolution of China's NBIOT industry and The Most Growing Chip Companies in 2018" ,"White Paper on Investment and Financing in China VR/AR Industry in 2018", "White Paper on Evolution and Investment Value Analysis of China's Hydrogen Fuel Cell Industry in 2018", "2018 Top 10 Most Potential New Industry City Operators", "Ten Transforming Trends of Intelligent Manufacturing, Evolution and Investment Value of China's 3D Printing Industry in 2018", "2018 China Digital Economy Index", "White Paper on China Digital Economy Industry and Top 100 Investment Value List in 2018" and "White Paper on China's Small and Medium-sized Enterprises Moved to Cloud (2019) ", which have greatly improved and expanded the depth and breadth of research.

Strengthen professional competitiveness

In 2018, the Group was awarded the title of Top 50 China's management consulting agencies and successively obtained the Zhongguancun high-tech enterprise qualification, the national high-tech enterprise certificate and Grade B qualification in the engineering consulting. It also completed the service scope expansion of ISO9001, ISO14000 and ISO18000 and passed the annual supervision and audit smoothly in respect of ISO20000 and ISO27001. CCID Design completed the renewal for Grade B qualification in the engineering design. As the main drafting unit, CCID Supervision met a number of national standards for information technology services and was selected as the outstanding member unit of ITSS Branch in 2018.

Promote the development of platformization

In 2018, in response to the future development trend of the consulting industry, which will be supported by big data on the internet with consultative execution and integrated services, the Group constantly upgraded and optimized the "MTX Chanyeton" platform and completed platform construction of MTX "Industry data and decision making tank"by upgrading the versions for Android, IOS, and PC websites. Focusing on various buzzwords such as artificial intelligence, cyber security, big data, and virtual reality, this platform creates a series of website groups, while constructing industry maps and intelligent reporting systems based on the SmartBI system. Meanwhile, by actively establishing open platform, connecting with external big data and resources as well as building and completing the collection and introduction of big data for robots industry and demonstrating and sharing of research articles and reports, the supply of platform contents will be further enriched with registered users of the platform of approximately 870 thousand so as to have a greater influence on such industry.

Enhance our influence in high-end conferences and activities

In 2018, our Group participated in a number of high-end conference events and hosted a number of important forums with various themes, which greatly enhanced our brand influence. We had organized a number of forums and events, such as "World Artificial Intelligence Conference–Edge Intelligent Forum (世界人工智能大會—邊緣智能論壇)", "World VR Industry Conference–Sub-forum of Investment Roadshow (世界VR產業大會—投資路演分論壇)", "2018 World Manufacturing Summit–International Advanced Manufacturing Cluster Development Forum (2018世界製造業大會先進製造業集群發展論壇)", "2018 Symposium for Internet of Vehicles Among the PRC, the Republic of Korea and Japan (中日韓車聯網研討會)", "2018 China IT Market Annual Conference (2018中國IT市場年會)", "2018 China Semiconductor Market Annual Conference (2018中國半導體市場年會)", "China Intelligent Manufacturing Summit in 2018 (智造中國2018峰會)", "China County Economic Innovation and Development Forum (2018) (中國區域經濟創新發展論壇 (2018))"," 2018 China Industrial Internet Innovation and Develop Forum (2018中國工業互聯網創新發展論壇)"," Nanjing Software Product Trade Fair–Industry Internet Sub-Forum (南京軟博會—工業互聯網分論壇)", "Shanghai Industry Fair Intelligent Manufacturing Ecological Construction Forum (上海工博會智能製造生態建設論壇)", and "Sichuan SME Cloud Service Conference (四川中小企業雲服務大會)", at which 200 media were invited to attend. These media included famous media, such as CCTV, Xinhua News Agency, China News Service, Can Kao Xiao Xi, Guangming Daily, Global Times, with approximately 3,000 reports disseminated.

Innovative Media Distribution Approaches

In 2018, the Group continuously enriched innovative communication channels and forms for research results and continued to improve the communication effect of our own media matrix group. Under the "1+10" model, our own media matrix group is comprised of over ten new media platforms continuing to maintain positive momentum of media transmission effects, including our MTX Chanyeton, Weibo, WeChat, Today's Headlines, Baidu Library, Yi Dian Xin Xi, Netease, Sohu, Tencent, Ifeng.com. More than 920 articles published have been included in more than 192,000 web pages, and have been read more than 4.9 million times. The Group has published several research publications in media such as Outlook Weekly, 21st Century Business Herald, Panorama Network, etc., and released relevant research results through various high-end conference and activities. Analysts have been interviewed more than 20 times by CCTV, Ifeng.com, Xinhuanet.com, the Papers and People's Daily Overseas Edition. CCID Supervision, in cooperation with State Information Center, carried out advertising on the front page of the book "E-government Frontiers (2018)", which has been distributed to customers of e-government business in the national development and reform system. Therefore, the influence of supervision brand has been further consolidated and enhanced.

Encourage the organization and development of learning orientation

In 2018, the Group further enriched our innovative training system to enhance team competitiveness in multiple aspects, at multiple levels, and under multiple categories by formulating training plans in stages, selecting elite instructors based on our business series, and adopting various methods of in-house training, induction training, and mentorship training. To accommodate the rapid development requirements for our business transformation and upgrading, the Company sped up the cultivation of more outstanding talents. The "2018 New Employee Training" was organized, and the management members of the Company were appointed as the lecturers to systematically deliver specialty courses and corporate policies and procedures with specific focused areas. In collaboration with the League Committee of Research Institute, we planned and organized the "Next Senior Consultants Contest" as the method to assess training results. By intensifying talent training and focusing on the selection and development of in-house talented professionals, we formed an echelon structure of expert-level, senior, and general engineers.

Therefore, this structure provides a personal development channel for our technical staff. Meanwhile, the supervisors organized 78 sessions of various business special trainings and seminars throughout the year, covering new technologies, management, traditional businesses and new businesses thereby enhancing the business capability and quality of our staff.

Strengthen Harmony Culture Building

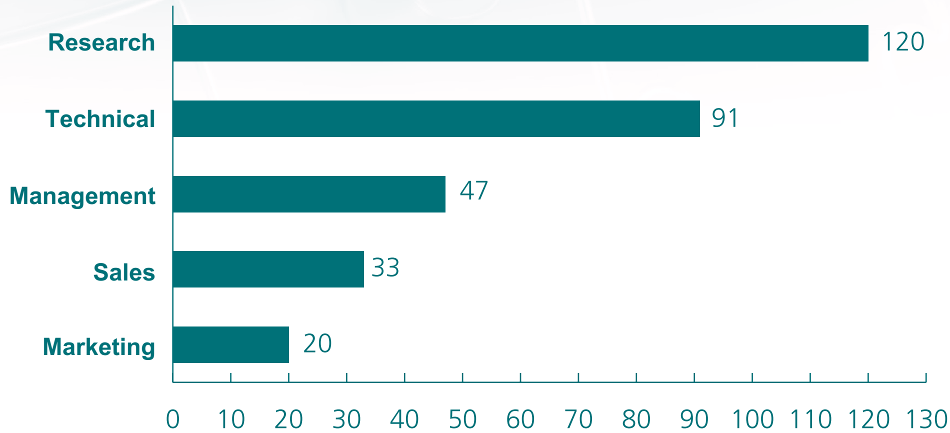
In 2018, the Group closely worked with the Party, the League, and the Labor Union. Under the people-oriented principle, the Company innovatively organized various themed activities, and built a harmonious ambiance that promotes positive and healthy thinking as well as relaxing, amicable, and united collaboration throughout the Company by starting with our understanding of staff's thinking, work and lifestyle. The Party, the League, and the Labor Union carried out a series of themed activities, including the visit to large-scale exhibitions for celebrating the 40th anniversary of reform and opening up, the visit to Wang Zeshan museum (王澤山院士事跡展覽) and the participation in the lectures for making the country stronger, and a series of theme discussions such as not forgetting the initial heart and remembering the mission, enabling the young members of the Communist Party of China to gain a greater understanding on the value and significance of fighting for the revolutionary ideals, play a vanguard and exemplary role in the workplace, and innovate and develop with practical actions, patriotism and passion to make the country stronger. In line with the"consulting +" strategy of the Company, and in order to inspire young employees to display their individual abilities in the Company, we held a contest namely "Who's still standing-I am a super consultant", in which enables the players to demonstrate an industry clearly within the prescribed time in the form of artistic performance. With the outstanding performance of the players and the active interaction and comments of the audience, this contest has driven all the young employees of the Company to enhance their responsibility for "Make contribution based on the position"and the "sense of mission"for developing with the Company, promoting the innovation and development of the Company's consulting business. We organized the themed activity "CCID Consulting has a Date with you: New Employee Birthday Party" quarterly to create an open and shared communication platform for the exchange understanding in the work and personal development and to feel the warmth and care from the Company. We established interest groups for vocal music, dance, and crosstalk and carried out interest group activities such as badminton, basketball, and football throughout the year, actively transporting members to the basketball team of the Research Institute. We also participated in the first staff sports meeting held by the Research Institute, and was awarded the "Excellent Organization Award". These activities enriched the employees' spare time, enhanced the emotional interaction and communication between employees, and thus increasing the vitality of the Company's overall mental outlook. As for social responsibility, in cooperation with some of colleges and universities in Beijing, we provided internships and jobs for students with difficulties and was awarded the "Heart-to-Hand, A Volunteer Service Post with Insist on Reform and Think of Source (心手相連，維新思源志願服務崗)" by the Ministry of Industry and Information Technology.

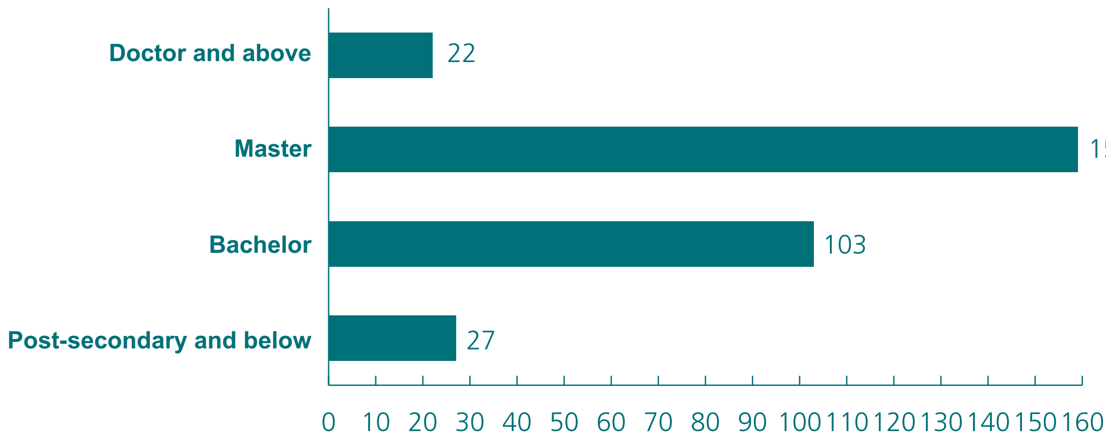
Marketing and Promotion

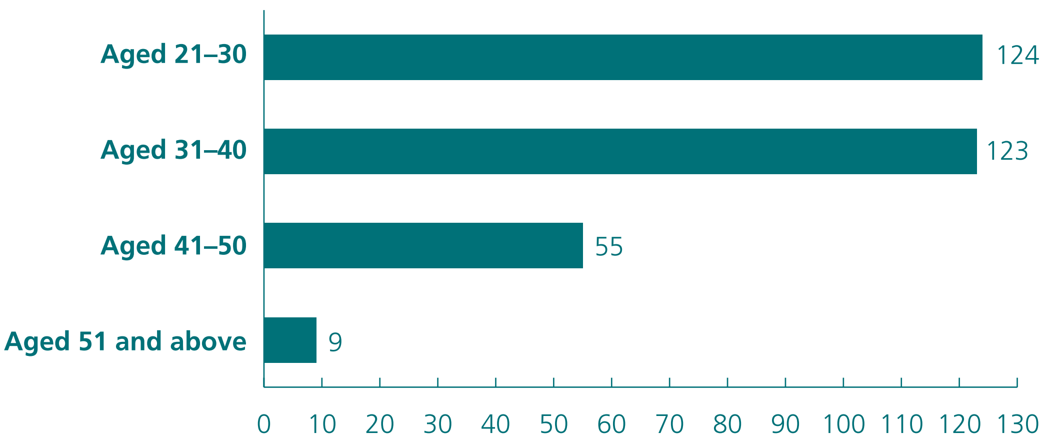
In 2018, the Group promoted the transformation and innovation in substance and form and achieved new breakthroughs in respect of influence and economic benefits through major brand programmes such as "World Artificial Intelligence Conference — Edge Intelligent Forum", "World VR Industry Conference — Sub-forum of Investment Roadshow", "2018 World Manufacturing Summit — International Advanced Manufacturing Cluster Development Forum"," Symposium for Internet of Vehicles Among the PRC, the Republic of Korea and Japan", "China IT Market Annual Conference", "China Semiconductor Market Annual Conference".

Employee and Remuneration Policy

The Group had a total of 311 staff as of 31 December 2018 (2017: 249), the composition of which was as follows:







The Group adopted a performance-oriented performance appraisal method to determine employee's remuneration with reference to their performance, qualifications and experience. The Group provided employees with benefits such as housing provident fund, basic endowment 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 our business. The Group provides employees with training and occupational planning, sound promotion opportunities and perfect remuneration system to ensure that employees are entitled to legal rights and perform relevant obligations. The Group works together with our employees to provide quality products and services for our customers.

Analysis on Financial Key Performance Indicators

Benefiting from the smooth operation of China's economic environment in 2018, the advantages of remaining in the forefront in economic growth rate and the National Development Plan, the financial indicators of the Group, such as operating results, financial position and cash flow, maintained a positive growth trend in 2018.

Turnover

For the year ended 31 December 2018, the Group recorded a turnover of approximately RMB167,367 thousand (as at 31 December 2017 (restated): approximately RMB134,546 thousand), representing an increase of approximately 24% as compared to the corresponding period of last year (restated).

Analysis of the Group's turnover in the year is as follows:

	2018		2017	
	RMB('000)	**%**	RMB('000) (restated)	% (restated)
Management and Strategy Consultancy Services	**88,848**	**53%**	65,827	49%
Market Consultancy Services	**10,784**	**6%**	15,910	12%
Information Engineering Supervision Services	**59,340**	**36%**	49,361	36%
Other Services	**8,395**	**5%**	3,448	3%
Total	**167,367**	**100%**	134,546	100%

The Group continued to carry out and deepen our business transformation and innovation strategies launched in 2015. Persisting in full-scale innovation of business operations and products, the Group focused on developing "MTX Chanyeton" for a business innovation platform based on big data industries, as well as enhancing our brand awareness. By pursuing the strategic orientation of "consulting +", the Group concentrated on business parks, industry-specific enterprises, investment institutions, etc. to fully upgrade our product mix.

Costs and expenses

For the year ended 31 December 2018, the Group's costs and expenses amounted to a total of RMB132,013 thousand (as at 31 December 2017 (restated): RMB111,936 thousand), representing an increase of approximately 18% as compared to the corresponding period of last year (restated). Such increase appeared to be healthy as compared to the growth of the Group's turnover, among which, changes to the administrative expenses were mainly due to an increase in the salary for the management and research personnel, and sharing of administrative expenses. In the meantime, the Group continued to strengthen our internal control in an all-around manner, bringing down the costs and expenses within a reasonable range.

Income tax

In accordance with the "Enterprise Income Tax Law of the People's Republic of China" and its implementation regulations, and the requirements under "Some Opinions by the State Council on Expediting the Development of Technology-based Service Businesses" (Guo Fa [2014] No. 49), the "Circular by the State Administration of Taxation on the Management of Reduction and Exemption of Enterprise Income Taxes" (Guo Shui Fa [2008] No.111), the "Supplemental Circular by the State Administration of Taxation on the Management of Preferential Enterprise Income Taxes" (Guo Shui Han [2009] No. 255), the "Circular by State Administration of Taxation on Circulation of the 'Provisional Management Measures for Tax Reduction and Exemption'" (Guo Shui Fa [2005] No. 129) and the "Circular by the State Administration of Taxation on the Implementation of Preferential Enterprise Income Taxes on High-Tech Enterprises" (Guo Shui Han [2009] No. 203), the Company was officially subject to enterprise income tax of 15% with effect from 2016 and entitled to a tax reduction and exemption of approximately RMB2,241 thousand for the year ended 31 December 2018.

Profit for the year and total comprehensive income

For the ended 31 December 2018, the Group reported profit for the year and total comprehensive income of approximately RMB33,604 thousand and RMB34,302 thousand respectively (as at 31 December 2017 (restated): both at RMB18,970 thousand), representing an increase of approximately 80% as compared to the corresponding period of last year (restated). The increase was mainly attributable to: I. The strengthened efforts in the innovation of its businesses, including the extension of consulting business from links to chains; II. The achievements in new business model, such as the construction of the business platform, the digitalization of "brain for MTX Industries" and the increase of over 200% in its online business; the localisation of consulting service; and the improvement in high-value channel business for the investment customers; and III. The expansion of its businesses, including the expansion from traditional Information and Communication Technology industry to emerging industries, such as automotive, new materials, new energy and intelligent manufacturing; consumption upgrades; pharmaceutical health, industrial real estate, tourism and sports. Meanwhile, the Company increased its other business revenue by optimizing its idle capital. Details of other business income are set out in note 4 to the consolidated financial statement of this annual report.

Liquidity and Financial Resources

As of 31 December 2018, the Group held cash and cash equivalents of RMB160,693 thousand, of which approximately RMB160,693 thousand and US$2 (as at 31 December 2017: cash and cash equivalents of RMB86,148 thousand, including RMB86,148 thousand and US$2), respectively, representing an increase of approximately 86% as compared to the corresponding period of last year. The quality monitor process for questionable projects, which was enhanced, plays an active role in promoting the Group's alert management for collecting payments. The Group's primary financial resources were cash flows generated from the operating activities. The management believes that, the Group possesses adequate working capital for the present requirements.

Capital Structure

The capital structure of the Group as of 31 December 2018 is summarized as below:

	RMB('000)	Percentage
Total Shareholders' equity attributable to equity holders of the Company	147,760	86%
Non-controlling interests	24,802	14%
Total	172,562	100%

Operating Segment information

The operating segment information has been presented in note 13 to the consolidated financial statements.

Capital Commitment and Contingent Liabilities

As of 31 December 2018, the Group had no capital commitment (as at 31 December 2017: Nil) whereas the Company's capital commitment amounted to RMB5,800 thousand (as at 31 December 2017: RMB800 thousand).

As of 31 December 2018, the Group had no contingent liabilities (as at 31 December 2017: Nil).

Pledged Assets

As of 31 December 2018, the Group had no pledged assets (2017: Nil).

Gearing Ratio

As of 31 December 2018, the Group's gearing ratio was approximately 53% (as at 31 December 2017 (restated): 52%). Gearing ratio is calculated by total liabilities less amounts due to related parties and plus proposed final dividend then divided by total equity minus proposed final dividend.

Major Investment

For the year ended 31 December 2018 and as at the date of the report, the Group had subscribed the wealth management products as set out in the table below:

Date of Subscription	Signing Party with the Group	Name of Wealth Management Product	Currency of Principal and Return	Subscription Amount	Term of Product	Expected Annualized Yield Rate
10 January 2019	China Construction Bank	"Qianyuan"the year of 2019 No. 001 Standard Asset Portfolio (For Public) Wealth Management Product	RMB	29,000,000	339 days	4.20%
22 October 2018	China Minsheng Bank	Interest Rate Linked Structured Product	RMB	30,000,000	182 days	Based on the forward curve of the current USD3M-LIBOR and the pricing model extrapolation, there is a 95% chance that the return rate on this product equals 4.10%
29 March 2018	China Minsheng Bank	Interest Rate Linked Structured Product	RMB	30,000,000	182 days	Based on the forward curve of the current USD3M-LIBOR and the pricing model extrapolation, there is a 95% chance that the return rate on this product equals 4.65%

As of 31 December 2018, CCID (Shanghai) Advanced Manufacturing Research Institute Co., Ltd. (賽迪(上海)先進製造業研究院有限公司) was established by the Group with registered capital of RMB5,000 thousand.

Major Acquisition and Disposal

As of 31 December 2018,the Group had no major acquisition and disposal.

Future Major Investment

As of 31 December 2018, the Group had no major investment plan.

Foreign Exchange Risk

The Group maintains a conservative policy towards the foreign exchange risk and interest rate management with most of the deposits denominated in Renminbi. The deposits in United States Dollar are exposed to foreign exchange risk in Renminbi conversion. In consideration of the exchange rate among Renminbi and United States Dollar, the Company is of the opinion that the relevant foreign exchange risk is normal and will regularly convert the deposits in foreign currency to Renminbi.

EXECUTIVE DIRECTOR

Zhao Zeming (趙澤明), aged 59, is an executive Director and chairman of the Board. Mr. Zhao is the Head of Finance Department of China Centre of Information Industry Development. Mr. Zhao graduated from Renmin University of China with a bachelor degree in industrial and financial accounting. He is also a senior accountant. Previously, he served as an accounting officer at the Finance Department of the General Office of Ministry of Electronic Industry and the Finance Department of China Electronics Industry Corporation. He also held several positions at China Electronics Engineering Construction Development, including an accounting officer, a senior accountant, and deputy director. Mr. Zhao was the director of the Finance Department of Electronic Information Center of Ministry of Information Industry. He also served as a director for various departments at China Centre of Information Industry Development, including the Audit Department, Finance Department, Enterprise Management Department, and Personnel Department. Mr. Zhao was appointed as Supervisor of the Company with effect from 20 November 2009, and retired on 25 November 2014, and was appointed as an executive director of the Company with effect from 25 November 2017.

NON-EXECUTIVE DIRECTOR

Luo Junrui (駱俊瑞), aged 67, is a non-executive director. Mr. Luo joined CCID Group in June 2002. He is currently the chief engineer of Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Development (工業和信息化部計算機與微電子發展研究中心(中國軟件評測中心)), the chairman of Beijing CCID Info Tech Inc.,. Mr. Luo graduated from the Department of Automation of Beijing Institute of Technology and majored in design and manufacturing of command instrument. He is a senior engineer. Mr. Luo served as an automation engineer of Plant 738 of the Fourth Ministry of Machinery Building Industry, a cadre of the Computer Administration under Ministry of Electronics Industry, the director and deputy center director of Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Development (formerly known as Research Centre of Ministry of Electronics Industry Computer and Microelectronics Development), the director of Calculator business department under China Electronics Corporation (CEC), senior vice president of CCID Consulting Corporation (賽迪顧問股份公司), and also a president of CCID Data source Co., Ltd., CCID Call Company Limited and CCID Net Information Technique Company Limited. Mr. Luo was appointed as an executive director of the Company with effect from 25 November 2014, and was re-elected and re-designated as a non-executive director on 25 November 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Guo Xinping (郭新平), aged 55, an independent non-executive director, is the Vice-Chairman of the Board of Yonyou Network Technology Co., Ltd. (shares of which are listed on the Shanghai Stock Exchange, 600588.SH), and the Chairman of the Supervisory Committee of Chanjet Information Technology Company Limited (shares of which are listed on the Stock Exchange, HK1588). Mr. Guo graduated from Zhongnan University of Finance and Economics with a bachelor degree and from Hong Kong University of Science and Technology with a master degree. Mr. Guo has worked in the Fiscal and Taxation Reform Department of Ministry of Finance. He has taken up the posts of General Manager, and Vice-Chairman and Chief Finance Officer of Yonyou Software Co. Ltd., an independent director of Glodon Software Company Limited (shares of which are listed on the Shenzhen Stock Exchange, 002410.SZ), (appointed on 25 April 2017) and of Tus-Sound Environmental Resources Company Limited (formerly known as Sound Environmental Resources Company Limited) (shares of which are listed on the Shenzhen Stock Exchange, 000826.SZ), (resigned on 25 September 2015, with effect from 20 October 2015), with over 20 years of experience in the field of enterprise operation and finance. Mr. Guo was appointed as an independent non-executive director of the Company with effect from 25 May 2002, and was re-elected on 25 November 2017.

Li Xuemei (李雪梅), aged 51, an independent non-executive director, is the Deputy Executive President of Transport and Statistics Research Institute of Beijing Jiaotong University, a member of Chinese Input-Output Association, and a chancellor of the International Business Negotiation Professional Committee of the Chinese Research Council of Modern Management. Ms. Li graduated from Beijing Jiaotong University with a doctorate degree in management. Ms. Li had worked in Harbin Pharmaceutical Group Second Chinese Medicines Factory, Tianjin University and Beijing Jiaotong University and in-charged of various topics and project studies of Ministry of Science and Technology, Ministry of Railways, Beijing Municipal Science and Technology Commission, Beijing Municipal Education Commission and National Natural Science Foundation of China, etc. Ms. Li was appointed as an independent non-executive director of the Company with effect from 25 November 2011, and was re-elected on 25 November 2017.

Xia Yinan (夏逸楠), aged 52, an independent non-executive director, is a business partner of Tibet Proud Investment Manager Limited* (西藏萬憬投資管理有限公司) and Auspicious Greater China Investment Management (Hangzhou) LLP* (瑞海昊華投資管理(杭州)合夥企業(有限合夥)). Mr. Xia holds a bachelor degree in economics from Wuhan University. He held various positions at Bank of China, Anhui Branch, and Shenzhen Development Bank, including section chief, investment manager, branch president, and a business principal at their respective headquarters. From 2008 to 2014, Mr. Xia founded Shenzhen Extra Investment Co., Ltd.* (深圳鼎泓乘方投資有限公司) and Shenzhen Credible Capital Management Limited* (深圳信方資本管理有限公司) and was appointed as the principal of these two companies. From 2014 to 2016, Mr. Xia served as a director and chief executive officer of China Wall King Holding Co., Ltd* (中國華建投資控股有限公司). Mr. Xia was appointed as an independent non-executive director of the Company on 25 November 2017.

SUPERVISORS

Chen Ying (陳瑛), aged 67, is the chairman of the Supervisory Committee. Ms. Chen graduated from the Party School of the Central Committee of C.P.C. and the Chinese Academy of Social Sciences. She successively held an executive officer of the Planning Committee of Liaoyang City, Liaoning Province, the division chief and deputy party secretary of China National Software & Service Co., Ltd, the deputy director and deputy party secretary of the Calculator and Microelectronics Research and Development Center of the Ministry of Information Industry (信息產業部計算器與微電子發展研究中心) (currently known as Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Development), a director and a supervisor of Beijing CCID Media Investments Co. Ltd. Ms. Chen was appointed as a supervisor of the Company with effect from 25 November 2014 and was re-elected and appointed with effect from 25 November 2017.

Xia Lin (夏琳), aged 51, a Supervisor, is the deputy general manager 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). Ms. Xia graduated from Wuhan University with a bachelor degree and the Central University of Nationalities with a master degree. She is a U.S. Certified Management Accountant. Previously, Ms. Xia worked for China Metallurgical Import and Export Corporation, Shougang Branch* (中國冶金進出口公司首鋼分公司), Iveco Margirus Beijing Representative Office* (德國馬基路斯公司北京代表處), CTA Makro Commercial Co., Ltd.* (中貿聯萬客隆商業有限公司) and B&Q China. From April 2005 to October 2013, she served as the deputy general manager of several departments at Huida Asset Management Ltd. Co., including Finance Department, Asset Disposal Department I and Asset Disposal Department III. During the same tenure, she was also a deputy chief accountant of Nanning Phoenix Paper Industry Limited* (南寧鳳凰紙業有限公司). On 30 August 2006, she was appointed as a director of Nan Hua Bio-medicine Co., Ltd.* (南華生物醫藥股份有限公司, shares of which listed on the Shenzhen Stock Exchange, 000504.SZ) and resigned on 12 November 2009. From October 2013 to August 2016, Ms. Xia served as a vice president of Beijing Pan-Asian Flying Banner Technology Limited* (北京泛亞飛旗科技投資有限公司). In August 2016, Ms. Xia started to work at Finance Center of CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院(集團)有限公司財務中心). Ms. Xia has over 20 years of experience in financial management, capital operation and corporate management. Ms. Xia was appointed as a Supervisor of the Company with effect from 25 November 2017.

Ma Xin (馬欣), aged 54, is the staff representative supervisor and the Customer Service Director. Ms. Ma graduated from Beijing University of Chemical Technology with a bachelor degree in chemical engineering. Ms. Ma joined the Company in 2006 and worked as the Vice General Manager and the General Manager of Customer Service Department, and the Brand Director of Brand Marketing Center. Ms. Ma has accumulated more than 10 years of work experience in customer service and marketing. Ms. Ma was elected as the staff representative supervisor of the Company at the employees' representatives meeting with effect from 28 June 2016, and was re-elected and appointed at the employees' representatives meeting on 24 November 2017 with effect from 25 November 2017.

SENIOR MANAGEMENT

Sun Huifeng (孫會峰), aged 40, the general manager, is responsible for the overall operation and management. Mr. Sun graduated from the Huazhong University of Science & Technology with a master degree. Mr. Sun joined the Company in July 2008. He has served as the general manager, chief business officer and deputy general manager of the Computer Industry Research Center (計算機產業研究中心), general manager of Beijing CCID Strategy Management Consulting Co., Ltd., and the head of the training center of the China Center of Information Industry Development (CCID). He has over 11 years of experience in information technology, business strategies, business innovation as well as investment and financing consultation.

Wen Fang (文芳), aged 39, is a deputy general manager. She is a general manager of Beijing CCID Strategy Consulting Co., Ltd.* (北京賽迪經略企業顧問有限公司). Ms. Wen graduated from the Beijing Jiaotong University with a master degree. Ms. Wen joined the Company in July 2004, and has served as the deputy general manager, the general manager and the chief business executive of the Computer Industry Research Center (計算機產業研究中心), the general manager of Beijing CCID City Strategy Consulting Co., Ltd., and the president of the Research Institute of Industrial Economics (工業經濟研究所) and a deputy director of the Technological Development Department (科技發展處) of China Center for Information Industry Development (CCID), with over 14 years of experience in the research of electronic information, software, industry planning and urban economy.

Song Yu (宋宇), aged 46, is a deputy general manager. Ms. Song graduated from Peking University with a bachelor degree. Ms. Song joined the Company in August 2002, and has served as a deputy general manager of Semi-conductor Industry Research Center (半導體產業研究中心), business group research director, with over 15 years of experience in the industrial research of electronic information, semiconductors and internet of things.

Li Ke (李珂), aged 42, is a deputy general manager. Mr. Li graduated from Beijing Institute of Technology with a bachelor degree. Mr. Li joined the Company in April 2003. He has served as a general manager of the Semi-conductor Industry Research Center, and the director of semiconductors and consumer electronics business group, with over 15 years of experience in industrial research of semiconductors, optoelectronics and Internet of things.

Fu Changwen (付長文), aged 38, is a deputy general manager and the Secretary of the Board. He is the general manager of Beijing CCID County Strategy Consulting Co., Ltd. Mr. Fu graduated from the Renmin University of China with a master degree in economics. Mr. Fu joined the Company in July 2004. He has served in the investment consulting business department, strategy consulting business department and investment management department, with over 14 years of experience in industrial study, strategy consulting and corporate governance.

Lu Ping (呂萍), aged 40, is a deputy general manager. Ms. Lu graduated from Peking University with a master degree in law. She is a senior economist and is a Ph.D. candidate at the School of Economics and Management of Beijing University of Aeronautics and Astronautics. Ms. Lu joined the Company in June 2004, and has served as the deputy general manager of the Development Zone Research Center (開發區研究中心), the deputy general manager of the Electronic Information Industry Center (電子信息產業中心), and the deputy president of the World Industrial Research Institute (世界工業研究所) (as an alternate to the president) and a deputy director of the Technological Development Department (科技發展處) of China Center for Information Industry Development (CCID). Ms. Lu has more than 14 years of experience in market research, industry planning and government consultancy.

Dong Kai (董凱), aged 33, is a deputy general manager. Mr. Dong graduated from the University of British Columbia (UBC) with a master degree. Mr. Dong joined the Company in August 2018. He served as deputy director and secretary of the Youth League Committee of the Soft Science Division of China Centre of Information Industry Development (CCID). He has 9 years of experience in intelligent manufacturing, intelligent equipment and industrial internet.

Xing Ting (邢婷), aged 32, is a deputy general manager. Ms. Xing graduated from Beijing Jiaotong University with a master's degree. Ms. Xing joined the Company in July 2010. She severed as general manager and assistant president of CCID. She has over 8 years of work experience in electronic information industry and artificial intelligence.

Zhao Weidong (趙衛東), aged 48, deputy general manager, is also the general manager of Beijing CCID Capital Consulting Co., Ltd. Mr. Zhao is a holder of doctorate in management science from Renmin University of China. In February, 2019, Mr. Zhao joined the Company. Prior to that, he was associate professor at the Administration and Management Institute, Ministry of Agriculture and Rural Affairs (also known as Agricultural Management Institute of Ministry of Agriculture). He also served as an acting deputy director at the SME Research Institute of China Center of Information Industry Development Research Institute. Mr. Zhao has more than twenty years of experiences in startup innovation, strategic management, internationalization development, corporate and public service systems, industry planning, and investment and financing.

Hu Yun (胡雲), aged 45, is the financial controller. She graduated from the School of Business of the Hubei University. She held a bachelor degree of economics and is a senior accountant, and taught in Hubei University School of Business. She worked at various accounting firms during 2001 to 2007, and was responsible for annual audit, internal control consultation and financial training affairs for large state- owned enterprises. Ms. Hu joined the CCID Group in October 2007 and respectively served at the Company and Beijing CCID Media Investment Co., Ltd. Since January 2011, she has served as financial controller of China Software Testing Center and has accumulated 20 years of experience in audit, internal control consultation and financial management. 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 since 13 June 2017.

Guan Dongsheng (管東升), aged 43, is the general manager of Beijing CCID Industry and Information Engineering Supervision Center Co. Ltd., and Beijing CCID Industry and Information Engineering Design Center Co., Ltd., the Vice President of Supervisor of Information System Association and a managerial expert of IPMP. Mr. Guan graduated from Dalian University of Technology with a master degree in software engineering. Mr. Guan joined the Company in January 2006, and served as the general manager of supervision business division, assistant to the Director, deputy general manager and executive general manager of Beijing CCID Industry and Information Engineering Supervision Co., Ltd., with more than 10 years of project management experience in government affairs informatization, science and research informatization, city informatization, telecommunications engineering and information security engineering.

COMPANY SECRETARY

Chan Yin Wah (陳燕華), aged 43, is the Company Secretary and an authorized representative. She joined the Company in March 2012. Ms. Chan is the 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, 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 of Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2018, the Group has adopted and complied with the requirements of the code provisions (the "Code Provision(s)") of the Corporate Governance Code and the Corporate Governance Report (the "CG Code") in Appendix 15 to the GEM Listing Rules, save for the deviation from Code Provision E.1.2. According to Code Provision E.1.2, the Chairman of the Board shall attend the annual general meeting and invite the chairmen of the Audit Committee, Remuneration Committee, and Nomination Committee to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. Mr. Zhao Zeming as the Chairman of the Board and the Chairman of the Nomination Committee attended the annual general meeting held on 14 June 2018, save that the chairpersons and other members of the Audit Committee and Remuneration Committee failed to attend such annual general meeting due to other business commitments.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the "Required Standard of Dealings" in Rules 5.48 to 5.67 of the GEM Listing Rules in relation to the standard of conducts for securities transactions by the Directors and the supervisors ("Supervisor(s)") of the Company, and regulated the securities transactions by the Directors and Supervisors pursuant to the requirements of which. The Company confirmed that for the year ended 31 December 2018, all Directors and Supervisors have complied with the "Required Standard of Dealings" throughout the year upon specific enquiries with all the Directors and Supervisors. The Company was not aware of any non-compliances during the period.

BOARD OF DIRECTORS

The Board at any time meets the minimum appointment requirements of three independent non-executive directors under the GEM Listing Rules during the year, the number of which accounts for one third of the total members of the Board. In the meantime, one of the independent non-executive directors possesses appropriate professional qualifications or accounting or relevant financial management expertise. In accordance with the requirements under Rule 5.09 of the GEM Listing Rules, the Company has obtained confirmation of independence in writing from each independent non-executive director, and therefore the Company considers that all independent non-executive directors are independent from the Company. To the knowledge of the Company, there is no relationship between the members of the Board, including financial, professional, family, or other significant/relevant relationship.

For the year ended 31 December 2018 and as at the date of this annual report, the composition of the Board is set out as follows:

Executive Director
Zhao Zeming *(Chairman)*

Non-Executive Director
Luo Junrui

Independent Non-Executive Directors
Guo Xinping
Li Xuemei
Xia Yinan

Details about our directors are set forth on Page 15 to Page 16 of this annual report.

RESPONSIBILITIES OF 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 of the Company comply with the applicable laws and regulations, conscientiously perform their duties 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 plan and final accounts;

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

(iv) developing an injection increase or decrease program of the Company and the corporate bonds issuance program;

(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 of the general manager, as well as determining their remuneration; and

(vi) fulfilling 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 these Board Committees responsibilities within the respective terms of reference. The power and duties of carrying out daily operations and business management of the Board will be vested in the executive directors and senior management of the Group.

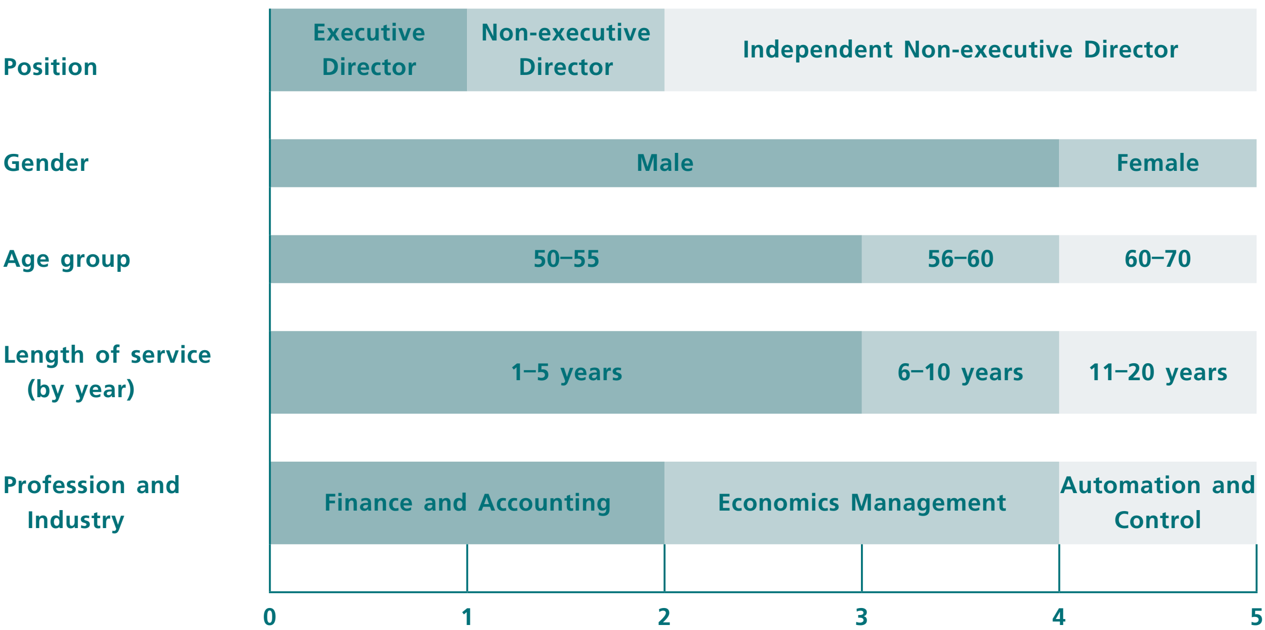
The Company has in force appropriate insurance coverage on directors' and officers' liabilities arising from the Group's business. The Company reviews the extent of insurance coverage on an annual basis.

Board Diversity Policy

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

The board diversity policy aims to contain policies to achieve the diversity of board members. In designing the constitution of a board, the Company has taken into consideration various measurable factors for board diversity, including but not limited to sex, age, length of service, knowledge, and professional and industrial backgrounds. As of the date of this annual report, the board is comprised of five directors, among which, three are independent non-executive directors who are responsible for enhancing the administrative procedures through stringent review and monitoring. The board enjoys a high level of diversity, regardless of sex, age, culture and education backgrounds, race, professional experiences, skills, knowledge, and length of services.

As of the reporting date, the Board's composition under diversified perspectives was summarized as follows:



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 the Code Provision D.3.1 of the CG Code:

— to develop and review the Company's policies and practices of 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 in 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 2018, the above corporate governance functions were performed by the Board.

Chairman and General Manager

Mr. Zhao Zeming, an executive Director, acts as the chairman of the Company, and Mr. Sun Huifeng acts as the general manager. The two different positions of the chairman and general manager are clearly separated, the chairman 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 explained the respective roles and responsibilities of the chairman and general manager in details.

Appointment and Re-election of Directors

Mr. Zhao Zeming was appointed by the Board as an executive director and the chairman of the Board with effect from 25 November 2017. He has signed a service agreement with the Company for a term of three years from 25 November 2017 to 25 November 2020.

Mr. Luo Junrui has been re-designated as the non-executive Director of the Company with effect from 25 November 2017, he has signed a service agreement with the Company for a term of three years from 25 November 2017 to 25 November 2020.

The independent non-executive Directors of the Company, Mr. Guo Xinping and Ms. Li Xuemei have been re-elected with effect from 25 November 2017, and Mr. Xia Yinan has been elected as an independent non-executive director with effect from 25 November 2017. The three independent non-executive Directors have signed service agreements with the Company for a term of three years from 25 November 2017 to 25 November 2020.

Board Training and Continuous Professional Development

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

Director	Corporate Governance, Rules and Regulations	Financial Management and Other Affairs
Mr. Zhao Zeming	√	√
Mr. Luo Junrui	√	√
Mr. Guo Xinping	√	√
Ms. Li Xuemei	√	√
Mr. Xia Yinan	√	√

Remuneration Committee

The Company has established the Remuneration Committee according to the relevant requirements of GEM Listing Rules. The chairman of the Remuneration Committee is Mr. Guo Xinping, an independent non-executive Director, and other members include Mr. Zhao Zeming, an executive Director, and Ms. Li Xuemei, an independent non-executive Director, which is in compliance with the requirement of GEM Listing Rules that the Remuneration Committee shall comprise a majority of independent non-executive directors.

The Company has set out the Remuneration Committee's written terms of reference and duties. The primary duties of the Remuneration Committee include making recommendation to the Board on the specific remuneration packages of individual executive directors and members of senior management, including benefits in kind, non-pecuniary benefits, retirement and pension rights and compensation, compensation for loss of office or appointment and compensation amounts, and making recommendations to the Board on the remuneration of non-executive directors etc. The Remuneration Committee shall consider various factors including the salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions of the Company and feasibility of performance- based remuneration.

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

Nomination Committee

The Company has established the Nomination Committee according to the relevant requirements of GEM Listing Rules. The Chairman of the Nomination Committee is Mr. Zhao Zeming, the chairman of the Board, and other members include Mr. Guo Xinping, Ms. Li Xuemei and Mr. Xia Yinan, who are independent non-executive Directors.

The Company has set out the Nomination Committee's written terms of reference and duties. The primary duties of the Nomination Committee include reviewing regularly of the structure, size and composition of the Board (including skills, knowledge and experience), 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 take up the office of Directors, and selecting the relevant individuals nominated for directorship or providing advices to the Board in this regard; assessing the independence of independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors etc.

During the period, the Nomination Committee held one meeting, at which it reviewed the structure, size and composition of the Board that are in compliance with the relevant requirements under the GEM Listing Rules and Articles of Association, and confirmed the independence of the independent non-executive Directors as well as reviewed the Board Diversity Policy.

Nomination Policy

The Company has adopted a nomination policy in accordance with the CG Code, which provides written guidelines for the Nomination Committee to appoint qualified individuals to the Board and advise the Board on the nomination of candidates for directorship with reference to specified criteria. The Board is ultimately responsible for 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 the 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. Collectively, they have competencies in areas which are relevant and valuable to the Group.

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Nomination Process

(1) After sufficient communication, the Nomination Committee will carefully consider the Company's needs, nomination policy and board diversity policy to form a written document;

(2) the Nomination Committee identifies suitable candidates from the Company internally and from the human resources market; makes recommendations to the Board in this regard after preliminary review of the profession, academic qualification, job title, and detailed working experience, including existing jobs, of such candidates;

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

Selection Criteria

The factors listed below would be used as 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 relevant interest; and

(3) Diversity in all its 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 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. The Chairlady of the Audit Committee is Ms. Li Xuemei and other members include Mr. Guo Xinping and Mr. Xia Yinan. Ms. Li Xuemei has corresponding professional qualifications and financial experience. The Company has set out its written terms of reference and duties according to the requirement of Rule 5.29 of GEM Listing Rules.

During the period, the Audit Committee held five meetings in total, at which it reviewed the financial statements and annual reports for the year ended 31 December 2017, the 2018 interim report and quarterly reports for the periods ended 31 March 2018 and 30 September 2018, and was of the view that the preparation of such results have complied with applicable accounting standards and relevant regulatory and law provisions, and have made sufficient disclosures. 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 etc., and submitted its review opinion to the Board for consideration and approval.

The Audit Committee has reviewed the financial statements and annual report for the year ended 31 December 2018, and was of the view that the preparation of such results has complied with applicable accounting standards and relevant regulatory and law provisions, and has made sufficient disclosures.

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

During the period, all directors on the Board met eight times, and one annual general meeting was held. Set out below is a record of the attendance of directors at the meetings held during the period:

	Attendance Record for Meetings Held During the Period				
Name of Director	Board	Remuneration Committee	Nomination Committee	Audit Committee	General Meeting(s)
Total Meetings	8	1	1	5	1
Mr. Zhao Zeming	8/8	1/1	1/1	N/A	1/1
Mr. Luo Junrui	8/8	N/A	N/A	N/A	0/1
Mr. Guo Xinping	8/8	1/1	1/1	5/5	0/1
Ms. Li Xuemei	8/8	1/1	1/1	5/5	0/1
Mr. Xia Yinan	8/8	N/A	1/1	5/5	0/1

Remuneration of the senior management by remuneration band

Pursuant to Code Provision B.1.5, the remuneration of the senior management by remuneration band for the year ended 31 December 2018 is set out below:

Remuneration band	Number of individuals
RMB300 thousand and below	2
RMB301 thousand to RMB500 thousand	1
RMB501 thousand to RMB1,000 thousand	6
RMB1,001 thousand or above	2

Directors' emoluments and the five highest paid individuals disclosure in details pursuant to Rule 18.30 of the GEM Listing Rules are set out in notes 9 and 10 to the consolidated financial statements on pages 99 to 103 of the 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 functions performed by the external auditor, including whether such non-audit functions would constitute any potential material adverse effect on the Company. During the year, an aggregate of RMB420 thousand was payable by the Company to the external auditor as remuneration for their auditing services. Apart from the above, no non-audit service has been provided by the external auditor of the Company.

DIRECTORS' AND AUDITOR'S FINANCIAL REPORTING RESPONSIBILITY

The Board is responsible for presenting a balanced, clear and comprehensive annual report and interim report, inside information announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements. The Directors are responsible for preparing accounts that present a true and fair view of the operations, financial conditions, 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 56 to 60.

CONTINUING OPERATION

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operation in the foreseeable future and therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

Effective procedures are adopted by the Group to identify, assess, and manage the risk exposure potentially affecting our business objectives, under which, the Board will be responsible for assessment over the acceptable risk nature and levels involved in the Group's business objectives, constant review of the risk management and internal control systems, and performance of judgments of its effectiveness; the internal audit team will be responsible for identifying the possibility and impacts of risk exposure against the Company, as well as assessing the risk portfolio with countermeasures to be considered against such risks; the management will be responsible for operating appropriate and effective risk management and internal control systems, as well as directing the performance of the relevant risk management departments and procedures based on the Group's organizational structure.

The Group operates its risk management and internal control systems mainly on a dynamic and ongoing basis. As a result, constant follow-ups and records will be performed to identify and assess the major risks affecting the Group's business objectives to be attained; assessment and review of such risks will be based on the possibilities and subsequent consequences of the risk exposure, the level of which will determine the level of attention and the necessary efforts to be taken by the management; to ensure the effectiveness of these systems, countermeasures will be devised and timely updated, and ongoing testing over internal monitoring procedures will be conducted.

The Board has conducted review on whether the risk management and internal control systems of the Group were effective for the year ended 31 December 2018. Based on the Audit Committee's review on investigation findings prepared by the internal audit team as well as its assessment on the risk management and internal control systems, the Board was of the view that the Group's risk management and internal control systems, including financial control, operational control and compliance control, accounting policies, internal control procedures, staff qualifications and experience, the training programmes for staff and the relevant budget of the accounting are effective and adequate. No material defect in the risk management and internal control systems was identified in the review. Therefore, the Board believes that risk management and internal control systems were effectively operated and that appropriate resources were allocated and utilized.

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

— Only a limited number of employees may be permitted to access inside information wherever necessary, and directors, supervisors, senior management, and employees in possession of inside information shall fully understand their obligations of confidentiality;

— Confidentiality clauses will be incorporated into any significant negotiations and contracts entered into with the Group;

— The management of the Group will inform the Board of any possible disclosure or divulgement of inside information as soon as practicable so that responsive and appropriate actions can be taken;

— In case of evidence supporting gross violation of the inside information policies, the Board will appoint or designate appropriate personnel to adopt remedial actions with respect to the relevant issues.

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

(1) Procedures for commencing shareholders' meetings and class meetings

According to Article 73 of the Articles of Association, two or more shareholders holding ten per cents (10%) or more of the voting shares in aggregate at the proposed meeting may, by signing one or more counterpart requisitions stating the subject(s) of the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall convene such extraordinary general meeting or class meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid shareholdings shall be calculated on the basis of the date of submission of the written request by the shareholders. In case that the Board fails to give a notice to convene such meeting within thirty (30) days after receipt of the aforesaid written request, the shareholders who put forward the request may convene such a meeting themselves within four months after receipt of the request by the Board. Such meeting shall be convened with procedures as similar as possible where general meeting are convened by the Board. The expenses reasonably incurred by shareholders in convening and holding such a meeting themselves by reason of the failure of the Board to hold such a meeting pursuant to the aforesaid request shall be borne by the Company and shall be deducted from any amount due to the breaching directors by the Company.

(2) Procedures for directing shareholders' enquiries to the Board

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

Principal Place of Business in Hong Kong

Address: 40/F, Sunight Tower, 248 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Beijing

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

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

According to Article 55 of the Articles of Association, when the Company convenes an annual general meeting, shareholders holding more than five (5) per cent. (including five (5) per cent.) of the total voting shares of the Company in aggregate are entitled to propose new resolutions in writing to the Company (please refer to below contact address). The Company shall include matters which fall within the scope of duties of the general meeting into the agenda of such meeting.

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

Principal Place of Business in Hong Kong

Address: 40/F, Sunight Tower, 248 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Beijing

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

ARTICLES OF ASSOCIATION

No amendment to the Articles of Association has been made by the Company during the year ended 31 December 2018.

Environmental, Social and Governance Report

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

ENVIRONMENT AND NATURAL RESOURCES

The Group is in compliance with the Environmental Protection Law of the People's Republic of China and other relevant laws and regulations. Currently, we are principally engaged in consulting services, which poses comparatively limited impacts on the environment. However, environmental protection remains a major concern, the Group encourages environmental protection and enhances our employees' environmental awareness.

Besides conducting reviews on its environmental conditions from time to time, the Group considers implementing further environmental protection measures, sustainability objectives, and practices during its business operations. By embracing the principles of conservation, recycle, and reuse, the Company will minimize the impacts on 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, Design Standard for Energy Efficiency of Public Buildings and other laws and regulations, the Group adopts a series of measures to protect the environment under the principle and practice of recycling and conservation. In light of the business nature of consulting services, the Group mainly consumes such resources as office water, power and paper. The Group does not need to use packaging materials since it has no physical products for sale. The following table sets out major resources used by the Group for the year ended 31 December 2018:

Types of resources used	Unit	Usage amount	Per employee resource usage
Power consumption	kWh	193,561.00	622.38
Water consumption	ton	2,571.67	8.33
Paper consumption	ton	14	0.05

* The total paper consumption and per employee paper consumption of the Group are relatively low and minimal, respectively, which is not applicable here.

The Group advocates water conservation and encourages the use of recycled paper for printing and photocopying, double-sided printing and photocopying, as well as transmitting data electronically as much as possible to reduce paper consumption in offices. The Group fully utilizes the modern information technology to promote the paperless work environment under our computerized and network-based working model. This model helps save more paper consumption, telecommunication fees and postage, as it also minimizes such contact means that consumes resources of the social telecommunication routes and postal services, including the use of telephone, fax, and postal services. Employees are encouraged to use reusable instead of irreplaceable office supplies and stationery.

EMISSIONS

According to the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Action Plan for Water Pollution Prevention and Control, the Regulations on Urban Drainage and Sewage Treatment and the Action Plan on Prevention and Control of Air Pollution, the Group pays close attention to its pollutants emissions. The Group's pollutants are mainly generated in the operation of daily offices as its business operation does not involve any manufacturing activity, therefore the Group do not generate hazardous waste. During the year, the waste generated mainly includes domestic sewage, office waste and vehicle exhaust. The emissions generated by the domestic sewage include Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD), Suspended Solids (SS) and Ammonia nitrogen. The following table sets out the emissions from office waste and vehicle exhaust by the Group for the year ended 31 December 2018:

Types of emissions	Emissions (ton)	Per employee emission (ton)
Office waste	**36.35**	**0.12**
of which: Waste paper	0.07	N/A
Garbage	36.28	0.12
Vehicle exhaust		
of which: Carbon monoxide	0.04	N/A

During the year, the Group's total greenhouse gas emissions amounted to 207.21 tons of CO2 equivalent, and the per employee greenhouse gas emissions was 0.67 tons of CO2 equivalent.

The Group controls the office room temperature and the hours of air-conditioning service, turns off idle lighting in a timely manner to reduce energy consumption and carbon emission, and selects direct fights for required business trips. Besides efficiently using the video-conferencing function for seminars, the Group formulates administrative vehicle management measures to improve the management of fuel use and reduce exhaust emission, and assigns dedicated personnel to allocate vehicles to maximize the utilization rate of vehicles, save energy, and reduce emissions. The Group's recyclable waste and waste paper have been uniformly reclaimed for processing by qualified property companies.

SOCIAL

Employment

The Group is in strict compliance with the relevant laws and regulations, including the "Labor Law of the People's Republic of China", "Labor Contract Law of the People's Republic of China", "Implementation Rules of the Labor Contract Law of the People's Republic of China", and "Social Insurance Law of the People's Republic of China", pursuant to which, labor contracts are entered into with its employees to establish the labor contract system amongst all employees and clarify the entitlements and due obligations of the employees. The legitimate rights of our employees are protected under the law. The Group established and continues to improve employment policies including remuneration systems and incentive mechanisms, while revising and improving the relevant administrative policies including labor and employment and fringe benefits. All employees are entitled to various types of leave, including national statutory holidays, weekends, pay leave, wedding leave, and maternity leave.

The Group adheres to the principle of accountability, thus establishing the basic employee salary system and performance-based assessment system. These systems prescribe the working requirements in compliance with the relevant posts, clarify the work standards, and highlight the work performance. In this way, the employees' competence, attitude, and performance for their work will be objectively and fairly evaluated. To ensure an effective management system for the performance of employees, the Company will conduct a monthly performance-based assessment, which quantifies the assessment indicators. As a result, the assessment results of employees' performance will directly affect their salary and income, which in return will effectively encourage the positivity of the employees towards work, as well as enhancing and stabilizing the harmonious relationship between the employees and employer.

The Group will not discriminate against its employees due to sex, disability, pregnancy, family conditions, race, skin color, religion, age, sex orientation, nationality, union membership, or other conditions as recognized by law. Staff representative supervisors will be elected under the requirements of the Company Law and the Articles of Association, thereby ensuring that employees will fully enjoy the rights of corporate governance. Meanwhile, the Company proactively supports the meetings of the staff representatives held under law, and the staff representatives meetings take the lead in improving the Company based on the "reasonable and constructive implementation opinions". Seminars and other forms will take place at the staff representatives meetings, during which, the opinions and recommendations by employees will be presented. Rectifications will be proposed to address those reasonable requirements as raised by the employees, thus safeguarding the employees' rights of democratic management.

To enrich the spiritual and cultural activities of the employees, the Group will regularly or from time to time encourage 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 our employees to perform their talents, whereby enriching the spiritual and cultural contents of the employees, further encouraging the employees to help and care about each other, as well as enhancing cohesion among employees and their sense of belonging to the Group.

In 2018, a seminar regarding mental health was held to assist our employees as a whole in learning how to relieve stress and make emotional adjustments, which also guided the employees to strike a balance between work and lifestyle in a pleasant and happy mood. As for employee care, we established a food stall for overtime employees to restore their energy and recognize their diligence and dedication.

HEALTH AND SAFETY

In compliance with the "Social Insurance Law of the People's Republic of China", "Unemployment Insurance Regulations", "Interim Regulations on Collection and Payment of Social Insurance Premiums", "Regulations on Work- Related Injuries", and other relevant laws and regulations, the Group makes monthly contributions in full to the housing fund, the social retirement pension, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance, and other social insurances in favor of its employees. In accordance with the relevant regulations set by the labor authorities, the Group will timely process the relevant formalities regarding contracts related to new employments and resignations and social insurance policies. Therefore, the social insurance package of employees is safeguarded, ensuring that employees will receive assistance and compensation due to their retirement, sickness, work-related injury, unemployment, maternity, and other conditions. In addition, they are entitled to pay leave, annual leave, and other benefits. In return, an equal and fair environment will be created for all employees to stay focused on work and seek individual development.

DEVELOPMENT AND TRAINING

The Group values the employee training and career planning, and therefore establishes a well-developed training system. This system is comprised of induction training, on-the-job training, special skill training, spare-time continuing education, and others. For new employees, the Company will proactively organize induction training with its complete set of training information and detailed training processes, thus facilitating employees' early adaption to the work environment. For daily work, varied training forms will be adopted, including in-house training, employee seminars, elite courses, and one training session per month. The Company's internal management platform enables timely release of various training information related to its business operations, and employees are encouraged to proactively participate in professional training that improves the expertise of the employees. These are our efforts to enhance their professionalism and occupational level.

LABOUR STANDARDS

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

SUPPLY CHAIN MANAGEMENT

With a strong sense of responsibility, the Group, together with suppliers and customers, is committed to building a supply-chain partnership that promotes "equality, stability, good faith, and mutual benefits". By constantly improving our systematic work, including the organizational system, quality supervision, financial supervision, and procedural control, the Group will provide its customers with premium products and services and greater value. In addition, the Group will continue improving its own value. In conjunction with its suppliers and customers, the Group will achieve mutual supervision, common advancement, and continued improvement. By so doing, the Group will promote the benefits and improvement in the entire industry chain, while generating greater social value.

The Group continues to improve its procurement processes and mechanism. In addition to practicing strict screening of suppliers from the supply chain, the Group formulates a public and transparent screening process, while preparing and strictly executing the well-established procurement and management system. In the process of selecting suppliers, the Group will conduct a stringent review over the suppliers in terms of their qualification, quality assurance capacities, product and service competence, and many other areas. During the procurement, the Company will collect, track, and evaluate the quality, delivery schedule, technical support, aftersales services, and other information related to these suppliers.

The Group complies with the national laws, regulations, and social norms in an effort to cultivate a fair and healthy business environment. Discipline learning about being a clean and honest employee is organized for employees in varied positions, including management and procurement personnel. The Group will strictly monitor and prevent commercial bribery and improper transactions. Any supplier that perpetuates commercial bribery and unfair competition will be prohibited by the Group from being added to its list of supplier partnership.

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 the procedures to maintain information privacy and data security. Therefore, the Group will protect individual privacy, safeguard sensitive trade information, and prevent children and young people from accessing improper information. During the reporting period, any gross violation, which may constitute material effects on the Group, of the relevant laws and regulations was not found.

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 its customer satisfaction. The Company establishes and enhances the mechanism for closely and smoothly communicating with customers. By virtue of follow- up calls, interviews, e-mail message, submits, WeChat, Weibo, and other channels, the Company ensures its research team will timely and accurately collect and process customer comments and recommendations and other requirements. According to the "Measures to Transfer and Manage the Customer Request Hotline, as well as the Measures to Investigate and Evaluate Customer Satisfaction" released and implemented by the Group, the matching between the customer request hotline and sales regions and research businesses was highly accurate, enabling our customers to experience highly efficient and professional services. The integration of the customer satisfaction investigation into the project management and the payment recovery assessment improved the customer satisfaction in terms of special consulting services. Meanwhile, the Company shifted the post-event evaluation to in- progress control when engaging in the customer satisfaction investigation. In addition, quality control over the suspicious projects was exercised. These engagements played a positive role in improving the overall customer satisfaction of the Company and managing the payment recovery.

ANTI-CORRUPTION

The Group is committed to maintaining a high level of corporate governance, the principles of which emphasize that our business operations in all aspects shall be in full and strict compliance with the ethics, transparency, accountability, and integrity. According to the Group's operating rules and corporate liability policies, directors, management, and employees of the Company are required to perform their acts under the high-level ethical standards. The Group strictly prohibits any bribery or corruption in any form or at any level from taking place in the business operations. The Company has already set up a complaint channel, whereby its employees and other persons may report such unethical or illegal actions in a confidential and/or anonymous manner.

Any person in violation of the policies of the Group and/or the 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, such employee may be subject to termination of employment or other actions. In 2018, the Company was not involved in any litigation against corruption.

COMMUNITY INVESTMENTS

To assist a poverty-stricken county, the Group designated an employee who has good political integrity with strong performance and sound professional practices. This employee is responsible for coordinating and implementing the assignment of poverty alleviation, as well as assisting the precise poverty targets. The Group also continued to organize public charity campaigns, such as "Caring Donations to Underprivileged Mothers under the Family Planning Policy". We also took caring actions for our sick employees and their family members. By so doing, we brought all employees as a whole to a healthy and positive community and organization.

Report of the Directors

The Board hereby presents its report and the audited financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Group is principally engaged in management and strategic consultancy, market consultancy, data information management and information engineering supervision 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 notes 1 and note 15 to the consolidated financial statements.

BUSINESS REVIEW

The fair review of the Group's business is detailed in the Management Discussion and Analysis on pages 5 to 14 of this annual report. The discussion constitutes a part of this Report of the Directors.

BUSINESS OUTLOOK

The business outlook of the Group's business are detailed in the Chairman's Statement on pages 3 to 4 of this annual report. The report constitutes a part of this Report of the Directors.

KEY RISKS AND UNCERTAINTIES

Market Risk

The Group's major customers include governmental authorities at all levels, industrial parks and enterprises. Under the new landscape of establishment of the new think tanks with Chinese features, think tanks and consulting institutions such as key academies of social science, administration institutes of party institutes of CCP and higher education institutions are going to step up their service efforts towards government and industrial zone customers, which makes the market increasingly competitive. Furthermore, the PRC economic development has come to an era of new normal, under which the economic growth shifted from high gear to medium-to-high gear. The growth in fiscal revenue of local governments slowed down and there was a significant change in the market environment of enterprises, which may cause a decrease in budgets or investments of the government, industrial parks in respect of their demand for consulting services, and thus, may affect the business growth of the Group.

Risk of Talent Loss

The Group has always attached great importance to incentives for talents. Although it has established and refined the relevant remuneration system, there can be no assurance that all outstanding talents and core personnel can be retained. Meanwhile, increased competition among consulting institutions has intensified competition for professionals to a certain extent, which exposed the Group to risk of talent loss.

Financial Risk

For details, please see note 37 to the consolidated financial statements on pages 133 to 135 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 turn out to be material in the future.

RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 December 2018 and the financial position of the Group as at that date were set out on pages 61 to 64 of this annual report.

The Board has proposed the payment of a final dividend of RMB0.72 cents (tax inclusive) per share for the year ended 31 December 2018 to the shareholders whose names appear on the register of members of the Company on 29 May 2019 (the "2018 Final Dividend"). Based on the number of issued shares as at the date of this annual report, the 2018 Final Dividend, if declared and paid, will amount to an aggregate amount of approximately RMB5,040 thousand (tax inclusive). For distribution of 2018 Final Dividend, dividends on domestic shares will be paid in Renminbi and dividends on H shares will be paid in Hong Kong Dollars (at the average closing prices of Hong Kong dollars announced by the People's Bank of China one week prior to the announcement of dividend, i.e. the date that the annual general meeting of the Company to be held on 20 May 2019 (the "2018 AGM")). The proposed payment of 2018 Final Dividend is subject to the approval by the shareholders at the 2018 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税有關問題的通知》) (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税法》), 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税法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Nonresidents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家税務總局關於印發〈非居民享受税收協議待遇管理辦法 (試行) 〉的通知》(國税發[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)《(國家税務總局關於國税發[1993]45號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011]348號)), dividends received by overseas resident individual shareholders from the stocks issued by domestic nonforeign 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 nonforeign 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 ("Dividend Policy"), pursuant to which, the Company will prioritize payments of dividends by cash to the shareholders of the Company to share the profits with them.

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders who are entitled to attend and vote at the 2018 AGM, the register of H shareholders will be closed from 20 April 2019 to 20 May 2019, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for attending the 2018 AGM, all transfer documents of H shares accompanied by the relevant share certificate(s) must be lodged to the Company's H share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 18 April 2019 for registration.

Shareholders whose names appear on the register of members of the Company at the close of business on 18 April 2019 will be entitled to attend and vote at the 2018 AGM.

In order to determine the shareholders who are entitled to receive the 2018 Final Dividend, the register of H shareholders will be closed from 24 May 2019 to 29 May 2019, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for receiving the 2018 Final Dividend, all transfer documents of H shares accompanied by the relevant share certificate(s) must be lodged to the Company's H share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 May 2019 for registration.

Shareholders whose names appear on the register of members of the Company at the close of business on 29 May 2019 are entitled to receive the 2018 Final Dividend. The proposed 2018 Final Dividend will be paid on or about 12 July 2018 following the approval at the 2018 AGM.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and a summary of the assets and liabilities of the Group for the last five financial years extracted from the audited financial statements are set out on page 138. This 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 were set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

The movement in the Company's registered, issued and fully paid share capital during the year was set out in note 27 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 33 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

LOANS AND BORROWINGS

The Group had no loans and borrowings during the year.

DISTRIBUTABLE RESERVES

For the year ended 31 December 2018, no capital reserve of the Group was available for distribution by way of a future capitalization issue. In addition, as mentioned in note 33 to the consolidated financial statements, the Company had retained profits of approximately RMB40,810 thousand available, after provisions, for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 10% of the total annual sales of the Company, and of which sales to the largest customer accounted for 2%.

The Group has provided certain consulting services to the companies under the same ultimate shareholder as the Company, details of which were set forth in note 35 to the consolidated financial statements, "Related Party Disclosures". Save as disclosed above, none of the Directors or any of their associates or any other shareholder which owns more than 5% of the Company's issued share capital, to the knowledge of the directors, has any interests in the Company's five largest customers.

As the nature of the Group's main activities are provision of consulting and research services, which may be acquired by various suppliers at similar prices, there is no major supplier (as defined in Chapter 18 of the GEM Listing Rules). The Group has maintained a sustained and stable relationship with its customers and suppliers by providing its customers with products and services in good quality. The Group's business has not relied on any individual customers and suppliers which have a material impact on the Group.

THE BOARD OF DIRECTORS

For the year ended 31 December 2018 and as at the date of this annual report, the Board comprised:

Executive Director
Zhao Zeming *(Chairman)*

Non-Executive Director
Luo Junrui

Independent Non-Executive Directors
Guo Xinping
Li Xuemei
Xia Yinan

In accordance with the requirements of the Articles of Association, the term of all existing Directors is three years and they may elect to be re-elected.

BIOGRAPHY OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The details of the biography of the directors, supervisors and senior management are set out in pages 15 to 20 of this annual report.

SERVICE CONTRACTS FOR DIRECTORS AND SUPERVISORS

Mr. Zhao Zeming, an executive Director of the Company, was appointed with effect from 25 November 2017, and has entered into a 3-year service contract from 25 November 2017 to 25 November 2020 with the Company.

Mr. Luo Junrui was re-designated as a non-executive Director of the Company with effect from 25 November 2017, and has entered into a 3-year service contract from 25 November 2017 to 25 November 2020 with the Company.

Mr. Guo Xinping and Ms. Li Xuemei, the independent non-executive Directors of the Company, were re-elected and re-appointed with effect from 25 November 2017, and Mr. Xia Yinan, the independent non-executive Director of the Company, was appointed with effect from 25 November 2017. All of them have entered into a 3-year service contract from 25 November 2017 to 25 November 2020 with the Company.

Ms. Chen Ying and Ms. Xia Lin, the Supervisors of the Company, were re-elected and re-appointed with effect from 25 November 2017. Both of them have entered into a service contract from 25 November 2017 to 25 November 2020 with the Company. Ms. Ma Xin was elected as the supervisor of staff representatives in the staff representatives meeting and has entered into a service contract from 25 November 2017 to 25 November 2020.

Except for the above contracts, for the year ended 31 December 2018, the Directors and the Supervisors do not have any other service contract with the Company and its subsidiaries.

DIRECTORS' AND SUPERVISORS' REMUNERATION

The Directors' and Supervisors' remuneration shall be approved by the shareholders at the general meeting. Other emoluments shall be fixed by the Board based on the Directors' and Supervisors' duties, responsibilities and performance as well as the Company's results. The details of the Directors' and Supervisors' remuneration are set out in note 9 to the consolidated financial statements.

In accordance with the Circular issued by the Organization Department of the Communist Party of China on Matters Relating to Part-time Employment of Retired (Resigned) Leaders and Cadres in Social Groups, Mr. Luo Junrui and Ms. Chen Ying, being a director and supervisor of the Group, respectively, will no longer receive the allowances granted to directors and supervisors from the Company with effect from 2018 as they both satisfied the criteria governing part-time employment of retired (resigned) leaders and Cadres in social groups.

CONTRACT OF SIGNIFICANCE

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2018, the Group has entered into the following continuing connected transactions, and disclosure of certain details is in compliance with requirements of Chapter 20 of the GEM Listing Rules.

1. Non-Exempted Continuing Connected Transactions (From 1 January 2016 to 31 December 2018)

(1) On 26 October 2015, the Company and China Center of Information Industry Development* ("CCID") renewed the information consultancy and supervision services revenue framework agreement which came to expiry on 31 December 2015 (the "Renewed Framework Agreement 1"). Pursuant to the Renewed Framework Agreement 1, the Company and/or its subsidiaries (as defined in the announcement of the Company dated 26 October 2015, the same below) shall, upon the request of CCID and/or its associates (as defined in the announcement of the Company dated 26 October 2015, the same below), provide information planning and information engineering supervision services to CCID and/or its associates for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 1 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB6,000,000, RMB6,300,000 and RMB6,678,000 (these amounts will last until the date of termination of the Renewed Framework Agreement 1), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 1 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

(2) On 26 October 2015, the Company and CCID renewed the information consultancy and supervision services expense framework agreement which came to expiry on 31 December 2015 (the "Renewed Framework Agreement 2"). Pursuant to the Renewed Framework Agreement 2, the CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide information planning and information engineering supervision services to the Company and/or its subsidiaries for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 2 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB1,000,000, RMB1,050,000 and RMB1,113,000 (this amount will last until the date of termination of the Renewed Framework Agreement 2), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 2 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

(3) On 26 October 2015, the Company and CCID renewed the management and strategic consultancy services revenue agreement which came to expiry on 31 December 2015 (the "Renewed Framework Agreement 3"). Pursuant to the Renewed Framework Agreement 3, the Company and/or its subsidiaries shall, upon the request of CCID and/or its associates, provide management and strategic consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to CCID and/or its associates for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 3 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB5,000,000, RMB5,250,000 and RMB5,565,000 (these amounts will last until the date of termination of the Renewed Framework Agreement 3), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 3 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

(4) On 26 October 2015, the Company and CCID renewed the management and strategic consultancy services expense framework agreement which came to expiry on 31 December 2015 (the "Renewed Framework Agreement 4"). Pursuant to the Renewed Framework Agreement 4, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide management and strategic consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to the Company and/or its subsidiaries for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 4 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB1,200,000, RMB1,260,000 and RMB1,335,600 (these amounts will last until the date of termination of the Renewed Framework Agreement 4), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 4 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

(5) On 26 October 2015, the Company and CCID renewed the administration services expense framework agreement which came to expiry on 31 December 2015 (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 for the period from 1 January 2016 to 31 December 2018. The Renewed Framework Agreement 5 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2018 were RMB3,500,000, RMB3,675,000 and RMB3,895,500 (these amounts will last until the date of termination of the Renewed Framework Agreement 5), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 5 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, 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) for the Renewed Framework Agreement 1 and the Renewed Framework Agreement 2 in aggregate, does not exceed 25%, and the total consideration is less than HK$10 million. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions were exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

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

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

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

As of the date of renewal of the framework agreement, as Mr. Luo Junrui, a former executive Director and currently a non-executive Director, and Mr. An Guangyou (resigned on 25 November 2017), a former non-executive Director, are the deputy director of Science and Technology Committee and the deputy chief economist of CCID respectively, both of them are materially interested in the above continuing connected transactions. In accordance with the GEM Listing Rules and applicable requirements, they were requested to abstain and did abstain from voting for passing the resolutions in relation to the approval of the aforementioned renewed framework agreements at the Board meeting.

Details of the above continuing connected transactions are set out in the Company's announcements dated 26 October 2015 and 24 November 2015.

2. Non-Exempted Continuing Connected Transactions (From 1 January 2019 to 31 December 2021)

(1) On 19 December 2018, the Company and CCID renewed the information consultancy and supervision services revenue framework agreement which came to expiry on 31 December 2018 (the "Renewed Framework Agreement 1"). Pursuant to the Renewed Framework Agreement 1, the Company and/or its subsidiaries (as defined in the announcement of the Company dated 19 December 2018, the same below) shall, upon the request of CCID and/or its associates (as defined in the announcement of the Company dated 19 December 2018, the same below), provide information planning and information engineering supervision services to CCID and/or its associates for the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 1 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2021 were RMB6,000,000, RMB6,300,000 and RMB6,615,000 (these amounts will last until the date of termination of the Renewed Framework Agreement 1), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 1 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

(2) On 19 December 2018, the Company and CCID renewed the information consultancy and supervision services expense framework agreement which came to expiry on 31 December 2018 (the "Renewed Framework Agreement 2"). Pursuant to the Renewed Framework Agreement 2, the CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide information planning and information engineering supervision services to the Company and/or its subsidiaries for the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 2 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2021 were RMB1,200,000, RMB1,260,000 and RMB1,323,000 (this amount will last until the date of termination of the Renewed Framework Agreement 2), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 2 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

(3) On 19 December 2018, the Company and CCID renewed the management and strategic consultancy services revenue agreement which came to expiry on 31 December 2018 (the "Renewed Framework Agreement 3"). Pursuant to the Renewed Framework Agreement 3, the Company and/or its subsidiaries shall, upon the request of CCID and/or its associates, provide management and strategic consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to CCID and/or its associates for the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 3 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2021 were RMB5,300,000, RMB5,300,000 and RMB5,300,000 (these amounts will last until the date of termination of the Renewed Framework Agreement 3), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 3 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

(4) On 19 December 2018, the Company and CCID renewed the management and strategic consultancy services expense framework agreement which came to expiry on 31 December 2018 (the "Renewed Framework Agreement 4"). Pursuant to the Renewed Framework Agreement 4, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide management and strategic consultancy services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to the Company and/or its subsidiaries for the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 4 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2021 were RMB3,300,000, RMB3,300,000 and RMB3,300,000 (these amounts will last until the date of termination of the Renewed Framework Agreement 4), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 4 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

(5) On 19 December 2018, the Company and CCID renewed the administration services expense framework agreement which came to expiry on 31 December 2018 (the "Renewed Framework Agreement 5"). Pursuant to the Renewed Framework Agreement 5, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide administration services in respect of house leasing, property management, Internet port and telephone and translation to the Company and/or its subsidiaries for the period from 1 January 2019 to 31 December 2021. The Renewed Framework Agreement 5 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2021 were RMB4,000,000, RMB4,200,000 and RMB4,410,000 (these amounts will last until the date of termination of the Renewed Framework Agreement 5), respectively. The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 5 shall be recognized by order or otherwise by signing separate agreements, provided that such recognition by orders and separate agreements shall neither act beyond the terms of the framework agreements, requirements and relevant annual caps thereof, 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 million. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions were exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

For the category of management and strategic 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 million. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions were exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

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

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

No Directors are materially interested in the continuing connected transactions.

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

Save as disclosed above, for the year ended 31 December 2018, the Group did not enter into any other connected transactions and continuing connected transactions.

3. Confirmation from the Directors and auditor

Further details of the above continuing connected transactions and connected transactions are set out in note 35 to the consolidated financial statements on pages 131 to 132 of this annual report. Independent non-executive directors have reviewed the above non-exempted continuing connected transactions and confirmed as follows:

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

(2) The transactions have been entered into on normal commercial terms or better (as defined in the GEM Listing Rules); and

(3) The transactions have been entered into according to the agreement governing them on terms that are fair and reasonable and in the interest of the Company's shareholders as a whole.

According to Rule 20.54 of the GEM Listing Rules, the auditor has issued their report letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 43 to page 49 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 continuing connected transactions for the year ended 31 December 2018 which are non-exempted, and confirmed to the Board:

(1) Nothing has come to their attention that causes them to believe such continuing connected transactions were not approved by the Board;

(2) If the continuing connected transactions involve the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that such continuing connected transactions were not, in all material respects, conducted in accordance with the pricing policies of the Group;

(3) Nothing has come to their attention that causes them to believe that such continuing connected transactions were not, in all material respects, conducted in accordance with the agreed terms of the relevant transactions; and

(4) Nothing has come to their attention that causes them to believe that such continuing connected transactions exceeded the cap disclosed in relevant announcements and framework agreements.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the relevant connected transactions and continuing connected transactions in this annual report, no Directors or Supervisors, directly or indirectly, have any material interests in any transaction, arrangement or contract of significance entered into with the Company or any of its subsidiaries during the year ended 31 December 2018.

Further details about transactions conducted in relation to these contracts during the year were set out in Significant Related Party Transactions in note 35 to the consolidated financial statements.

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

As of 31 December 2018, none of the Directors, Supervisors and chief executives or their close associates have any interest or short position in the shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 under Laws of Hong Kong) ("SFO")), which are required to inform the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise inform the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors and Supervisors as mentioned in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES

At no time during the period were rights to obtain benefits by means of purchasing shares or debentures of the Company granted to any Director and Supervisor, 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, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and Supervisors to obtain such rights.

SHARE OPTION SCHEME

The Company conditionally adopted a Share Option Scheme as at 20 November 2002. The major terms and conditions of the Share Option Scheme were set out in the section "Summary of the Terms of Share Option Scheme" under Appendix IV of the prospectus as published by the Company on 29 November 2002. However, employees who are Chinese nationals are not entitled to exercise the option until these persons are allowed to subscribe or deal in H shares under the PRC laws and regulations. As at the date of this report, the Share Option Scheme is not yet effective. No Share Option has been granted under the Share Option Scheme as of 31 December 2018.

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

As of 31 December 2018, the following 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 as recorded in the register required to be kept under Section 336 of the SFO.

Long positions of shares

Name	Capacity	Nature of interest	Number and class of shares	Approximate percentage in the same class of shares	Approximate percentage of issued capital
China Centre of Information Industry Development (「CCID」) (Note 1)	Interest of controlled corporation	Long position	491,000,000 domestic shares	100%	70.14%
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development (「Research Centre」) (Note 1)	Beneficial owner	Long position	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd (「CCID Riyue」) (Note 1)	Beneficial owner	Long position	98,390,000 domestic shares	20.04%	14.06%
Legend Holdings Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Lenovo Group Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Holdings (BVI) Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited (Note 2)	Beneficial owner	Long position	20,000,000 H shares	9.57%	2.86%
Lam William Ka Chung (Note 3)	Interest of controlled corporation	Long position	14,600,000 H shares	6.99%	2.09%
J.P. Morgan Fleming Asset Management Holdings Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
JF Asset Management Limited (Note 4)	Investment manager	Long position	10,700,000 H shares	5.12%	1.53%

Notes:

1. CCID, through Research Centre (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly owned by CCID) have beneficiary interests in the Company comprising the 392,610,000 domestic shares held directly by Research Center and the 98,390,000 domestic shares held directly by CCID Riyue.

2. Grade Win International Limited directly holds 20,000,000 H shares of the Company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited. Legend Express Agency & Services Limited is a wholly-owned subsidiary of Legend Holdings (BVI) Limited and Legend Holdings (BVI) Limited is a wholly-owned subsidiary of Legend Group Limited. Legend Holdings Limited holds 57.76% equity interests in Legend Group Limited, the above corporations are deemed to be interested in 20,000,000 H shares of the Company.

3. Kingsway Financial Services Limited directly holds 13,510,000 H shares of the Company. Kingsway Financial Services Limited is a wholly-owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Kingsway Lion Spur Technology Limited directly holds 1,090,000 H shares of the Company. Kingsway Lion Spur Technology Limited is a wholly-owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited directly holds 74% of the share capital of SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Lam William Ka Chung directly and indirectly holds approximately 40% equity interests in the share capital of Kingsway International Holdings Limited. Lam William Ka Chung is deemed to be interested in 14,600,000 H Shares of the Company.

4. JF Asset Management Limited directly holds 10,700,000 H shares of the Company. JF International Management Inc. directly holds 4,300,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. respectively holds 99.99% and 100% equity interests of JF Asset Management Limited and JF International Management Inc. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

Save as disclosed above, as at 31 December 2018, there was no other person had interests and short position in shares and underlying shares of the Company were required to be kept in the register pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING INTERESTS

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

MANAGEMENT CONTRACTS

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.

DONATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

The Group commits 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 in 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 minimize our already low impact on the environment.

For details about the environmental policies and performance of the Group, please refer to the "Environmental, Social and Governance Report" set out on pages 32 to 37 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 Anti-Unfair Competition Law of the People's Republic of China (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 Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法). Meanwhile, it also reviewed its compliance with the GEM Listing Rules and the SFO.

To the best of the knowledge of the Board and the management, the Group complied with the relevant laws and regulations which constitutes 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 cover for Directors', Supervisors' and senior management's liabilities in respect of legal actions against its Directors, Supervisors and senior management arising out of corporate activities.

AUDITORS

The financial statements for the year ended 31 December 2018 have been audited by Qual-Mark CPA Limited who will retire and offer them for re-appointment at the 2018 AGM. The Company has not changed its auditors over the last three years.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Group and its compliance is set out in the "Corporate Governance Report" on pages 21 to 31 of this annual report.

SUBSEQUENT EVENTS

On 10 January 2019, the Group subscribed a wealth management product, details of which are set out in note 36 to the consolidated financial statements.

On 22 March 2019, the Board proposed to distribute 2018 Final Dividend, detail of which are set out in the section headed "RESULTS AND DIVIDENDS" in this Report of the Directors.

By Order of the Board

Zhao Zeming
Chairman

Beijing, the People's Republic of China
22 March 2019

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 according to the principles of honesty and credibility scrupulously with reasonable care and diligent on proactive basis in accordance 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 making of significant policy decisions and specific decisions was in compliance with the PRC laws and regulations and the Articles of Association, and whether they were in the interests of shareholders.

We have reviewed conscientiously and gave our consent to the report of the Directors, the audited financial report and the dividend distribution proposal proposed at the 2018 AGM. We are 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 honesty and credibility, 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 line with the Articles of Association, featuring relatively standardized 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 authority of office, prejudicing the interests of the Company and infringing upon the interests of shareholders of the Company and employees of the Company, or in breach of any laws and regulations and the Articles of Association as well.

The Supervisory Committee is satisfied with the works and the economic benefits attained for the Company in 2018 and is fully confident in the future development of the Group.

By Order of the Supervisory Committee

Chen Ying
Chairlady of the Supervisory Committee

Beijing, the People's Republic of China
22 March 2019

Independent Auditor's Report

To the shareholders
CCID Consulting Company Limited
賽迪顧問股份有限公司
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of the Group set out on pages 61 to 137, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 2018, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with HKFRSs and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's 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 judgement, were of most significance in our audit of the consolidated financial statements for the current period. 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 (continued)

Key Audit Matter

Current period application and prior period adjustment of HKFRS 15 — Revenue from contracts with customers

Before commencement of HKFRS 15, the Group recognised its revenue based on percentage of completion method. On 1 January 2018, HKFRS 15 became effective and percentage of completion method is no longer applicable. HKFRS 15 requires revenue to be recognised based on the amount allocated to the corresponding performance obligation satisfied over time or at a particular point of time. Having assessed the terms of service contracts of the Group, the revenue generated from service contracts should be recognised at specific point of time. The initial payment at contract inception before satisfaction of its corresponding performance obligation should be deferred to contract liabilities until such performance obligation has been satisfied and, by that time, the corresponding amount of contract liabilities should be released as revenue, all other contract payments could be recognised as revenue when the rights to receive such payment are established.

The aforesaid accounting policy has been applied retrospectively in the consolidated financial statements in accordance with HKAS 8, the corresponding contract revenue and contract costs for the years ended 31 December 2017 and 2018 and the corresponding assets and liabilities as at the beginning of 2017, end of 2017 and end of 2018 have been re-measured.

Because revenue recognition is a key performance indicator of the Group and of its significance to the consolidated financial statements and its multiple effects to certain major assets and liabilities to the consolidated financial statements upon current and retrospective application of the aforesaid accounting policy, we regard that the current period application and prior period adjustment of HKFRS 15 — Revenue from contracts with customers as key audit matter.

How our audit addressed the key audit matter

We assessed the design, implementation and operating effectiveness of management's key internal controls over revenue recognition and compare the appropriateness of such accounting policy to the requirements of the prevailing accounting standard.

We evaluated and tested the approval procedures that the management established for proper measurement of revenue recognition and also performed substantive audit procedures on the recorded revenue from contracts with customers. Our audit procedures were designed to test and evaluate the approval procedures established and implemented by the management. We have also performed substantive procedures to compare the revenue from service contracts with the revenue recognized in accordance with the PRC accounting standards as measured by the face value of the value-added-tax ("VAT") invoices issued pursuant to the PRC tax law, the current year cash inflows and the revenue recognized based on consideration allocated in the contract by reference to its respective performance obligation in order to assess the accuracy and completeness of the revenue recognized based on the satisfaction point of performance obligation as approved by the management.

KEY AUDIT MATTERS (continued)

How our audit addressed the key audit matter (continued)

We have, on sampling basis, interviewed the project manager in-charge and inspected the service contract to understand the terms of sales transactions, including the consideration allocated to various performance obligations, terms of delivery and acceptance, the performance status, payments condition and expected performance progress of the selected projects in order to assess and evaluate the consistency of the revenue recognized, VAT invoices issued, performance of contract and payment conditions as reported to the management and recorded in the consolidated financial statements and to assess if the revenue recognition is in accordance with the requirements of the prevailing accounting standard.

In addition to the aforesaid audit procedures, we have also re-calculated the contract revenue, contract costs and corresponding tax effects for the years ended 31 December 2017 and 2018; the contract assets and liabilities (including received in advance and deferred revenue) and other relevant elements in the financial statements as at the beginning of 2017, end of 2017 and end of 2018 as re-measured by the Group in order to assess the accuracy and completeness of the current period application and prior period adjustments of HKFRS 15 — Revenue from contracts with customers on the consolidated financial statements.

Our audit procedures also included review over the disclosures made in the consolidated financial statements in relation to the current period application and prior period adjustments of HKFRS 15 — Revenue from contracts with customers in order to assess the sufficiency and appropriateness of the disclosures as required by the prevailing accounting standard.

We also discussed with the Audit Committee details about our audit procedures relevant to management's approval and our substantive procedures on the revenue recognized from contracts with customers and our audit procedures in relation to the current period application and prior period adjustments of HKFRS 15 — Revenue from contracts with customers on the consolidated financial statements.

Based on the audit procedures performed, we considered we have obtained sufficient evidence to support the current period application and prior period adjustments of HKFRS 15 — Revenue from contracts with customers.

OTHER INFORMATION

The Directors 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.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

It is our responsibility to form an independent opinion, based on our audit, on the consolidated financial statements and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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. 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at HKICPA's website at "http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/auditre/cfs_pf.pdf". This description forms part of our auditor's report.

QUAL-MARK CPA LIMITED
Certified Public Accountants (Practising)
Room 2203, 22/F., Tung Wai Commercial Building,
109–111 Gloucester Road, Wanchai, Hong Kong

22 March 2019
Chan Ling Fung
Practising Certificate number P06188

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2018

	Notes	2018 RMB('000)	(Restated) 2017 RMB('000)
Revenue	4	**167,367**	134,546
Cost of sales		**(78,286)**	(70,091)
Gross profit		**89,081**	64,455
Other revenue			
Interest revenue calculated using effective interest method	4	**2,155**	986
Other revenue	4	**2,755**	1,123
		4,910	2,109
		93,991	66,564
Operating expenses			
Selling and distribution expenses		**(14,476)**	(13,554)
Administrative expenses		**(39,074)**	(28,291)
Other operating expenses		**(177)**	—
		(53,727)	(41,845)
Credit loss allowances and impairment of assets	5	**(1,705)**	(1,636)
		(55,432)	(43,481)
Profit before taxation	7	**38,559**	23,083
Taxation	8	**(4,955)**	(4,113)
Profit for the year		**33,604**	18,970
Other comprehensive income of the Group			
Items that will not be reclassified to profit or loss, net of tax			
Gain or loss on equity instruments at FVTOCI	11	**698**	—
Total comprehensive income for the year		**34,302**	18,970

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2018

	Notes	2018 RMB('000)	(Restated) 2017 RMB('000)
Profit for the year attributable to:			
Equity holders of the Company		**28,820**	16,406
Non-controlling interests		**4,784**	2,564
		33,604	18,970
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**29,284**	16,406
Non-controlling interests		**5,018**	2,564
		34,302	18,970
Earnings per share			
Basic (RMB cents)	12	**4.1**	2.3
Diluted (RMB cents)	12	**4.1**	2.3

The notes on pages 68 to 137 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

31 December 2018

	Notes	2018 RMB('000)	(Restated) 2017 RMB('000)	(Restated) Beginning of 2017 RMB('000)
Non-current assets				
Property, plant and equipment	14	**17,420**	17,927	18,565
Intangible assets	16	**14,681**	14,681	14,681
Long term investments	17	**4,749**	1,990	1,990
Deferred tax assets	26	**4,456**	3,354	1,895
		41,306	37,952	37,131
Current assets				
Accounts receivable	17, 18	**18,300**	15,613	13,112
Prepayment, deposits and other receivable	17, 20	**11,375**	10,052	6,745
Short term investments	17	**30,188**	70,168	20,167
Cash and cash equivalents	17, 21	**160,693**	86,148	101,530
Current tax assets		**214**	214	214
		220,770	182,195	141,768
Current liabilities				
Accounts payable	17, 22	**2,264**	1,078	1,325
Contract liabilities	23	**50,830**	39,162	23,667
Accruals and other payable	17, 24	**28,280**	20,129	16,685
Due to related parties	17, 25	**5,251**	7,580	2,210
Current tax liabilities		**2,889**	2,639	4,423
		89,514	70,588	48,310
Net current assets		**131,256**	111,607	93,458
NET ASSETS		**172,562**	149,559	130,589

Consolidated Statement of Financial Position

31 December 2018

	Notes	2018 RMB('000)	(Restated) 2017 RMB('000)	(Restated) Beginning of 2017 RMB('000)
EQUITY				
Share capital	27	**70,000**	70,000	70,000
Reserves	29	**77,760**	57,115	40,709
Total equity attributable to equity holders of the Company		**147,760**	127,115	110,709
Non-controlling interests		**24,802**	22,444	19,880
TOTAL EQUITY		**172,562**	149,559	130,589

Approved by the board of directors on 22 March 2019.

On behalf of the Directors

Zhao Zeming
Director

Luo Junrui
Director

The notes on pages 68 to 137 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Notes	2018 RMB('000)	(Restated) 2017 RMB('000)
Share capital			
Balance at beginning and end of year	27	**70,000**	70,000
Statutory reserve			
Balance at beginning of year		**13,545**	11,954
Appropriated from retained profits		**2,910**	1,591
Balance at end of year		**16,455**	13,545
Retained profits			
Balance at beginning of year		**76,047**	58,072
Prior period adjustment	30	**(32,477)**	(29,317)
Restated balance at beginning of year		**43,570**	28,755
Profit for the year*		**28,820**	16,406
Appropriated to statutory reserve		**(2,910)**	(1,591)
2017 final dividend: RMB0.0143 per share (tax inclusive)	31	**(10,010)**	—
Balance at end of year		**59,470**	43,570
Accumulated other comprehensive income			
Fair value reserve			
Balance at beginning of year		**—**	—
Opening balance adjustment	30	**1,371**	—
Restated balance at beginning of year		**1,371**	—
Change in fair value*		**464**	—
Balance at end of year		**1,835**	—
Total equity attributable to equity holders of the Company		**147,760**	127,115

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Notes	2018 RMB('000)	(Restated) 2017 RMB('000)
Non-controlling interests			
Balance at beginning of year		**25,482**	21,679
Prior period adjustment	30	**(3,038)**	(1,799)
Opening balance adjustment	30	**690**	—
Restated balance at beginning of year		**23,134**	19,880
Profit for the year#		**4,784**	2,564
Change in fair value#		**234**	—
Dividend declared and paid by partly-owned subsidiary to its other shareholders		**(3,350)**	—
Balance at end of year		**24,802**	22,444
Total		**172,562**	149,559
Total comprehensive income for the year			
Attributable to equity holders of the Company*		**29,284**	16,406
Attributable to non-controlling interests#		**5,018**	2,564
		34,302	18,970

The notes on pages 68 to 137 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	Notes	2018 RMB('000)	(Restated) 2017 RMB('000)
Cash flows from operating activities			
Profit before taxation		**38,559**	23,083
Depreciation		**1,584**	1,402
Interest income		**(2,155)**	(986)
Investment income		**(1,199)**	(784)
Dividend income		**(350)**	—
Fair value adjustment on financial assets		**(20)**	(1)
		36,419	22,714
Changes in accounts receivable		**(2,687)**	(2,501)
Changes in prepayment, deposits and other receivable		**(1,323)**	(3,307)
Changes in accounts payable		**1,186**	(247)
Changes in accruals and other payable		**5,822**	8,814
Changes in contract liabilities		**11,668**	15,495
Cash generated from operations		**51,085**	40,968
PRC enterprise income tax paid		**(5,807)**	(7,356)
Net cash from operating activities		**45,278**	33,612
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**(1,077)**	(764)
Payments to acquire financial assets		**—**	(50,000)
Proceeds from sale of financial assets		**40,000**	—
Interest received		**2,155**	986
Investment income received		**1,199**	784
Dividend received		**350**	—
Net cash from/(used in) investing activities		**42,627**	(48,994)
Cash flows from financing activities			
Dividend paid		**(13,360)**	—
Net cash used in financing activities		**(13,360)**	—
Net changes in cash and cash equivalents		**74,545**	(15,382)
Cash and cash equivalents at beginning of year		**86,148**	101,530
Cash and cash equivalents at end of year	17, 21	**160,693**	86,148

The Group has no significant financing activities for the current year and last year, accordingly the reconciliation of liabilities arising from financing activities is not necessary in this regard.

The notes on pages 68 to 137 form an integral part of these consolidated financial statements.

1. GENERAL

(a) Definition

In these consolidated financial statements, the following terms shall have the following meanings:

The Company	CCID Consulting Company Limited 賽迪顧問股份有限公司
The Directors	all of the directors of the Company
Beginning of 2017	for the purpose of consolidated statement of financial position, company-level of statement of financial position and notes to consolidated statement, means the opening balance of 2017
The Group	comprises the Company and all of its subsidiaries
HKICPA	Hong Kong Institute of Certified Public Accountants
Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Companies Ordinance	Hong Kong Companies Ordinance (Cap. 622) which came into operation on 3 March 2014
HKFRS	Individual Hong Kong Financial Reporting Standard issued by HKICPA
HKAS	Individual Hong Kong Accounting Standard issued by HKICPA
HK(IFRIC)-Int	Individual Hong Kong interpretation issued by HKICPA based on equivalent interpretation issued by International Financial Reporting Interpretations Committee
HKFRSs	the collection of all individual HKFRS, HKAS and their interpretations
PRC	The People's Republic of China
MIICMD	Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development (China Software Testing Center), the immediate holding company of the Company
CCID	China Center of Information Industry Development, the ultimate holding company of the Company
CCID Design	Beijing CCID Industry and Information Engineering Design Center Co., Ltd., a subsidiary of the Company

1. GENERAL (Continued)

(a) Definition (Continued)

CCID Supervision	Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd., a subsidiary of CCID Design
CCID Capital	Beijing CCID Capital Consulting Co., Ltd., a subsidiary of the Company
CCID Management	Beijing CCID Strategy Management Consulting Co., Ltd., a subsidiary of the Company
CCID Strategy	Beijing CCID County Strategy Consulting Co., Ltd., a subsidiary of the Company
Shenzhen CCID Strategy	Shenzhen CCID Strategy Consulting Co., Ltd., a subsidiary of the Company
Shanghai CCID	CCID (Shanghai) Advanced Manufacturing Research Center Co., Ltd., a subsidiary of the Company
CCID Group	comprises CCID and all of its subsidiaries, connected parties, controlling entities and agents
FVTPL	for the purpose of financial assets and financial liabilities, means fair value through profit or loss
FVTOCI	for the purpose of financial assets, means fair value through other comprehensive income
Cash equivalents	short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value
Related company	a company in which one or more related parties have controlling interests thereon or are in a position to exercise significant influence on financial and operation decision
GEM	Growth Enterprise Market of the Exchange
Listing Rules	the rules governing the listing of securities on the GEM

1. GENERAL (Continued)

(b) Corporate information

The Company is a company registered in PRC as a joint stock company with limited liability and its H shares listed on GEM since 12 December 2002. The registered office of the Company in PRC is located at Room 311, No. 2 Building, No. 28 Zhen Xing Road, Chang Ping District, Beijing, PRC. Its principal office and place of business is located at 9th and 10th Floor of CCID Plaza, 66 Zizhuyuan Road, Hai Dian District, Beijing, PRC. Its principal place of business in Hong Kong is located at 40th Floor Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong.

The Group is a provider of modern consultancy. The Group principally engages in the provision of management and strategic consultancy, market consultancy, data information management, design consulting and information engineering supervision services.

(c) Parent company

In the opinion of the Directors, the Company's immediate parent company is MIICMD, a company established in the PRC; the Company's ultimate parent company (which is also the Company's ultimate parent undertaking) is CCID, a company established in the PRC and the ultimate controlling party is the Government of PRC. All of these parties do not prepare financial statements available for public use.

(d) Presentation currency and level of rounding

Unless stated otherwise, all currency figures in these financial statements are presented in Renminbi (RMB) rounded to the nearest one thousand dollars.

(e) Translation differences

The financial statements have been issued in the Chinese language accompanied by an English translation. If there is any conflict in the financial statements between the meaning of the wordings in the English translation and the wordings and terms in the Chinese version, the meaning of Chinese version shall prevail.

(f) Unofficial name

The English names of those companies incorporated in PRC as mentioned in the consolidated financial statements are not the official names in their constitutions but the unofficial translation of their Chinese names.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements comply with all of the requirements of all applicable HKFRSs effective at the beginning of the reporting period. These consolidated financial statements also comply with all the applicable disclosure requirements of the Hong Kong Companies Ordinance and all the applicable disclosure provisions of the GEM Listing Rules.

(b) Basis of measurement

The measurement bases used in preparation of these consolidated financial statements is the historical cost convention with the exception of financial assets measured at fair value as explained in their respective accounting policies in note 3 to the consolidated financial statements.

(c) Critical accounting judgments

The judgments that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are set out below.

Discounting factor

For the purpose of measuring the recoverable amount of an asset in use, discounting factor shall be estimated by reference to the generally expected return rate in the market on such kind of assets. In case the market information is not available, discounting factor shall be estimated by reference to the expected annual return from the asset at the time of recognition.

Provision for credit loss allowances of trade receivables

For trade receivables (excluding non-financial assets), the Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which requires the use of lifetime expected loss allowance for all trade receivables (excluding non-financial assets). The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Management reassesses the provision at each balance sheet date.

2. BASIS OF PREPARATION (Continued)

(d) Assumptions and other major sources of estimation uncertainty

Assumptions made about the future and other major sources of estimation uncertainty at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period is set out below.

Impairment of assets

The impairments of property, plant and equipment and intangible assets are based on the Directors' estimation on the recoverable amounts of the assets that would be determined by reference to fair value less costs to sell and value in use estimated using the discounted cash flow method. Because of inherent risks associated with the estimations, their accuracy may have a significant impact on the carrying amounts of the property, plant and equipment and intangible assets as stated in the consolidated statement of financial position and the profit or loss for the next reporting period. At present, the management is unable to provide information about the sensitivity and expected resolution of the uncertainty. The possible effect of the assumptions and sources of estimation uncertainty is unable to be estimated reliably; it is impracticable to disclose the extent of possible effects within the next reporting period.

(e) Mandatory effective HKFRS

The following HKFRS, HKAS and HK(IFRIC)-Int, newly issued or revised as indicated, and their amendments become effective mandatorily in this year.

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and its clarification
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014–2016 cycle	Amendments to HKFRS 1 and HKAS 28

The Group had to change its accounting policies following the adoption of HKFRS 9 and HKFRS 15. For details, please refer to note below. The other amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. BASIS OF PREPARATION (Continued)

(e) Mandatory effective HKFRS (Continued)

HKFRS 9 (2014)

HKFRS 9 (2014) substantially supersedes former HKAS 39 on the classification and measurement of financial assets, financial liabilities and hedging instruments. It also introduces a new impairment loss model to recognise a loss allowance for expected losses on certain financial assets, contract assets, trade and lease receivables or loan commitments and financial guarantee contracts.

Except for those items specifically exempted by HKFRS 9 (2014), the Group applies completed version of HKFRS 9 (2014) retrospectively to items that existed at 1 January 2018 in accordance with the transition provision of HKFRS 9 (2014) without re-stating the prior periods. The accounting policies resulting from the initial application of HKFRS 9 (2014) are applied to the consolidated financial statements for 2018 only; the differences between the previous and new carrying amounts of financial assets and financial liabilities are recognised in the opening balance of retained earnings or other components of reserves as at 1 January 2018. Therefore, HKAS 39 is still applicable to prior periods and no comparative figures are restated.

According to the transitional provision and the provision for initial application of HKFRS 9 (2014), the financial assets and financial liabilities are reclassified as follow.

Financial assets/liabilities	Classification under HKAS 39	Classification under HKFRS 9
Listed securities designated at FVTPL upon initial recognition or held for trading	Financial assets at FVTPL	Financial assets at FVTPL
Equity instruments in private entities	Available-for-sale financial assets at cost	Elected as financial assets at FVTOCI
Trade receivable	Loans and receivable	Financial assets at amortised cost
Other receivable	Loans and receivable	Financial assets at FVTPL
Cash and bank balances	Loans and receivable	Financial assets at FVTPL
Trade payable	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Other payable	Financial liabilities at amortised cost	Financial liabilities at amortised cost

2. BASIS OF PREPARATION (Continued)

(e) Mandatory effective HKFRS (Continued)

HKFRS 9 (2014) *(Continued)*

The following table depicts the financial impact on reclassification of financial assets at the beginning of 2018 (date of transition) from HKAS 39 to HKFRS 9 (2014) as required by paragraph 42I of HKFRS 7 upon initial application of HKFRS 9 (2014).

			Financial assets (HKFRS 9 classification)		
Financial assets (HKAS 39 classification)	**Carrying amount under HKAS 39**	**Re-measurement**	**At amortised cost**	**At FVTPL**	**At FVTOCI**
	RMB('000)	RMB('000)	RMB('000)	RMB('000)	RMB('000)
Investments					
Available for sale financial assets at cost	1,990	2,061	—	—	4,051
Financial assets at fair value	70,168	—	—	70,168	—
	72,158	2,061	—	70,168	4,051
Trade and other receivables					
Loans and receivables	23,871	—	15,613	8,258	—
Cash and cash equivalents					
Loans and receivables	86,148	—	—	86,148	—
	182,177	2,061	15,613	164,574	4,051

Investments in equity instruments of private entities, which were classified as available-for-sale financial assets and were measured at cost, are now elected to be classified as financial assets at FVTOCI and measured at FVTOCI according to paragraph 5.7.5 of HKFRS 9. Their carrying amounts are re-measured on 1 January 2018; differences after re-measurement are adjusted to the opening balance of fair value reserve. The financial impacts to the opening balance of fair value reserve is set out in note 30 to financial statements.

2. BASIS OF PREPARATION (Continued)

(e) Mandatory effective HKFRS (Continued)

HKFRS 9 (2014) *(Continued)*

Other receivable and cash and cash equivalents, which were classified as loans and receivable and were measured at amortised cost under former HKAS 39, fail to pass the business model test and contractual cash flow characteristics test set out in paragraph 4.1.2 and 4.1.2A of HKFRS 9. Accordingly, the Group cannot classify these two classes of financial assets as financial assets at amortised cost or financial assets at FVTOCI. According to paragraph 4.1.4 of HKFRS 9, these two classes of financial assets should be classified as financial assets at FVTPL.

Reconciliation statement of ending impairment allowances in accordance with HKAS 39 and the provisions in accordance with HKAS 37 to the opening credit loss allowances determined in accordance with HKFRS 9 (2014) is not present as there is no difference on them.

The following table depicts the financial impact on reclassification of financial liabilities from HKAS 39 to HKFRS 9 (2014) on 1 January 2018 (date of transition) as required by paragraph 42I of HKFRS 7 upon initial application of HKFRS 9 (2014).

			Financial liabilities (HKFRS 9 classification)	
Financial liabilities (HKAS 39 classification)	**Carrying amount under HKAS 39**	**Re-measurement**	**At amortised cost**	**At FVTPL**
	RMB('000)	RMB('000)	RMB('000)	RMB('000)
Financial liabilities at amortised cost				
Trade and other payables	12,678	—	12,678	—

2. BASIS OF PREPARATION (Continued)

(e) Mandatory effective HKFRS (Continued)

HKFRS 15

The initial application of HKFRS 15 has changed the recognition and measurement of revenue, presentation of consolidated statement of financial position and the information disclosed in notes 4, 18, 22 and 23 to the consolidated financial statements. Before the adoption of HKFRS 15, revenue from rendering of services and construction contracts was recognised and measured using stage of completion method. Under HKFRS 15, stage of completion method is no longer applicable; revenue from provision of services (including construction contracts) is recognised when a performance obligation is satisfied over time or at a point in time. Consequently, accrued assets is derecognised and contract liabilities is presented in statement of financial position and measured in accordance with HKFRS 15. The Group has applied HKFRS 15 retrospectively to early prior reporting period presented in accordance with HKAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, subject to the following practical expedients.

(i) for completed contracts, the Group does not restate contracts that begin and end within the same annual reporting period or are completed at the beginning of 2017; and

(ii) the Group neither disclose the amount of transaction price allocated to the remaining performance obligations at the beginning and end of 2017 nor explain the expected timing to recognise that amount as revenue.

The amount of adjustments for the line items in the following consolidated financial statements affected by the initial application of HKFRS 15 for 2017 are presented as follow:

Consolidated statement of profit or loss and other comprehensive income	**Increase/ (decrease)** RMB('000)
Revenue	(12,431)
Gross profit	(12,431)
Impairment of assets	(8,644)
Credit loss allowances	1,636
Profit before taxation	(5,423)
Taxation	(1,024)
Profit for the year	(4,399)
Basic and diluted earnings per share	(0.5 cent)

2. BASIS OF PREPARATION (Continued)

(e) Mandatory effective HKFRS (Continued)

HKFRS 15 *(Continued)*

	Increase/ (decrease) RMB('000)
Consolidated statement of financial position	
Deferred tax assets	(820)
Accrued assets	(27,667)
Trade receivables	10
Accruals and other payable	(24,056)
Contract liabilities	39,162
Deferred revenue	(8,068)
Net assets	(35,515)
Reserve	(32,477)
Attributable to non-controlling interest	(3,038)
Consolidated statement of cash flows	
Profit before taxation	(5,423)
Changes in trade receivables	(115)
Changes in accrued asset	(1,328)
Changes in accruals and other payable	(8,034)
Changes in contract liabilities	15,495
PRC enterprise income tax paid	(595)
Consolidated statement of changes in equity	
Profit and total comprehensive income for the year attributable to equity holders of the Company	(3,160)
Profit and total comprehensive income for the year attributable to non-controlling interests	(1,239)

Prior period adjustments resulting from the initial application of HKFRS 9 (2014) and HKFRS 15 are set out in note 30 to consolidated financial statements.

Apart from the above, the initial application of the amendments to HKAS 40 and HK(IFRIC)-Int 22 and the amendments of other HKFRS and HKAS in this year does not have material impact on the Group's financial performance and financial position for the current and prior years and on the disclosures set out in these consolidated financial statements.

2. BASIS OF PREPARATION (Continued)

(f) Impact of issued but not yet effective HKFRS

HKICPA has issued the following HKFRS, interpretation and amendments to HKFRSs and HKASs, ("the New Standards and Amendments") that would become effective from the accounting period beginning on or after the mandatory effective date set out below:

Title	Description	Mandatory effective date
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKAS 28	Long-term interests in Associates or Joint Venture	1 January 2019
Amendments to HKAS 19	Employee Benefits	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Transactions	1 January 2019
Annual improvements to HKFRSs 2015–2017 cycle	Amendment to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	1 January 2019

The Group does not early adopt the New Standards and Amendments in these consolidated financial statements. The Group is going to initially apply the Standards and Amendments in the first accounting period beginning on or after their respective mandatory effective dates. The Group has already commenced an assessment of the impact of the New Standards and Amendments, but not yet in a position to state whether the New Standards and Amendments would have a significant impact on its consolidated financial statements in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statement present the financial information of the Group. The followings are the specific accounting policies that are necessary for a proper understanding of the consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries, including those controlled through investment entity subsidiaries. Subsidiaries are those investees, including unincorporated company such as partnership, controlled by the Company. The Company controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power may be arising from holding of majority of voting rights in subsidiaries or from other means such as contractual arrangement.

A subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-consolidated from the date that control ceases. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from effective date of acquisition or up to the effective date of disposal, as appropriate.

The consolidated financial statements present financial information about the Group as a single economic entity. They combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company with those of its subsidiaries. The carrying amount of the holding company's investment in each subsidiary shall offset against the holding company's portion of equity of each subsidiary. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profits and losses resulting from intragroup transactions are eliminated in full unless the losses indicate an impairment that requires recognition in the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events and conditions in similar circumstances. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. The financial statements of the Company and of its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date (equivalent to the reporting date of the Company).

(b) Intangible assets

Intangible assets are measured at initial recognition at cost. After initial recognition, intangible assets with indefinite useful lives are measured at cost less accumulated amortisation and impairment losses, if any. They are not subject to amortisation but reviewed for impairment annually.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property, plant and equipment are measured at initial recognition at cost and subsequently measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price and conversion cost. Expenditure such as repairs and maintenance, overhaul costs and cost of restoring are normally charged to profit or loss when they are incurred. Where expenditure has resulted in an increase in the future economic benefit from the use of the property, plant and equipment, the expenditure is capitalised. On disposal or retirement, the cost together with associated accumulated depreciation and impairment losses, if any, of the property, plant and equipment are removed from the accounts and any gain or loss resulting from the disposal is included in profit or loss.

The residual value and useful lives of property, plant and equipment are reviewed annually. If necessary, the residual value, depreciation method or useful life of that asset is amended prospectively to reflect the new expectation. Depreciation is calculated using the straight-line method to write off the depreciable amount of each property, plant and equipment to profit or loss unless it is included in the carrying amount of another assets over its estimated useful lives. The following estimated useful lives are used for the depreciation of property, plant and equipment.

	2018	2017
Land and buildings held under finance lease	**30 years**	30 years
Furniture, fixtures and equipment	**5 years**	5 years
Motor vehicles	**5 years**	5 years

(d) Leased assets

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to profit or loss on straight-line basis over the lease term. Upfront payments on leasehold land and land use rights are charged to profit or loss on a straight-line basis over the lease term. Incentives such as rent-free period or subsidy on decoration, if any, are recognised as a reduction of rental expenses over the lease term on straight-line basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of assets

i) Intangible assets with indefinite useful lives

Intangible assets are evaluated based on the relevant profit after tax, appropriate discounting factor and expected growth rate, and computed using Relief from Royalty Valuation Method with several major assumptions. Impairment loss is determined by comparing the recoverable amount with carrying value of the intangible assets.

ii) Other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment and available-for-sale financial assets stated at cost may be impaired or, an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

Reversals of impairment losses

Impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. Reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year when reversals are recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Account receivables

Accounts receivables are measured at initial recognition at transaction price and subsequently measured at amortised cost using the effective interest method, less lifetime expected credit losses.

(g) Accounts and other payables

Accounts and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting is immaterial, in which case they are stated at cost.

(h) Composition of cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments

The accounting policy on this page applies to the consolidated financial statements for 2018 only

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability will be recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. At initial recognition, financial instruments are accounted for at trade date basis and measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs thereon. After initial recognition, financial assets and financial liabilities are measured at fair value or at amortised cost depending on their business models, contractual cash flows characteristics and classifications.

Financial assets other than those measured at amortised cost or at FVTOCI are classified as financial assets at FVTPL. Financial assets that are classified as held for trading or are designated at FVTPL at initial recognition for the purposes of avoiding accounting mismatch are classified as financial assets at FVTPL too. Derivatives are also categorised as held for trading unless they are designated as hedges. After initial recognition, financial assets at FVTPL are measured at fair value prior to the deduction of transaction costs. Gains or losses arising from changes in fair value or otherwise are recognised in profit or loss. Such gains or losses are presented separately from interest and dividends.

Non-derivative debt instruments that are held within a business model whose objective is to hold assets for collection of contractual cash flows and have specified settlement dates with fixed or determinable payments of principal and interest thereon are classified as financial assets at amortised cost. After initial recognition, financial assets at amortised cost are measured at amortised cost using effective interest method, less credit loss allowances. Interest income together with gains or losses resulting from derecognition are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

The accounting policy on this page applies to the consolidated financial statements for 2018 only *(Continued)*

At each reporting date, expected credit losses are recognised for individual or collective financial assets at amortised cost in profit or loss. The amounts of expected credit losses are measured at the present value of the difference between the contractual cash flows and the expected future cash flows.

By irrevocable election at initial recognition, investments in equity instruments that are neither held for trading nor contingent consideration in a business combination may also be classified as financial assets at FVTOCI. After initial recognition, this kind of financial assets at FVTOCI are measured at fair value with changes in fair value (including related foreign exchange component) recognised in other comprehensive income. Dividend income and the gain or loss on derecognition are recognised in profit or loss but changes in fair value recognised in other comprehensive income before derecognition are not reclassified to profit and loss.

Non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market are classified as financial liabilities at amortised cost. After initial recognition, financial liabilities at amortised cost are measured at amortised cost using the effective interest method. All financial liabilities at amortised cost are classified as current liabilities unless the Group has a pre-defined repayment schedule or an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Interest expenses are recognised in profit or loss. When the borrowing agreement contains clause that gives the lender unconditional right to demand repayment at any time disregarding the pre-defined repayment schedule, the financial liabilities at amortised cost is presented as a current liability in the statement of financial position irrespective of the probability that the lender will invoke the clause without cause.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

The accounting policy on this page applies to the consolidated financial statements for 2017 only

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability will be recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. At initial recognition, financial instruments are accounted for at trade date basis and measured at fair value plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs thereon. After initial recognition, financial assets and financial liabilities are measured at fair value, at amortised cost or at cost depending on their classifications.

Financial assets that are classified as held for trading or are designated at FVTPL at initial recognition are classified as financial assets at FVTPL. Derivatives are also categorised as held for trading unless they are designated as hedges. After initial recognition, financial assets at FVTPL are measured at fair value prior to the deduction of transaction costs. Gains or losses arising from changes in fair value or otherwise are recognised in profit or loss. Such gains or losses are presented separately from interest and dividends.

Non-derivative financial assets that are designated as available for sale or are not classified as other types of financial assets are classified as available-for-sale financial assets. After initial recognition, available-for-sale financial assets are measured at fair value prior to the deduction of transaction costs. Changes in fair value are recognised in other comprehensive income until derecognition. At derecognition, the changes in fair value accumulated in other comprehensive income are reclassified to profit or loss as a reclassification adjustment. Unquoted equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are also classified as available-for-sale financial assets. Such kind of available-for-sale financial assets are measured at cost after initial recognition. Interest calculated using the effective interest method, dividends on equity instrument, impairment loss, exchange gain or loss and gain or loss after derecognition are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

The accounting policy on this page applies to the consolidated financial statements for 2017 only *(Continued)*

When a decline in the fair value of an available-for-sale financial asset carried at fair value has been recognised in other comprehensive income and there is objective evidence that the available-for-sale financial asset has been impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment even though the available-for-sale financial asset has not been derecognised. The amount to be reclassified shall be the difference between the acquisition cost (net of principal repayment and amortisation) and the current fair value, less previously reclassified impairment loss. Impairment loss for an investment in an equity instrument classified as available-for-sale financial asset shall not be reversed through profit or loss. On the contrary, if the fair value of debt instrument classified as available-for-sale financial asset subsequently reverses, the carrying amount of the debt instrument is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been determined had no impairment loss been recognised for the debt instrument in prior years. A reversal of an impairment loss is recognised in profit or loss.

The Group shall assess at the end of each reporting period whether the available-for-sale financial assets carried at cost are impaired. If there is objective evidence that an impairment loss has been incurred, the Group shall recognise impairment loss in profit or loss. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial asset. The carrying amount of the available-for-sale financial assets shall be reduced directly. Such impairment losses shall not be reversed in subsequent period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee benefits

Salaries, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Annual bonus determined by the management by reference to the operating result of previous years, unless there are objective evidences showing that the bonuses are associated to the services rendered by employees in previous years are recognised as expenses at the time of payment.

The Group participates in a defined contribution retirement plan organised by the local municipal government for its staff. The Group is required to make contributions to the retirement plan at a certain rate of the salaries, bonuses and certain allowance of its staff. The contributions payable are charged to profit and loss on an accrual basis according to the contribution determined by the plan. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the plan is to pay the ongoing required contributions under the plan mentioned above.

(k) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each end of reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority; or

- the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions and contingent liabilities

Provision has been made for all legal or constructive obligations as a result of past events that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Contract assets, costs and liabilities

Contractual rights to consideration that is conditional in exchange for services transferred to customers are recognised as contract assets. Contract assets are initially measured at the transaction prices allocated to the performance obligations and subsequently measured at initially recognised amount plus additional transaction prices less the amounts transferred to trade receivable and lifetime expected credit losses.

Incremental costs of obtaining and specifically identified direct costs incurred to fulfil a contract with a customer, unless irrecoverable, are capitalised as an asset; all other contract costs are recognised as expenses. Capitalised contract costs are amortised to profit or loss on a systematic basis that reflect the timing of fulfilling performance obligations of related contract. When there is a significant change in the expected timing of fulfilling performance obligations to which the capitalised contract costs relate, the amortisation will be updated to reflect the change and accounted for as a change of accounting estimate. Impairment losses for capitalised contract costs are recognised in profit or loss if the capitalised contract costs exceed the net of unrecognised contract revenue and unrecognised contract costs of the related contract.

Considerations paid by customers for services that have not been transferred to the customers are recognised as contract liabilities. Contract liabilities are initially measured at the fair value of considerations received and subsequently measured at initially recognised amount less amounts offset against subsequently recognised trade receivable.

(n) Revenue recognition

Revenue consists of turnover and other revenue but excludes the reversal of impairment and of provisions. Turnover comprises revenue generated from the principal activities of the Group. Other revenue includes other net gain such as exchange gain (net of exchange loss) and gain on disposal of capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Revenue recognition (Continued)

Revenue from contracts with customers

Having gone through the 5-step revenue recognition process (i.e., identification of contracts, identification of performance obligations, determination of transaction price, allocation of transaction price to performance obligations and recognising revenue having satisfied a performance obligation), revenue from contracts with customers is measured on the following bases.

Management and strategic consultancy and market consultancy services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads. Performance obligation of such service contracts are generally divided into preliminary stage at inception of contract, progressing stage with draft report available, further progression with revised draft delivered and final stage of completion and acceptance. The consideration allocated in the contract generally correspond to their respective performance obligation, except for the initial payment at contract inception need to await for performance obligation to be satisfied, all other contract payments could be recognised as revenue when the rights to received such payment are established. Expected loss foreseeable by management is recognised as an expense immediately.

Information engineering supervision services

Information engineering supervision services revenue comprises the sum agreed by contractual parties. Cost of rendering services comprise labour and other cost directly engaged in providing the services and attributable overheads. Information engineering supervision service contracts are divided into two parts, viz. part A and part B. Part A refers to those services provided by the in-house staff of CCID Supervision; part B refers to those services provided by out-sourcing contractors which are subject to the approval of the staff-in-charge of CCID Supervision. Information engineering supervision services is the provision of project management services that serve to effectively manage, control, budget and hazard warning in order for the signed project to be implemented, progressed and completed with quality acceptance. Such services are similar to management and strategic consultancy with contract cycles divided into preliminary stage at contract inception, progressing stage with project's first acceptance check, further progression with second acceptance check and final and completion with completion acceptance check. The initial payment for supervision services usually serve earlier than its respective performance obligation and therefore should be deferred to contract liabilities until the performance obligation is satisfied; all other contract payments could be recognised as revenue when the rights to received such payment are established.

Revenue from the provision of training courses is recognised in accordance with the progress of the training programme which corresponds to its respective performance obligations.

Revenue is presented after deduction of value-added tax and sales tax, where applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Other income

Revenue from financial instruments

Interest income from financial assets other than credit-impaired financial assets is recognised using the effective interest method to the gross carrying amount on a time proportion basis. Interest income from purchased or originated credit-impaired financial assets is recognised using the credit-adjusted effective interest method to the amortised cost of the financial instruments. For those financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, interest income is recognised using the effective interest method to the amortised cost of the financial instruments in subsequent period.

Dividend income from financial assets is recognised in profit or loss when the shareholder's right to receive payment is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

(p) Translation of foreign currencies

The functional currency of the Company and its subsidiaries operating in PRC is Renminbi. Foreign currency transactions are translated into the functional currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the approximate rates of exchange ruling at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at that date when the fair value was measured. Exchange differences arising on the settlement or translation of foreign currency monetary items are recognised in profit or loss. However, exchange differences relating to a gain or loss on a non-monetary item that is recognised in other comprehensive income is recognised into other comprehensive income too.

(q) Related parties

For the purposes of these consolidated financial statements, a person is considered to be related to the Group if the person or a close member of that person's family has control or joint control over the Group; has significant influence over the Group; or is a member of the key management personnel of the Group or of a parent of the Company.

An entity is also related to the Group if any of the following conditions applies:

(a) Both the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(b) The members of the Group are associates or joint ventures of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) or vice versa;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Related parties (Continued)

(c) The members of the Group and the entity are joint ventures of the same third party;

(d) The members of the Group are joint ventures of a third entity and the entity is an associate of the third entity or the members of the Group are associates of the third entity and the entity is a joint venture of the third entity;

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(f) The entity is controlled or jointly controlled by a person who has control or joint control over the Group; has significant influence over the Group; or is a member of the key management personnel of the Group or of a parent of the Company;

(g) A person who has control or joint control over the Group has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(h) A management entity which provides key management personnel services to the Group or its parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependants of that person or that person's spouse or domestic partner.

(r) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction. Fair value can be determined based on quoted market price in an active market for identical assets or by valuation techniques such as market approach, cost approach or income approach. When valuation techniques are applied, observable inputs other than quoted market price and/or unobservable inputs will be used to estimate the fair value of the assets or liabilities. The Group shall use one or more valuation techniques to measure fair value consistently.

For those assets and liabilities measured at fair value, the assets or liabilities shall initially be measured at fair value. If the transaction price of the assets and liabilities differs from their fair value, the resulting gains or losses shall be recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Fair value measurement (Continued)

The fair value of the Group's assets and liabilities measured at the reporting date on a recurring and non-recurring basis, are categorised into the three-level fair value hierarchy as defined in HKFRS 13: Fair Value Measurement. The level into which a fair value measurement is classified is determined based on the observability and significance of the inputs used in the valuation technique. The fair value of Level 1 fair value hierarchy is measured using only unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. The fair value of Level 2 fair value hierarchy is measured using observable inputs other than quoted market prices and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available. The fair value of Level 3 fair value hierarchy is measured using significant unobservable inputs. Depending on the availability of the various inputs at the time of measurement, assets and liabilities measured at fair value may be classified in Level 1, 2 or 3 from time to time. If necessary, such assets and liabilities may be transferred from a level to another.

(s) Non-controlling interests

Non-controlling interests are the equity in subsidiaries that are not attributable to the equity holders of the Company. At acquisition date, the Group initially measures components of non-controlling interests in the acquiree at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. After initial recognition, the Group allocates the profit or loss and each component of other comprehensive income in subsidiaries to the non-controlling interests based on their proportionate share in the respective subsidiaries. Non-controlling interests in net assets which consist of the amount of those interests at the date of the original business combination and the share of changes in equity by the non-controlling parties since the date of the combination are presented separately from the controlling interests. Losses and other comprehensive income applicable to the non-controlling parties in excess of the non-controlling interests in the subsidiary equity are allocated to non-controlling interests even if this results in the non-controlling interests having a deficit balance. When the proportion of the equity held by non-controlling interests changes, it shall adjust the carrying amount of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. It shall recognise directly in the equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the equity holders of the Company.

(t) Separate financial statement

The Group regards the company-level statement of financial position of the Company presented in notes to consolidated financial statements as a separate financial statement. In the separate financial statement, the investments in subsidiaries, associates and joint ventures are measured at cost less impairment. The accounting policies of other assets, liabilities and equity in the company-level statement of financial position are similar to those used by the Group.

4. REVENUE

(a) Turnover

Turnover represents the sales value of services provided to customers (net of value-added tax), which excludes sales surtaxes. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2018 RMB('000)	(Restated) 2017 RMB('000)
Revenue from contracts with customers (Notes 4.1 and 4.2)		
Management and strategic consultancy services	**88,848**	65,827
Market consultancy services	**10,784**	15,910
Information engineering supervision services	**59,340**	49,361
Other	**8,395**	3,448
	167,367	134,546

Note 4.1		
Revenue from contracts with customers comprises:		
Revenue included in the contract liabilities balance at beginning of the year	**2,135**	—
Aggregate amount of transaction price allocated to unsatisfied performance obligation (Note 4.3)	**72,666**	N/A

Note 4.2

Information about the performance obligation for the revenue from contracts with customers is set out below.

Type of revenue	Timing of satisfaction	Significant payment terms	Other terms
Management consultancy, Market consultancy and others	Delivery of first draft, revised draft and final report	By installment per agreed terms at contract inception, delivery of first draft, revised draft and final report upon acceptance	No
Information engineering supervision	Implementation of project management, project progress acceptance and project final acceptance check	By installment per agreed terms at contract inception, project implementation, progress acceptance and final acceptance check upon completion	Contain retention period clause for certain contracts

4. REVENUE (Continued)

(a) Turnover (Continued)

Note 4.3

The transaction price related to unsatisfied performance obligation comprises revenue from information engineering supervision services that is expected to be recognised over the next 18 months. The Group has applied practical expedient to exempt the disclosure of information about unallocated transaction price related to management and strategic consultancy services, market consultancy services and other services; accordingly, the transaction price of unperformed obligation disclosed in this note does not include the unallocated transaction price of these revenue. No consideration from contracts with customers are of variable nature or are not included in the transaction price; therefore, unless practical expedient is applied, information about transaction price related to unsatisfied performance obligation has covered all consideration from contracts with customers.

(b) Other revenue

	2018 RMB('000)	2017 RMB('000)
Interest income from bank deposits	**2,155**	986
Investment income	**1,199**	784
Dividend income	**350**	—
Exchange gain, net	—	2
Sundry income	**1,206**	337
	4,910	2,109

5. CREDIT LOSS ALLOWANCES AND IMPAIRMENT OF ASSETS

	2018 RMB('000)	(Restated) 2017 RMB('000)
Trade receivables (Note 5.1)	**1,659**	1,317
Other receivables	**46**	319
Total	**1,705**	1,636

5. CREDIT LOSS ALLOWANCES AND IMPAIRMENT OF ASSETS (Continued)

Note 5.1

The Group measures lifetime expected credit losses based on the categories of customers (see note 37), expected credit loss rates and ageing analysis of gross carrying amount. Expected loss rates are determined by reference to historical data over the past 2 years (2017: 2 years) adjusted with the credit quality of individual customers, current economic conditions and the forecast economic conditions over the expected lives of the trade receivables. In view of the macroeconomic in PRC show no material unfavourable factors to the customers of the Group, the management does not expect significant credit loss due to credit curtailment. There are no changes in the estimation techniques or significant assumptions made during the year from preceding reporting period. The following table provides information about the Group's exposure to credit risk and expected credit loss for trade receivables and the expected credit loss/(gain) recognised in profit or loss.

	2018			2017		
	Expected credit loss rates	**Gross carrying amount RMB('000)**	**Expected credit loss RMB('000)**	Expected credit loss rates	Gross carrying amount RMB('000)	Expected credit loss RMB('000)
Low-Risk Customers						
No past due	**0%**	**5,897**	**—**	0%	2,438	—
High-Risk Customers						
No past due	**0%**	**—**	**—**	0%	—	—
1–60 days past due	**0%**	**6,251**	**—**	0%	5,882	—
61–365 days past due	**0%**	**3,473**	**—**	0%	4,982	—
More than a year past due	**80%**	**13,583**	**10,904**	80%	11,556	9,245
Total		**29,204**	**10,904**		24,858	9,245
Less: Expected credit loss at beginning of year			**(9,245)**			(7,928)
Expected credit loss/(gain) recognised in profit or loss			**1,659**			1,317

6. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follows:

	2018 RMB('000)	2017 RMB('000)
Auditor's remuneration	**420**	404
Auditor's expenses	**—**	—
	420	404

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

a) Net (gain)/loss on financial instruments

	2018 RMB('000)	2017 RMB('000)
Financial assets and liabilities at fair value through profit or loss at initial recognition	**(20)**	(1)

b) Staff costs (including directors' and supervisors' remuneration)

	2018 RMB('000)	2017 RMB('000)
Fees, salaries, wages and other short-term benefits	**74,014**	52,496
Retirement benefit scheme contributions	**16,719**	13,078
Total staff costs	**90,733**	65,574

Total staff costs include research and development costs amounted to RMB15,372 thousand (2017: RMB9,924 thousand).

At 31 December 2018, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2017: Nil).

c) Other items

	2018 RMB('000)	2017 RMB('000)
Cost of services provided#	**78,286**	70,091
Depreciation#	**1,584**	1,402
Operating lease rental: Minimum lease payments#	**2,261**	2,400
Research and development cost#	**15,372**	9,924
# The cost of services provided included:		
Depreciation	**1,003**	955
Staff cost	**46,111**	41,653
Operating lease rental: Minimum lease payments	**1,020**	1,443

8. TAXATION

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2018 RMB('000)	(Restated) 2017 RMB('000)
PRC enterprise income tax		
Provision for the year	**5,651**	5,451
Deferred tax — temporary differences	**(696)**	(1,338)
	4,955	4,113

No provision for Hong Kong profits tax has been made as the Group has no profits assessable to Hong Kong profits tax for the year ended 31 December 2018 (2017: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group concerned operates based on prevailing legislation, interpretations and practices during the year.

Pursuant to the Income Tax Law of PRC, the members in the Group (except the Company and CCID Supervision) are subject to a corporate income tax at a rate of 25% (2017: 25%).

The Company and CCID Supervision are high and new technology enterprise registered in the Beijing New Technology Enterprise Development Zone. Pursuant to the Income Tax Law of PRC, it is subject to a corporate income tax at a rate of 15% (2017: same).

Major unrecognised deferred tax at the end of reporting period is disclosed in note 26(b) to the consolidated financial statements.

8. TAXATION (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2018 RMB('000)	(Restated) 2017 RMB('000)
Profit before taxation	**38,559**	23,083
Applicable tax rate	**25%**	25%
Product of accounting profit multiplied by applicable tax rate	**9,640**	5,771
Tax effect of non-deductible expenses	**431**	373
Preferential tax rate granted to high technology industry	**(3,688)**	(3,555)
Tax effect of unused tax losses	**84**	1,163
Tax effect of unrecognised but taxed income	**1,691**	580
Tax effect of recognised but not deductible expenses	**127**	1,557
Tax effect of recognised but untaxed income	**(247)**	(45)
Tax effect of non-taxable revenue	**(853)**	(376)
Tax effect of prior year recognised but not yet deducted expenses for current year	**(1,020)**	—
Tax effect of tax losses in prior years offsetting taxable profit for current year	**(629)**	(95)
Adjustment on deferred tax expenses	**(696)**	(1,338)
Other adjustments	**115**	78
Tax expense	**4,955**	4,113

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

Remuneration of directors (including former directors and shadow directors) and supervisors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2018 RMB('000)	2017 RMB('000)
Acting as directors		
Fees	**269**	283
Provision of management services		
Emoluments (including benefit in kind)	**328**	807
	597	1,090

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Details of directors' and supervisors' and past directors' (including general manager) remuneration disclosed pursuant to Rule 18.28 of the GEM Listing Rules are as follows:

2018

	Fees RMB('000)	Salaries and other benefit RMB('000)	Discretionary bonus RMB('000)	Retirement benefits scheme contributions RMB('000)	Total RMB('000)
Executive director					
Zhao Zeming	43	—	—	—	43
Non-executive director					
Luo Junrui	—	—	—	—	—
Independent non-executive directors					
Guo Xinping	57	—	—	—	57
Li Xuemei	57	—	—	—	57
Xia Yinan	57	—	—	—	57
Supervisors					
Xia Lin	43	—	—	—	43
Chen Ying	—	—	—	—	—
Ma Xin	12	208	38	82	340
	269	208	38	82	597
General manager					
Sun Huifeng	—	684	497	125	1,306
Total for 2018	269	892	535	207	1,903

No emoluments were paid by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2018 (2017: Nil). No directors and supervisors forfeited any emolument during the year ended 31 December 2018 (2017: Nil).

Throughout 2018, the Company made no loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company, their controlled body corporate or their connected entities; the subsidiary undertakings of the Company also made no loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

In the opinion of the Directors, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the financial year.

2017

	Fees RMB('000)	Salaries and other benefit RMB('000)	Discretionary bonus RMB('000)	Retirement benefits scheme contributions RMB('000)	Total RMB('000)
Executive directors					
Luo Junrui (Note 9.1)	21	—	100	—	121
Zhao Zeming (Note 9.2)	4	—	—	—	4
Non-executive directors					
An Guangyou (Note 9.3)	26	—	—	—	26
Luo Junrui (Note 9.1)	8	—	—	—	8
Independent non-executive directors					
Guo Xinping (Note 9.4)	44	—	—	—	44
Han Fuling (Note 9.5)	39	—	—	—	39
Li Xuemei (Note 9.4)	44	—	—	—	44
Xia Yinan (Note 9.6)	5	—	—	—	5
Supervisors					
Xia Lin (Note 9.7)	4	—	—	—	4
Hu Yun (Note 9.8)	14	207	117	113	451
Chen Ying (Note 9.9)	30	—	—	—	30
Gong Ping (Note 9.10)	12	—	—	—	12
Ma Xin (Note 9.11)	32	168	33	69	302
	283	375	250	182	1,090
General manager					
Sun Huifeng	—	666	201	114	981
Total for 2017	283	1,041	451	296	2,071

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Notes:

9.1 By the Extraordinary General Meeting held on 24 November 2017, the shareholders of the Company resolved to re-elect and assign Mr. Luo Junrui as non-executive Director with effect from 25 November 2017.

9.2 By the extraordinary general meeting of the Company held on 24 November 2017, the shareholders of the Company resolved to appoint Mr. Zhao Zeming as an executive Director of the Company with effect from 25 November 2017.

9.3 Mr. An Guangyou retired from his position as non-executive Director of the Company with effect from 25 November 2017. Mr. An Guangyou confirmed that there was no disagreement with the board of directors and there is no other matters concerning his retirement that need to be brought to the attention of the shareholders.

9.4 By the extraordinary general meeting of the Company held on 24 November 2017, the shareholders of the Company resolved to re-elect Mr. Guo Xinping and Ms. Li Xuemei as the independent non-executive Directors with effect from 25 November 2017.

9.5 Mr. Han Fuling retired from his position as independent non-executive Director of the Company with effect from 25 November 2017. Mr. Han Fuling confirmed that there was no disagreement with the board of directors and there is no other matters concerning his retirement that need to be brought to the attention of the shareholders.

9.6 By the extraordinary general meeting of the Company held on 24 November 2017, the shareholders of the Company resolved to appoint Mr. Xia Yinan as an independent non-executive Director with effect from 25 November 2017.

9.7 By the extraordinary general meeting of the Company held on 24 November 2017, the shareholders of the Company resolved to appoint Ms. Xia Lin as a supervisor with effect from 25 November 2017.

9.8 Ms. Hu Yun resigned from her position as shareholder's representative supervisor of the Company on 13 June 2017 with immediate effect. Ms. Hu Yun confirmed that there was no disagreement with the board of directors and the supervisory committee and there is no other matters concerning her resignation that need to be brought to the attention of the shareholders.

9.9 By the extraordinary general meeting of the Company held on 24 November 2017, the shareholders of the Company resolved to re-elect Ms. Chen Ying as the shareholder's representative supervisor with effect from 25 November 2017.

9.10 By the annual general meeting of the Company held on 13 June 2017, the shareholders of the Company resolved to appoint Mr. Gong Ping as the shareholders' representative supervisor of the Company with immediate effect.

Mr. Gong Ping retired from his position as shareholder's representative supervisor of the Company with effect from 25 November 2017. Mr. Gong Ping confirmed that there is no disagreement with the board of directors and the supervisory committee and there is no other matters concerning his retirement that need to be brought to the attention of the shareholders.

9.11 By the congress of staff held on 24 November 2017, Ms. Ma Xin was re-elected as the staff representative supervisor of the Company with effect from 25 November 2017.

10. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments, one (2017: one) of them is a general manager whose emoluments are disclosed in note 9 to consolidated financial statements. The aggregate of the emoluments in respect of the other four (2017: four) individuals are as follows:

	2018 RMB('000)	2017 RMB('000)
Salaries and other benefits	**1,958**	1,715
Discretionary bonuses	**2,162**	842
Retirement benefit scheme contributions	**500**	447
	4,620	3,004

	2018	2017
Emolument bands		
Within RMB1,000,000	**3**	4
RMB1,000,001 to RMB2,000,000	**1**	—
	4	4

No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2018 (2017: Nil).

11. OTHER COMPREHENSIVE INCOME

Other comprehensive income for the year does not have associated tax expenses and/or benefit (2017: Nil).

12. EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

Diluted

As there were no dilutive potential shares outstanding during the year, the diluted earnings per share is identical to the basic earnings per share.

Effects of prior period adjustments to earning per share were disclosed in note 30 to the consolidated financial statements.

The basic and diluted earnings per share are computed as follows:

	2018	(Restated) 2017
Profit attributable to equity holders of the Company (RMB('000))	**28,820**	16,406
Divided by weighted average number of issued shares (thousand shares)	**700,000**	700,000
Basic and diluted earnings per share (RMB cents)	**4.1**	2.3

13. OPERATING SEGMENTS

Descriptive information about the Group's reportable segments

The Group's operating segments are structured and managed separately, according to the nature of their operations and the products and services they provide. Each operating segment represents a strategic business unit that provides services which are subject to risks and returns that are different from those of other operating segments. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following three reportable segments. All of their respective reported revenue and absolute amount of reported profit or loss exceed the 10% threshold prescribed by HKFRS 8: Operating Segment.

- the management and strategic consultancy services segment provides services involving the application and implementation of enterprise management information digitalisation. 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;

13. OPERATING SEGMENTS (Continued)

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

- the market consultancy services segment provides two kinds of services: standard research on specific sectors and tailor-made research; and
- the information engineering supervision services segment provides information engineering supervision services to undertaken projects.

In addition, the Group has provision of data information design services segment and training services segment whose scale of operation do not meet quantitative thresholds of reportable segments. Provision for data information design services and training services segment have been included in other segments.

Measurement of segment profit or loss, assets and liabilities

For the purpose of assessing segment performance and allocating resources among segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:-

Segment assets include all tangible assets, intangible assets, financial assets and current assets directly managed by the segments. Segment liabilities include trade creditors, accruals and loans attributable to the operating and sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted earnings before taxation". To arrive at adjusted earnings before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segment, such as head office or corporate administration cost.

13. OPERATING SEGMENTS (Continued)

Financial information about profit and loss, assets and liabilities of reportable segments

	Management and Strategic Consultancy Services Segment RMB('000)	Market Consultancy Services Segments RMB('000)	Information Engineering Supervision Services Segment RMB('000)	Other Segment RMB('000)	Total RMB('000)
2018					
Revenue from external customers	**88,913**	**10,719**	**64,752**	**2,983**	**167,367**
Inter-segment income	**9,323**	**—**	**—**	**323**	**9,646**
Segment profit	**47,783**	**6,932**	**33,275**	**1,091**	**89,081**
Depreciation and amortisation	**(842)**	**(101)**	**(613)**	**(28)**	**(1,584)**
Taxation	**(2,632)**	**(318)**	**(1,917)**	**(88)**	**(4,955)**
Other material non-cash items:					
— Impairment loss	**(1,659)**	**—**	**(46)**	**—**	**(1,705)**
Addition of property, plant and equipment	**978**	**—**	**99**	**—**	**1,077**
Reportable segment assets	**11,339**	**1,216**	**5,697**	**48**	**18,300**
Reportable segment liabilities	**32,342**	**—**	**20,752**	**—**	**53,094**
	185,545	**18,448**	**121,999**	**4,329**	**330,321**
2017 (Restated)					
Revenue from external customers	65,827	15,910	49,361	3,448	134,546
Inter-segment income	1,910	—	270	78	2,258
Segment profit	31,222	9,780	23,219	234	64,455
Depreciation and amortisation	(703)	(152)	(513)	(34)	(1,402)
Taxation	(2,062)	(445)	(1,506)	(100)	(4,113)
Other material non-cash items:					
— Impairment loss	(1,613)	—	(23)	—	(1,636)
Addition of property, plant and equipment	309	—	455	—	764
Reportable segment assets	6,024	5,675	6,021	1,787	19,507
Reportable segment liabilities	24,911	—	21,697	1,505	48,113
	125,825	30,768	98,981	6,918	262,492

13. OPERATING SEGMENTS (Continued)

Reconciliations of reportable segment revenue, profit, assets and liabilities

	Revenue RMB('000)	Profit RMB('000)	Assets RMB('000)	Liabilities RMB('000)
2018				
Total per reportable segments	**177,013**	**89,081**	**18,300**	**53,094**
Elimination	**(9,646)**	—	—	—
Other revenue and net gains	—	**4,910**	—	—
Other operating expenses	—	**(52,143)**	—	—
Unallocated assets	—	—	**243,776**	—
Unallocated liabilities	—	—	—	**36,420**
Other material non-cash items:				
— Taxation	—	**(4,955)**	—	—
— Depreciation	—	**(1,584)**	—	—
— Impairment loss	—	**(1,705)**	—	—
Total per consolidated financial statements	**167,367**	**33,604**	**262,076**	**89,514**
2017 (Restated)				
Total per reportable segments	136,804	64,455	15,613	48,113
Elimination	(2,258)	—	—	—
Other revenue and net gains	—	2,109	—	—
Other operating expenses	—	(40,443)	—	—
Unallocated assets	—	—	204,534	—
Unallocated liabilities	—	—	—	22,475
Other material non-cash items:				
— Taxation	—	(4,113)	—	—
— Depreciation	—	(1,402)	—	—
— Impairment loss	—	(1,636)	—	—
Total per consolidated financial statements	134,546	18,970	220,147	70,588

Geographical segments

The non-current assets of the Group other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contract; and the operations and customers of the Group are located in the PRC, which is considered as one geographic location in an economic environment with similar risks and returns (2017: same).

13. OPERATING SEGMENTS (Continued)

Information about major customers

No single external customer generated the revenue which represented 10% or more of the Group's total revenue for the year (2017: same).

14. PROPERTY, PLANT AND EQUIPMENT

	Cost RMB('000)	Accumulated depreciation and accumulated impairment losses RMB('000)	Carrying amount RMB('000)
Leasehold land and buildings			
Balance at beginning of 2017	32,819	(15,269)	17,550
Depreciation	—	(1,041)	(1,041)
Balance at end of 2017 and beginning of 2018	32,819	(16,310)	16,509
Depreciation	—	(1,041)	(1,041)
Balance at end of 2018	32,819	(17,351)	15,468
Furniture, fixtures and equipment			
Balance at beginning of 2017	3,163	(2,288)	875
Additions	764	—	764
Depreciation	—	(325)	(325)
Balance at end of 2017 and beginning of 2018	3,927	(2,613)	1,314
Additions	1,077	—	1,077
Depreciation	—	(509)	(509)
Balance at end of 2018	5,004	(3,122)	1,882

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Cost RMB('000)	Accumulated depreciation and accumulated impairment losses RMB('000)	Carrying amount RMB('000)
Motor vehicles			
Balance at beginning of 2017	1,402	(1,262)	140
Depreciation	—	(36)	(36)
Balance at end of 2017 and beginning of 2018	1,402	(1,298)	104
Depreciation	—	(34)	(34)
Balance at end of 2018	1,402	(1,332)	70
Total			
Balance at beginning of 2017	37,384	(18,819)	18,565
Additions	764	—	764
Depreciation	—	(1,402)	(1,402)
Balance at end of 2017 and beginning of 2018	38,148	(20,221)	17,927
Additions	1,077	—	1,077
Depreciation	—	(1,584)	(1,584)
Balance at end of 2018	39,225	(21,805)	17,420

The carrying amount of property, plant and equipment held under finance lease at the reporting date amounted to RMB15,468 thousand (2017: RMB16,509 thousand).

15. INTERESTS IN SUBSIDIARIES

List of subsidiaries

Name	Place of incorporation and business operation	Registered capital RMB('000)	Proportion of ownership interest	Nature of business
Beijing CCID Industry and Information Engineering Design Center Co., Ltd.	Beijing, PRC	50,000	95%	Provision of data information and design consultancy services
Beijing CCID Industry and Information Engineering Supervision Center Co., Ltd.	Beijing, PRC	10,000	66.5%	Provision of information engineering supervision and training services
Beijing CCID Capital Consulting Co., Ltd.	Beijing, PRC	500	99%	Provision for investment consultancy services
Beijing CCID Strategy Management Consulting Co., Ltd.	Beijing, PRC	5,000	99%	Provision for management consultancy services
Beijing CCID County Strategy Consulting Co., Ltd.	Beijing, PRC	5,000	90.1%	Provision for economic consultancy services
Shenzhen CCID Strategy Consulting Co., Ltd.	Shenzhen, PRC	1,000	100%	Provision for management consultancy Services
CCID (Shanghai) Advanced Manufacturing Research Center Co., Ltd.	Shanghai, PRC	5,000	100%	Provision for management consultancy Services

Notes:

15.1 The Group has no subsidiary having material non-controlling interests.

15.2 The Group holds the same portion of voting rights of its subsidiaries as its respective ownership interests.

16. INTANGIBLE ASSETS

	2018 RMB('000)	2017 RMB('000)
Information database with indefinite useful lives		
Cost	**38,268**	38,268
Accumulated amortisation and impairment losses	**(23,587)**	(23,587)
Balance at beginning and end of year	**14,681**	14,681

The information database is stored in the computer system to offer assistance in providing customers with data content of consultation business. The information database is updated on a continuous basis, and now it has stored more than 16,000,000 units. The Company and the Group depend on 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.

Prior to 2008, the intangible assets used to be recognised as expenses on straight-line basis based on its estimated useful life of 10 years. The amortised expenses were included in cost of sales in the profit or loss.

At the beginning of 2008, the Group reformed its website, and introduced a website with brand new layout in the middle of 2008, which was named www.cciddata.com. As a new version of website was introduced to the market, the management held that the carrying value of the information database might not reflect its fair value. They engaged LCH (Asia-Pacific) Surveyors Limited (hereinafter referred to as "the Surveyor") to revalue the information database. Because the Group reformed its website at the beginning of 2008, the Surveyor, in order to clearly differentiate values of the original and present websites and the associated costs, revalued the information database on the basis of 1 January 2008, and measured the information database by means of weighted-average cost of capital. In considering the basis of measurement, one of the major presumptions of the Surveyor was the useful life of the information database. The surveyor presumed that the useful life of the information database could be prolonged indefinitely on the condition that it was under ongoing maintenance and data update. As such, the estimated useful life of the information database is indefinite. According to the Directors, the Group relies on the information provided by the information database to make profits, and the Group has to maintain the information database and to update its data in the foreseeable future. The Directors regard that the foregoing assumption made by the Surveyor corresponds to the present situation and long-term development orientation of the Group.

16. INTANGIBLE ASSETS (Continued)

According to the Surveyor's report, the valuation of the information database at 1 January 2008 is RMB15,000,000. As the information database does not have active market to justify its fair value, it is stated at cost less accumulated amortisation and impairment losses in accordance with paragraph 74 of HKAS 38 ("Intangible assets"). As the useful life of the information database is indefinite, no amortisation is made for it according to paragraph 107 of HKAS 38 ("Intangible assets"), but it needs to be tested for impairment annually according to paragraph 10 of HKAS 36 ("Impairment of assets").

At the end of financial year, the management estimated the recoverable amount of the intangible assets using the Relief from Royalty Valuation Method and adopted Discounted Cash Flow analyses with the following major assumptions.

	2018 RMB('000)	2017 RMB('000)
Relevant net cash flows	**1,841**	1,654
Long-term growth rate	**2.55%**	2.55%
Applicable tax rate	**15.30%**	15.21%
Discounting factor	**13.70%**	13.70%
Recoverable amount by Relief from Royalty Valuation Method	**16,507**	16,000

According to the estimation of the management, the recoverable amount of the information database at the end of reporting period is not less than its carrying amount, thus provision for impairment loss is not necessary.

At 31 December 2017, the recoverable amount of the intangible assets was evaluated by independent external surveyor.

17. FINANCIAL INSTRUMENTS

	2018 RMB('000)	(Restated) 2017 RMB('000)
Investments		
Financial assets at FVTPL designated upon initial recognition (note 17.1)	—	168
Financial assets mandatorily measured at FVTPL (note 17.2)	**30,188**	—
Available-for-sale financial assets at fair value	—	70,000
Available-for-sale investments, at cost (note 17.3 & 17.4)	—	8,657
Less: Impairment loss	—	(6,667)
Equity instrument at FVTOCI (note 17.3)	**4,749**	—
	34,937	72,158
Long-term investment	**(4,749)**	(1,990)
Current investment	**30,188**	70,168
Trade and other receivables		
Financial assets at amortised cost		
Trade receivable	**18,300**	—
Financial assets mandatorily measured at FVTPL		
Other receivable	**9,928**	—
Loans and receivable		
Trade receivable	—	15,613
Other receivable	—	8,258
	28,228	23,871
Cash and cash equivalents		
Financial assets mandatorily measured at FVTPL	**160,693**	—
Loans and receivables	—	86,148
	160,693	86,148

17. FINANCIAL INSTRUMENTS (Continued)

	2018 RMB('000)	(Restated) 2017 RMB('000)
Trade and other payables		
Financial liabilities at amortised cost		
Trade payable	**2,264**	1,078
Other payable	**9,351**	11,600
	11,615	12,678
Total		
Financial assets at FVTPL designated upon initial recognition	**—**	168
Financial assets mandatorily measured at FVTPL	**200,809**	—
Financial assets at FVTOCI	**4,749**	—
Available-for-sale financial assets at fair value	**—**	70,000
Available-for-sale investments, at cost	**—**	1,990
Financial assets at amortised cost	**18,300**	—
Loans and receivables	**—**	110,019
Less: Financial liabilities at amortised cost	**(11,615)**	(12,678)
	212,243	169,499

Notes:

17.1 This class of financial assets stated at fair value are measured at quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date (i.e. Level 1 inputs).

17.2 This class of available-for-sale financial assets stated at fair value is measured at unobservable quoted price (unadjusted) provided by market participant for identical assets or liabilities that the Group can access at the measurement date (i.e. level 3 inputs).

17.3 Unlisted shares refer to 19.9% (2017: 19.9%) equitable interests in Beijing CCID Exhibition Co., Ltd. held by CCID Supervision. The fair value of the financial assets as at beginning and end of 2018 was estimated by independent surveyor using certain unobservable inputs.

17.4 Available-for-sale financial assets neither have quoted prices in active market nor equity-link derivatives for references. The fair value of the available-for-sale financial assets is undisclosable in absence of reliable basis of measurement in accordance with the respective 2017 accounting policy.

17.5 The average credit period of the loans and receivable and the available-for-sale financial assets measured at cost based on which the fair value is measured is 1 year (2017: same). In this situation, such loans and receivable and the available-for-sale financial assets are exempted from discounting.

17. FINANCIAL INSTRUMENTS (Continued)

	2018 RMB('000)	(Restated) 2017 RMB('000)
Assets and liabilities measured at fair value on recurring basis		
Level 1 of fair value hierarchy		
Financial assets at FVTPL	**188**	168
Level 3 of fair value hierarchy		
Financial assets mandatorily measured at FVTPL		
— Asset portfolio wealth management product	**—**	40,000
— Interest rate linked structural product	**30,000**	30,000
— Other receivable	**9,928**	8,258
— Cash and cash equivalents	**160,693**	86,148
Equity instrument at FVTOCI	**4,749**	—
	205,370	164,406
Total	**205,558**	164,574

During the year, there was no transfer between level 1 and level 3 fair value hierarchies. The Group's policy is to recognize transfers between levels of fair value hierarchy at the end of reporting period in which they occur.

Valuation techniques and inputs used in Level 3 fair value hierarchy

Financial assets mandatory measured at FVTPL

The fair values of asset portfolio management product and interest rate linked structural product are determined using the unobservable quoted prices (unadjusted) provided by the bankers.

The average repayment period for other receivable is 1 year or less and the applicable discounting factor is extremely low, thus the fair value is the same to its carrying value.

The fair value of cash and cash equivalents is based on balance per bank statements adjusted with unpresented cheques, if any, together with the cash on hand, should the bank accounts and cash on hand be denominated in foreign currencies, the adjusted balances shall be translated to presentation currency at the exchange rate ruling at the reporting date.

17. FINANCIAL INSTRUMENTS (Continued)

Valuation techniques and inputs used in Level 3 fair value hierarchy (Continued)

Equity instrument at FVTOCI

The fair value of the equity instrument is based on adjusted net asset value (assets based method), the net asset value of Beijing CCID Exhibition Co., Ltd. as at 31 December 2018 is RMB23,682 thousand (2017: RMB20,236 thousand), the surveyor adjusted the net asset value based on replacement costs at each year end date, the asset increment adjustment for 2018 is 0.77% (2017: 0.6%).

Reconciliation statement of available-for-sale financial assets categorized within Level 3 of fair value hierarchy:

	2018 RMB('000)	(Restated) 2017 RMB('000)
Balance at beginning of year	**164,406**	20,000
Matured during the year	**(70,000)**	(20,000)
Acquired during the year	**30,000**	70,000
Changes in financial assets mandatorily measured at FVTPL	**1,670**	109,788
Equity instrument transferred from at cost to FVTOCI	**4,749**	—
Net changes in cash and cash equivalents	**74,545**	(15,382)
Balance at end of year	**205,370**	164,406

Narrative description of sensitivity of the fair value measurements categorized within Level 3 of fair value hierarchy

There is no significant unobservable input used in the fair value measurements of the financial assets.

18. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable is as follows:-

	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2018			
Within 60 days	**1,062**	**8,811**	**9,873**
61 days to 180 days	**—**	**2,378**	**2,378**
181 days to 365 days	**—**	**2,065**	**2,065**
Over 365 days	**200**	**3,784**	**3,984**
	1,262	**17,038**	**18,300**
2017			
Within 60 days	108	5,890	5,998
61 days to 180 days	—	3,472	3,472
181 days to 365 days	—	2,150	2,150
Over 365 days	206	3,787	3,993
	314	15,299	15,613
Beginning of 2017			
Within 60 days	9	3,302	3,311
61 days to 180 days	200	3,088	3,288
181 days to 365 days	—	1,074	1,074
Over 365 days	6	5,433	5,439
	215	12,897	13,112

The general credit terms of the Group range from 60 to 365 days. 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 ageing analysis is presented on the basis of the date of relevant invoice.

18. ACCOUNTS RECEIVABLE (Continued)

Reconciliation of lifetime expected credit loss allowance account:

	2018 RMB('000)	(Restated) 2017 RMB('000)
Balance at beginning of year	**9,245**	7,928
Loss allowances measured by simplified approach	**1,659**	1,471
Recovered	—	(154)
Balance at end of year	**10,904**	9,245

During the year, the Group succeeded in a legal proceeding against a defaulted customer, the debt collection is under execution.

19. DUE FROM RELATED PARTIES

Amounts due from related parties included in accounts receivable and others receivable are as follows:

	2018 RMB('000)	(Restated) 2017 RMB('000)
Name of related parties		
CCID	**1,262**	308
MIICMD	**50**	50
CCID Network Information Technology Co., Ltd.	—	6
	1,312	364

The above related parties are controlled by CCID. The amounts due from related parties are unsecured and interest-free.

20. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2018 RMB('000)	2017 RMB('000)
Advances to employees	**9,453**	7,982
Prepayments	**1,312**	1,659
Rental and other deposits	**135**	135
Other receivable	**475**	276
	11,375	10,052

Apart from rental and other deposits, all prepayments and other receivables are expected to be recovered/utilized within one year.

21. CASH AND CASH EQUIVALENTS

	2018 RMB('000)	2017 RMB('000)
Cash at banks and on hand	**160,305**	85,660
Secured deposits	**388**	488
Balance per consolidated statement of financial position and consolidated statement of cash flows	**160,693**	86,148

Included in cash and cash equivalents in the consolidated statements of financial position are the following amounts denominated in a currency other than the functional currency of the Group:

	Original currency		RMB equivalent	
	2018	2017	2018 RMB('000)	2017 RMB('000)
United States dollars	**2**	2	**—**	—

22. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable is as follows:

	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2018			
Within 60 days	**—**	**1,328**	**1,328**
Over 365 days	**882**	**54**	**936**
	882	**1,382**	**2,264**
2017			
Within 60 days	142	—	142
Over 365 days	882	54	936
	1,024	54	1,078

Amount due to related parties are analysed as follow:

	2018 RMB('000)	2017 RMB('000)
Name of related parties		
Beijing CCID Translation Technology Co., Ltd	**—**	142
Beijing CCID Guo Ruan Certification Co., Ltd	**882**	882
	882	1,024

The Group and the related parties are within the CCID Group and are under common control of the same ultimate holding company. Amounts due to related parties are unsecured, interest-free and have no fixed repayment term.

23. CONTRACT LIABILITIES

	2018 RMB('000)	2017 RMB('000)
Contract liabilities		
Received in advance		
Opening balance	**35,834**	23,184
Net change on payment made by customers before fulfillment of performance obligation and revenue recognised	**5,390**	12,650
Closing balance	**41,224**	35,834
Deferred revenue		
Opening balance	**3,328**	483
Net change on VAT invoices issued before fulfillment of performance obligation and revenue recognised	**6,278**	2,845
Closing balance	**9,606**	3,328
Total	**50,830**	39,162

From 1 September 2012 onward, the revenue of the Group recognised in accordance with PRC accounting standard shall be measured by reference to the face value of VAT invoices issued pursuant to the PRC tax law. According to the HKFRS, the revenue from the provision of services shall be measured by reference to satisfaction of performance obligation. Those billed (by the way of VAT invoices) but unrecognized revenue is credited to deferred revenue under contract liabilities in order to reconcile the difference of these two sets of generally accepted accounting principle.

Since the amortisation period of the incremental costs of obtaining a contract would be one year or less, the Group has applied practical expedient set out in paragraph 94 of HKFRS 15 to recognise the incremental costs of obtaining a contract as expenses when incurred.

24. ACCRUALS AND OTHER PAYABLES

	2018 RMB('000)	(Restated) 2017 RMB('000)
Accrued salaries and welfares	**17,130**	11,256
Provision for social insurance fees and the public housing funds	**2,587**	1,668
Other tax payable	**4,463**	3,185
Other payable	**4,100**	4,020
	28,280	20,129

25. DUE TO RELATED PARTIES

	2018 RMB('000)	2017 RMB('000)
Immediate holding company	**5,121**	6,738
Related company	**130**	842
	5,251	7,580

Notes:

25.1 The amount due to the immediate holding company at 31 December 2018 included the balance payable for the acquisition of the ninth and tenth floors of CCID Plaza. The balance payable is interest-free and payable in accordance with the terms of the relevant property purchase agreement (2017: same).

25.2 The amounts due to other related companies are unsecured, interest-free and have no fixed terms of repayment (2017: same).

26. DEFERRED TAXATION

(a) Recognised deferred tax

Components of recognised deferred tax:

	2018 RMB('000)	(Restated) 2017 RMB('000)
Deferred tax assets		
Financial assets	**24**	27
Credit loss allowances and impairment of assets	**1,563**	1,315
Deferred revenue	**1,893**	441
Intangible assets	**478**	478
Others	**498**	1,093
	4,456	3,354

(b) Unrecognised deferred tax

Components of unrecognised deferred tax assets/(liabilities):

	2018 RMB('000)	2017 RMB('000)
Unused tax loss	**2,660**	3,332
Credit loss allowances and impairment of assets	**—**	5
	2,660	3,337

26. DEFERRED TAXATION (Continued)

(b) Unrecognised deferred tax (Continued)

The Group has not recognised deferred tax assets in respect of the unused tax losses (net of the temporary difference from accrued assets and impairment of assets) as it is uncertain that whether future taxable profit will be available against which tax losses can be utilised. The unused tax losses will expire by the end of the following years.

	2018 **RMB('000)**	2017 RMB('000)
2018	—	132
2019	**131**	453
2020	**612**	646
2021	**865**	865
2022	**967**	1,236
2023	**85**	—
	2,660	3,332

27. SHARE CAPITAL

	No. of shares	**Amount** RMB('000)
Registered, issued and fully paid		
Domestic shares of RMB0.1 each		
Balance at beginning and end of 2017 and 2018	491,000,000	49,100
H shares of RMB0.1 each		
Balance at beginning and end of 2017 and 2018	209,000,000	20,900
Total	700,000,000	70,000

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

28. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 20 November 2002. Pursuant to the share option scheme, the board of directors of the Company may, at its discretion, grant options to any full-time employees of the Group to subscribe for shares in the Company, to a maximum of 30% of the Company's H shares in issue from time to time. The exercise price will be determined by the Board of Directors, and will not be less than the highest of: (a) the closing price of the H shares as stated in the GEM's daily quotations sheet on the date of offer, which must be a business day; (b) the average closing prices of the H shares as stated in the GEM's daily quotation sheets for the five business days immediately preceding the date of offer; and (c) the nominal value of an H share. However, employees who are Chinese nationals in Mainland China 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 Mainland China have been amended or removed. At the end of reporting period, the share option scheme is not yet effective. Until 31 December 2018, no options were granted to the Group's employees.

29. RESERVES

Statutory reserve

Under the PRC Company Law and the Articles of Association of the Company and all of its subsidiaries, net profit after tax, having setting off prior years' accumulated losses, if any, shall be appropriated to statutory reserve fund and discretionary reserve fund before any distribution of dividends to the owners of the Company. At least 10% of profit after tax shall be appropriated to the statutory reserve fund until the fund aggregates to 50% of its registered capital. For the purpose of calculating the transfer to statutory reserve fund, the profit after tax shall be the amount determined under PRC accounting principles and financial regulations. In addition, net profit after tax shall be appropriated to the discretionary reserve funds if approved by the shareholders. A statutory reserve fund and discretionary reserve fund can be used to offset prior years' losses, if any, and be capitalised as the share capital/registered capital on the condition that the balance of statutory reserve fund shall not less than 25% of the share capital/registered capital after capitalization.

Fair value reserve

This reserve was termed "gains and losses on re-measuring available-for-sale financial assets" in the financial statements of preceding year. At the transition to HKFRS 9 (2014): Financial Instruments, this reserve is renamed to "fair value reserve". It deals with gains and losses on changes of fair value of debt instruments and equity instruments at FVTOCI in accordance with that HKFRS. When the debt instruments at FVTOCI are derecognised, the cumulative gain or loss of debt instruments previously recognised in this reserve will be reclassified to profit or loss. However, when the equity instruments at FVTOCI are derecognised, reclassification of previously recognised gain or loss in this reserve to profit or loss is not required.

30. PRIOR PERIOD ADJUSTMENTS AND OPENING BALANCE ADJUSTMENTS

	2018 RMB('000)	2017 RMB('000)
Prior period adjustments to retained profits		
Retrospective application of HKFRS 15		
Accumulated reduction of revenue	**(38,773)**	(33,554)
Accumulated tax effect	**3,258**	2,438
	(35,515)	(31,116)
Attributable to non-controlling interests	**3,038**	1,799
Attributable to equity holders of the Company	**(32,477)**	(29,317)
Opening balance adjustments to fair value reserve		
Initial application of HKFRS 9 (2014)		
Attributable to equity holders of the Company	**1,371**	—
Attributable to non-controlling interests	**690**	—
	2,061	—

	2018 RMB cents	2017 RMB cents
Prior period adjustments to earnings per share		
Retrospective application of HKFRS 15		
Decrease in basic and diluted earnings per share	**N/A**	0.5

31. DIVIDENDS

	2018 RMB	2017 RMB
Proposed final dividend RMB0.72 cent per share (tax inclusive) (2017: RMB1.43 cent per share)		
491,000,000 domestic shares	**3,535,200**	7,021,300
209,000,000 H shares	**1,504,800**	2,988,700
	5,040,000	10,010,000

The proposed final dividend for 2018 is subject to the approval by the Company's shareholders at the 2018 annual general meeting.

Pursuant to the PRC Company Law and the Articles of Association of the Company and all of its subsidiaries, dividend shall only be distributed having deducted all of the following items from the profit after tax:

(i) Making up prior year's accumulative losses, if any.

(ii) Allocations to the statutory common reserve funds of at least 10% of profit after tax, until the fund aggregates 50% of its registered capital. For the purpose of calculating the transfer to reserves, the profit after tax shall be the amount determined under PRC accounting principles and financial regulations. The transfer to this reserve must be made before any distribution of dividends to shareholders.

(iii) The statutory common reserve funds can be used to offset prior years' losses, if any, and part of the statutory common reserve funds can be capitalised as share capital/registered capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital/registered capital.

(iv) Allocations to the discretionary reserve funds if approved by the shareholders. A discretionary reserve funds can be used to offset prior years' losses, if any, and capitalised as the share capital/registered capital.

(v) 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 accounting standards.

32. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

This statement of financial position is a separate financial statement. The accounting policy in respect of the investments in subsidiaries is set out in note 3(t) to consolidated financial statements.

	2018 RMB('000)	(Restated) 2017 RMB('000)
Non-current assets		
Property, plant and equipment	**16,651**	16,929
Interests in subsidiaries	**63,668**	75,322
Deferred tax assets	**2,231**	1,192
	82,550	93,443
Current assets		
Accounts receivable	**12,163**	11,861
Prepayment, deposits and other receivable	**4,109**	3,993
Cash and cash equivalents	**97,662**	26,168
Short term investments	**188**	40,168
	114,122	82,190
Current liabilities		
Accounts payable	**7,029**	8,701
Contract liabilities	**30,018**	20,150
Accruals and other payable	**8,122**	6,765
Due to related parties	**4,970**	1,936
Current tax liabilities	**1,145**	745
	51,284	38,297
Net current assets	**62,838**	43,893
NET ASSETS	**145,388**	137,336
EQUITY		
Share capital	**70,000**	70,000
Reserves (note 33 to consolidated financial statements)	**75,388**	67,336
TOTAL EQUITY	**145,388**	137,336

Approved by the board of directors on 22 March 2019.

On behalf of the Directors

Zhao Zeming
Director

Luo Junrui
Director

33. MOVEMENT IN RESERVES OF THE COMPANY

	2018 RMB('000)	(Restated) 2017 RMB('000)
Capital reserve		
Balance at beginning and end of year	**18,100**	18,100
Statutory reserve		
Balance at beginning of year	**14,360**	12,795
Transferred from retained profits	**2,059**	1,565
Balance at end of year	**16,419**	14,360
Discretionary reserve		
Balance at beginning and end of year	**59**	59
Retained profits		
Balance at beginning of year	**58,807**	42,980
Prior period adjustment	**(23,990)**	(21,912)
Restated balance at beginning of year	**34,817**	21,068
Profit for the year	**18,062**	15,314
Transferred to statutory reserve	**(2,059)**	(1,565)
2017 final dividend	**(10,010)**	—
Balance at end of year	**40,810**	34,817
Total	**75,388**	67,336

33. MOVEMENT IN RESERVES OF THE COMPANY (Continued)

Notes：

33.1 The capital reserve account can only be used to increase share capital.

33.2 Under the PRC Company Law and the Articles of Association of the Company and all of its subsidiaries, net profit after tax, having setting off prior years' accumulated losses, if any, shall be appropriated to statutory reserve fund and discretionary reserve fund before any distribution of dividends to the owners of the Company. At least 10% of profit after tax shall be appropriated to the statutory reserve fund until the fund aggregates to 50% of its registered capital. For the purpose of calculating the transfer to statutory reserve fund, the profit after tax shall be the amount determined under PRC accounting principles and financial regulations. In addition, net profit after tax shall be appropriated to the discretionary reserve funds if approved by the shareholders. A statutory reserve fund and discretionary reserve fund can be used to offset prior years' losses, if any, and be capitalised as the share capital/registered capital on the condition that the balance of statutory reserve fund shall not less than 25% of the share capital/registered capital after capitalization.

33.3 The Company, CCID Design, CCID Management and CCID Strategy (2017: The Company and CCID Capital) have transferred 10% of profit after tax to the statutory reserve fund. No discretionary reserve funds were appropriated for 2018 (2017: Nil).

33.4 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 accounting standards.

33.5 The Company's reserve available for distribution pursuant to Sections 291, 297, 298 and 299 of Hong Kong Companies Ordinance is as follow:

	2018 **RMB('000)**	(Restated) 2017 RMB('000)
Retained profits	**40,810**	34,817

34. COMMITMENTS

The future minimum lease payments under non-cancellable operating lease in aggregate are analysed as follows:

	2018 **RMB('000)**	2017 RMB('000)
Acted as lessee		
Within one year	**63**	—

The Group leases a number of properties under operating leases. These leases typically run for an initial period of one year and with the option to renew the lease with all terms to be renegotiated. None of these leases include contingent rentals.

35. RELATED PARTY DISCLOSURES

(a) The following companies are members of CCID Group. In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material connected transactions with related parties during the year:

	2018 RMB('000)	(Restated) 2017 RMB('000)
Gross revenue earned before sales surtaxes		
Provision for consulting services to:		
CCID	**400**	1,053
CCID Information Physical System Testing Lab. Co., Ltd.	**—**	231
CCID Industrial and Information Research Center Co., Ltd.	**180**	330
Guangdong CCID Industrial and Information Research Center Co., Ltd.	**210**	660
CCID Industrial and Information Development (Tianjin) Co., Ltd.	**1,400**	—
	2,190	2,274
Provision for information design and supervision services		
CCID	**1,573**	1,315
Administrative and promotion expenses (including advertising services, translation services and website and hyperlink services)		
Rental, building management fee, internet fee and utilities fare charged by MIICMD	**1,153**	724
Allocation of administrative expenses by MIICMD(note 35.3)	**3,363**	4,929
Rental, building management fee charged by CCID Property Management Co., Ltd.	**2,240**	1,178
Translation expense charged by CCID Translation Technology Co., Ltd.	**2**	329
	6,758	7,160
Others		
Consultancy service fee paid to CCID	**—**	70
Service fee paid to CCID Network Information Technology Co., Ltd.	**100**	116
Service fee paid to CCID IT Co., Ltd	**370**	120
Service fee paid to CCID Testing and Certification Centre. Co., Ltd	**82**	120
	552	426

35. RELATED PARTY DISCLOSURES (Continued)

(a) Notes:

35.1 The Directors are of their opinion that the above transactions with related parties were conducted in the usual course of business and, except for the sharing of administrative expenses mentioned in note 35.3 below which was charged at actual cost incurred, all others were charged at cost incurred plus a reasonable profit margin.

35.2 The Company and the related companies are within the CCID Group and are under common control of the same ultimate holding company.

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

35.4 Except for the connected transaction mentioned in note 35.3 above, all of the related party transactions as disclosed in this note constitute "connected transactions" and "continuing connected transactions" as defined in Chapter 20 of the GEM Listing Rules which are transactions with CCID under their respective framework agreements announced by the Company on 26 October 2015 and have complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

(b) Key management personnel remuneration

	2018 RMB('000)	2017 RMB('000)
Salaries, wages and other benefits	**14,753**	10,674
Retirement benefit scheme contributions	**3,239**	2,601
	17,992	13,275

The remuneration has been included in staff costs (see consolidated financial statements note 7(b)).

(c) The ultimate controlling party of the Group is the PRC Government. The Group's major source of revenue are sourced from the PRC Government and entities controlled by them (2017: same).

36. EVENTS AFTER REPORTING PERIOD

On 10 January 2019, the Group subscribed a wealth management product (the "Product") with total consideration of RMB29,000,000. The Product is non-principal guaranteed with floating rate of return based on market variables and has maturity period of 339 days. Subscription of the Product was primarily financed by the cash and cash equivalent held by the Group.

Details of dividend proposed before the consolidated financial statement were authorised for issue but not recognised as a distribution to the shareholders during the year are set out in note 31 to consolidated financial statements. The proposed dividend to the domestic shareholders do not have income tax effect (2017: same). The proposed dividend to the H shareholders have income tax effect (2017: same).

37. FINANCIAL RISK MANAGEMENT

Exposure to financial risks on the financial instruments of the Group comprises credit risk on credit period offered to its trade debtors and advances to other debtors and liquidity risk on withdrawal or cutting of credit limit and credit period offered by trade creditors and/or bankers.

Credit risk

The Group's major source of credit risk comes from its accounts receivable and other receivable. The accounts receivable have normal credit periods ranged from 60 to 365 days. The repayment terms of other receivable are not defined. The ageing analysis of the trade receivable is presented in note 18 to consolidated financial statements.

Objective, policy and processes

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all parties requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. At the reporting date, there were no material credit risks. The maximum exposure to credit risk represents the carrying amount of each financial asset on that date. The Group does not change the exposure and policy from the previous period.

Credit risk management practices

The Group classifies all its customers to whom credit terms are granted into two categories. Those customers who had not overdue records are classified as Low-Risk Customers. Those customers who had overdue records are classified as High-Risk Customers. Customers of the same category are grouped together to measure the expected credit loss on collective basis.

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 365 days (2017: 365 days) past due. A trade debt will be regarded as credit-impaired if, having served repetitive reminders, the customer still fails to settle the trade debt. If, having taken all reasonable recovery actions such as civil claim or via collection agency, the customer still fails to settle a trade debt, the trade debt will be regarded as default. It is the Group's policy to write-off credit-impaired trade debts either in whole or in part by reference to ageing analysis and defaulted trade debts in full at each reporting date.

37. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Concentration of credit risk

The Directors determine concentration of credit risk based on the size of project, credit limit and credit terms. For large scale project, 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, the concentration of credit risk is moderate. No single customers or a group of customers contribute more than 10% (2017: same) of the revenue. Nevertheless, the Directors still review the aged receivable on regular basis in order to avoid apparent concentration of credit risk.

Ageing analysis of pasted due but not yet impaired financial assets

	2018 RMB('000)	(Restated) 2017 RMB('000)
Pass due for more than one year	**2,679**	2,311

The Group holds no collateral in respect of the past due financial assets.

Liquidity risk

The Group's major sources of liquidity risk come from its accounts payable, accruals and other payable. The ageing analysis of the accounts payable is presented in note 22 to consolidated financial statements. The maximum liabilities of the accounts payable are similar to the recognised amounts. The Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirement.

Objective, policy and processes

In view of insignificant exposure to liquidity risk, the Group does not have specific objective, policy and processes for the liquidity risk but secure settlement of trade debts by the due dates.

Concentration of liquidity risk

In the opinion of the Directors, the Group's concentration of liquidity risk is relatively low because the Group would not heavily rely on individual supplier or sub-contractor to provide goods and/or services.

37. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

Maturity analysis

At the end of reporting period, the remaining contractual maturities of the Group's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date of the Group can be required to pay are as follow:

	2018 RMB('000)	2017 RMB('000)
Trade and other payables		
Payable on demand or within three months	**30,544**	21,207

Market risk

The Group's major sources of market risk come from currency risk and price risk. The Group's exposures to each of these risks and its objectives, policies and processes for managing the risks and methods used to measure the risks are set out below.

Currency risk

The Group's monetary assets and transactions are principally denominated in Renminbi. The Group is exposed to foreign exchange risk arising from the exposure of RMB against United States Dollars and Hong Kong Dollars. Having regard the exchange rates between RMB and the other two foreign currencies, the Group believes that its exposure to foreign exchange risk is remote. At present, the Group does not intend to hedge its exposure to foreign exchange risk profile, and will consider appropriate hedging measures in future upon necessary.

At the end of reporting period, had RMB been strengthened or weakened by 1% against the foreign currencies with all other variables held constant, the profit before tax for the year would increase or decrease by not more than RMB1 thousand (2017: not more than RMB1 thousand).

Price risk

The Group's major source of price risk come from the financial assets at fair value. It is the Group's policy to invest mainly in bank issued financial products in order to secure a stable return on investment. The Group neither invests in high risk derivatives nor holds investments on margin basis. The maximum exposure to price risk is the carrying amount at the end of reporting period.

At the end of reporting period, had the fair value of the investment portfolio been 1% higher or lower with all other variables held constant, the profit for the year before tax would increase or decrease by RMB302 thousand (2017: RMB702 thousand).

38. MANAGING CAPITAL

	2018 RMB('000)	(Restated) 2017 RMB('000)
Managing capital comprises:		
Issued and paid up share capital	**70,000**	70,000
Retained profits	**59,470**	43,570
Statutory reserve	**16,455**	13,545
Fair value reserve	**1,835**	—
	147,760	127,115

The Group is not subject to any externally imposed capital requirements. Accordingly, the Group's objectives when managing capital are to safeguard the Group's abilities to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital by using the net debt-to-adjusted capital ratio as it was used to be. For this purpose, the Group defines net debt as total debt (which includes interest-bearing loans and borrowings and trade and other payables) plus proposed final dividend minus balances due to immediate holding company and all of the members in CCID Group. Adjusted capital comprises all components of equity less proposed final dividend.

In 2018, the Group's strategies were to maintain the revised net debt-to-adjusted capital ratio at a level close to 50% (2017: Same).

38. MANAGING CAPITAL (Continued)

Calculation for the revised net debt-to-adjusted capital ratio is as follow:

	2018 RMB('000)	(Restated) 2017 RMB('000)
Total liabilities	**89,514**	70,588
Add: Proposed final dividend	**5,040**	10,010
Less: Balance due to related parties	**(5,251)**	(7,580)
	89,303	73,018
Total shareholders' equity	**172,562**	149,559
Less: Proposed final dividend	**(5,040)**	(10,010)
	167,522	139,549
Revised net debt-to-adjusted capital ratio	**53%**	52%

39. APPROVAL AND ISSUE OF THE FINANCIAL STATEMENTS

The consolidated as well as the company-level statement of financial position were approved and the consolidated financial statements were authorized for issue by the Board of Directors on 22 March 2019.

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 in accordance with HKFRS 15 are as follow.

	Year ended 31 December				
	(Restated) 2014 RMB('000)	(Restated) 2015 RMB('000)	(Restated) 2016 RMB('000)	(Restated) 2017 RMB('000)	**2018 RMB('000)**
Turnover	135,289	130,920	138,661	134,546	**167,367**
Cost of sales	(63,312)	(63,160)	(71,692)	(70,091)	**(78,286)**
Gross profits	71,977	67,760	66,969	64,455	**89,081**
Profit before taxation	17,751	23,452	23,177	23,083	**38,559**
Taxation	(3,107)	(3,536)	(3,414)	(4,113)	**(4,955)**
Profit for the year	14,644	19,916	19,763	18,970	**33,604**
Attributable to:					
Equity holders of the Company	12,357	15,318	16,182	16,406	**28,820**
Non-controlling interests	2,287	4,598	3,581	2,564	**4,784**
	14,644	19,916	19,763	18,970	**33,604**

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 in accordance with HKFRS 15 are as follow.

	As at 31 December				
	(Restated) 2014 RMB('000)	(Restated) 2015 RMB('000)	(Restated) 2016 RMB('000)	(Restated) 2017 RMB('000)	**2018 RMB('000)**
Total assets	135,063	159,134	178,899	220,147	**262,076**
Total liabilities	(30,833)	(34,988)	(48,310)	(70,588)	**(89,514)**
	104,230	124,146	130,589	149,559	**172,562**