CCIDConsulting

CCID Consulting Company Limited

(A joint stock limited company incorporated in the People's Republic of China)
Stock Code: 02176

思維創造世界

資本運作第一專家

城市經濟第一智庫

企業戰略第一顧問

ANNUAL REPORT 2021

CONTENTS

Corporate Information	2
Chairlady's Statement	4
Management Discussion and Analysis	6
Directors, Supervisors and Senior Management	16
Corporate Governance Report	21
Environmental, Social and Governance Report	34
Report of the Directors	43
Report of the Supervisory Committee	59
Independent Auditor's Report	60
Consolidated Statement of Profit or Loss and Other Comprehensive Income	65
Consolidated Statement of Financial Position	66
Consolidated Statement of Changes in Equity	68
Consolidated Statement of Cash Flows	69
Notes to the Consolidated Financial Statements	71
Five-Year Financial Summary	142

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Ma Yaqing *(Chairlady)* (appointed on 21 January 2022)
Qin Hailin *(General Manager)*
Xia Lin *(Chairlady)* (resigned on 21 January 2022)

Independent Non-Executive Directors
Li Xuemei
Chen Yung-cheng
Hu Bin
Guo Xinping (resigned on 21 January 2022)

AUDIT COMMITTEE

Li Xuemei *(Chairlady of the Committee)*
Chen Yung-cheng
Hu Bin
Guo Xinping (resigned on 21 January 2022)

REMUNERATION COMMITTEE

Hu Bin *(Chairman of the Committee)*
(appointed on 21 January 2022)
Li Xuemei
Ma Yaqing (appointed on 21 January 2022)
Xia Lin (resigned on 21 January 2022)
Guo Xinping *(Chairman of the Committee)*
(resigned on 21 January 2022)

NOMINATION COMMITTEE

Ma Yaqing *(Chairlady of the Committee)*
(appointed on 21 January 2022)
Li Xuemei
Chen Yung-cheng
Xia Lin *(Chairlady of the Committee)*
(resigned on 21 January 2022)
Guo Xinping (resigned on 21 January 2022)

SUPERVISORY COMMITTEE

Gong Ping *(Chairman of the Committee)*
Jia Yinghui
Lian Jing

COMPANY SECRETARY

Chan Yin Wah

AUTHORISED REPRESENTATIVES

Ma Yaqing (appointed on 21 January 2022)
Chan Yin Wah
Xia Lin (resigned on 21 January 2022)

REGISTERED ADDRESS

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

OFFICE AND CORRESPONDENCE ADDRESS

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY WEBSITE

www.ccidconsulting.com

STOCK CODE

02176

AUDITOR

SHINEWING (HK) CPA Limited

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

Chairlady's Statement

I am pleased to present the annual report of CCID Consulting Company Limited* (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2021.

FINANCIAL RESULTS

For the year ended 31 December 2021 (the "period" or the "year"), the Group recorded a turnover of approximately RMB235,759,000 and a gross profit of approximately RMB119,945,000. Profit and total comprehensive income for the year amounted to RMB41,682,000 and RMB47,818,000, respectively, and basic earnings per share amounted to approximately RMB5.77 cents.

BUSINESS OUTLOOK

With the aim of becoming a first-rate top-notch think tank in China, the Group will consistently live by its core values of being sincere, responsible, scientific and innovative, sticking to its principles to create value, enhance its abilities and fulfil its missions in order to implement all-round business digitalization strategies and promote high-end research on regional economy in 2022. Furthermore, it will innovate the model of multi-department business cooperation, persist in perfecting its corporate governance, improve its operation and management, thereby building up its sustainable competitive strength.

Implement all-round business digitalization strategy

In 2022, the Group will make greater efforts to promote the digitalization strategy, develop its research system, product system and business model with concept of digitalization, and propel each employee to gradually embrace this concept of digitalization. Continuous efforts will also be made to promote the development of digital products, strengthen the building of industrial brain capacity and enhance the publicity of Mantianxing. In addition, the Group will consistently push ahead the development of standardized products and services, integrate the Company's relevant businesses with the support of Mantianxing platform to form resultant force and synergies, as well as further strengthen the stickiness with the market and customers, with a view to expanding the industrial big data platform to key domestic regions.

Promote high-end research on regional economy

In 2022, the Group actively prepares for the organization of the CCID Forum and Regional Economic Sub-Forum to launch "Mantianxing", a CCID Consulting brain for regional economy and industries and a platform for knowledge sharing in order to further expand its influence and authority in respect of regional economic research and continuously enhance the market power of digital products.

Innovate the model of multi-department business cooperation

In 2022, the Group will continue to explore the model of cooperation between platform-based business departments and industrial business departments, open up the internal channels of resources and capabilities and systematically develop the market with the integrated products created by leveraging the accumulated research experience of the industry research department and relying on the efforts of the platform department. The Group will enhance the exchanges and cooperation between departments and innovate the modes of cooperation on major projects, with a view to fostering experience and mechanisms. Fully capitalizing on the industry research and consultancy business experience, the Group will accelerate the research and development of digital products to comprehensively promote the digitalization strategy.

Steadily improve the level of corporate governance

In 2022, the Group will consistently optimize the level of corporate governance and strengthen internal control and risk monitoring measures. We will grasp the abundant capital conditions and operational opportunities presented by listing on the Main Board, expand financing channels, and establish a core value orientation, to support the Company's market value increase with value creation, ensure the preservation and appreciation of state-owned assets, and provide a strong guarantee for continuous dividend distribution to shareholders.

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

APPRECIATION

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

Ma Yaqing
Chairlady

Beijing, the People's Republic of China
30 March 2022

Management Discussion and Analysis

INDUSTRY OVERVIEW

Consulting business digitalization

Along with the overwhelming popularity of artificial intelligence and big data, one of the most tremendous changes in the consulting sector is the digital revolution and the emergence of information technology based on it. The digitalization transformation of the consulting business is imperative. In the face of digitalization reform, consulting firms, no matter which niche they specialize in, are increasingly relying on complex technology ecosystems to achieve their multiple important goals, interacting with clients and third parties in new ways, and using data to improve decision-making and expand coverage and profitability, while "digital products" are the main output of digitalization transformation. However, the creation of products necessarily meet the comprehensive digitization of the four dimensions such as business model, value innovation, user research and experience design. The consulting industry needs to integrate internal and external resources, optimize the product matrix, and realize the all-round digitalization transformation and upgrading from top-level design of products to planning services, platform display and implementation, to ensure that digital products are more closely catering to users' needs and able to generate higher core value for enterprises.

Consulting industry platformization

With the development and reform of the industry, the profitable areas of the consultancy industry have gradually changed from methodological output and solution implementation to proper resource allocation and problem solving. Customers are in increasing pursuit of the value output from services such as financing, headhunting, IT and investment attraction. However, traditional consulting companies lack corresponding value-added products and services. The emergence of platform companies solves these thorny problems. These companies are responsible for the provision of infrastructure and services, thereby reducing the cost of single consultant and obtaining a return on investment in infrastructure by charging relevant fees. Platform companies use their rich external resources to greatly improve the efficiency of solving problems for customers, while consultancy companies convert fixed costs into variable costs, reduce costs and create greater value for corporate profits.

High-end development of consulting talents

The consulting industry is a knowledge- and technology-intensive industry, and the consulting results are a collection of knowledge, experience, information and innovation. As such, the requirements for consulting talents are diversified and high-end. A qualified consultant should have basic working abilities, including search, expression, modeling, delivery, etc., as well as underlying supporting abilities, including fast learning, task control, logical thinking, business sense, etc. All these require consultants to have a good reserve of knowledge, and through continuous absorption and integration of the knowledge and teams in unfamiliar fields, jointly provide excellent solutions for customers. With the digitalization transformation and upgrading of the consulting industry, digital talents are also urgently needed by every consultancy company. Digital talents such as consultancy management teams with good digitalization vision, professional digital expert consultants and innovative software engineers will be the pioneers of digitalization reform.

BUSINESS REVIEW

Promote digitalization transformation and upgrading of business

In 2021, the Group promoted the digitalization transformation of expert consulting, enhanced the research and development of digital products, and consistently expedited the iteration and upgrading of standardized products. Firstly, digitalization transformation of expert consulting research was carried out, big data methods were used to empower research and fully reflect industry problems when the function of big data was strengthened. The digitalization transformation of business was explored based on big data and AI technology index, the China Hard Technology Development Index was thus released. Different market players were stimulated by the development vitality and prosperity of China's hard technology. Secondly, digitalization transformation was applied in the forms of product presentation to create diversified industrial platforms by way of the industrial brain. With focus on in-depth exploration of single industries, the Group collected and analyzed various industry elements, deepened the development of industry platforms and presented high-quality industry reports. By linking resources through industry chains, we enhanced investment attraction and created platforms for precise investment attraction in the industry chains. We continuously innovated monitoring and early warning services for industrial operation, gained insight into industrial development and improved the platform of industrial operation monitoring. We continued to support the in-depth exploration of enterprises, realized in-depth cultivation of enterprises and focused on intensively developing the big data platform for enterprises with specialized, refined, peculiar and novelty features. Thirdly, we carried out digitalization transformation of communication channels. Mantianxing integrated massive industrial reports, industrial data and industrial policies to form a knowledge base of digital industries, completed the upgrading of product content, platform role, think tank services as well as operation and maintenance mechanism, while developing PC terminal and mobile terminal services, which allowed digital products to be constantly improved and functionalized. We added such service products as industry cutting-edge videos and online consultation by industry experts, etc. The number of CCID experts on Mantianxing platform has expanded from 30 to 100, making the platform a "cloud think tank of industries" for users. Mantianxing activated the bulletin board mechanism, completed more than 10 publicity campaigns of the Company's new products and new trends, and provided users with multi-scale and sub-category industry knowledge in entire value chains, with a view to consistently enhancing the influence of "CCID" brand.

Improve comprehensive solutions across the entire industrial value chain

In 2021, the Group innovated its business model and consistently improved its comprehensive solutions for the entire industrial value chain. The comprehensive improvement and upgrading from core business to growing business and emerging business was completed. In addition, the Group completed the transformation from traditional business reports to integrated digital system solutions presented through the operating platform. CCID brain for industries provides one-stop customized services such as industrial planning, industrial big data platform, industrial governance platform, conference services, and precise investment attraction, with focus on strengthening, extending and supplementing the industrial chain. We have successively customized comprehensive solutions across the entire industrial value chain of industries in Shanxi Province, Shandong Province and Tianjin City, providing one-stop precise investment attraction services for industrial chains. With "industrial top-level design + industrial IP planning" as the new business model, Guangdong CCID successfully contracted for many projects including Deyang project, based on implementing the Group's new development strategy and innovating multi-departmental linkage and cooperation. Our service templates were updated, and comprehensive services for industrial innovation such as action plan, industrial mapping, index publication, platform establishment and conference activities were provided. With focus on product line development, exploration was carried out for developing integrated sectors including new energy product lines, cultural tourism, healthcare, pastoral, etc. In addition, we provided high-quality services for industrial spatial management in Hainan Province, Guizhou City, Huadu, Xiaoshan, Haizhu as well as other districts and counties.

Create distinctive research results and products

In 2021, the Group advanced the standardization of construction projects, and created distinctive and competitive high-quality research results adhering to the research-oriented approach. A series of new research products such as consulting dictionary, industry chain mapping and Xinrui review were launched to seize hot market areas and make a proactive voice. The Group completed production of more than 20 industrial chain mappings, covering fields such as medicine, machine tools, integrated circuits, new energy vehicles, display devices, industrial robots, ion implanters, photovoltaics, lithography machines and computers. 50 Xinrui reviews were published, covering such fields as dualcarbon economy, ICT trend forecast, China's hard technology development, and China's industrial regional vitality in the future. It also streamlined the original business and product line and created high-quality research products based on customer needs. In 2021, 27 issues of "Insights • 2021" were published, which focused on 30 key areas including artificial intelligence, ultra-high-definition video, digital economy and Internet of Things; 79 annual reports were issued, covering industrial Internet, software market, big data, Internet of Things, power semiconductor market, virtual reality market and other key industry hotspots; 18 white papers were published, covering hybrid cloud market, digitalization transformation, urban economy, and GZ Cloud construction, etc.; three issues of the journal "Strategy" were published, covering cities, counties and parks; 150 Shushuo articles were published, which focused on areas such as county economy, cloud deployment mode, intelligent and connected vehicle and smart community construction; two blue books were published, namely, "Blue Book on the Development of Intelligent Manufacturing Industry in 2020–2021" and "Blue Book on Investment in China's Emerging Industries in 2020–2021". In addition, the Group launched a compilation of the results of "Recommendations for the 14th Five-Year Plan as Tributes to Centennial Celebration", which provided decision-making references for local governments in formulating the "14th Five-Year Plan" and industrial planning. During the "Two Sessions", a series of research results on the interpretation of the "Government Work Report" were obtained and released on relevant media such as The Paper, NetEase News, Tencent.com, Caijing.com, which greatly enhanced the Group's market influence.

Actively build a new layout for market development

In 2021, the Group actively built a new layout for market development and initially achieved the market goal of "going externally and establishing a foothold". The Group optimized its regime of strategic sales regions and divided its sales market into 12 sales regions for market expansion generally. The proportion of contracts for projects in Sichuan, Jiangsu, Hubei, Anhui and other regional markets continued to increase, marking our increasingly strong ability in market development. The Group actively seized the opportunity presented by the carbon neutrality goal to explore new market areas. The Energy Conservation and Environmental Protection Research Center was adjusted as the Double-Carbon Economic Research Center, which successively provided planning on new energy, energy conservation and environmental protection development in favour of Qinghai Province, Anhui Province and cities including Pingdingshan. Guangdong CCID established a joint research team of GD CCID Carbon Emission Peak to provide relevant consulting services relating to, among others, green standard system construction and evaluation, planning for the implementation path of carbon emission peak and promotion of services for carbon emission peak implementation. CCID Supervision optimized the mechanism of regional market and prepared a regional market research and analysis report. Foreign branches in Xinjiang, Hubei and other provinces and cities were established to develop industry projects and secure industrial projects by penetrating from the nation to provinces and cities, seeking breakthroughs with industrial business. The Group successively expanded governmental customers such as the healthcare security bureaus of Yunnan, Tianjin, Beijing as well as other provinces and cities. It improved the mechanism of channel market operation continuously, and expanded the geographical business presence by introducing channel partners, which enhanced the Group's brand influence. Guangdong CCID developed core business areas with focus on regional business layout. In the meantime, we deepened the in-depth cooperation with top-notch customers such as Power China, China Anneng, CEEC, SPIC, Green Shield Holdings, Everbright International, Guangdong Nanyue Fund and Wuhan Urban Construction Group.

Promote management innovation

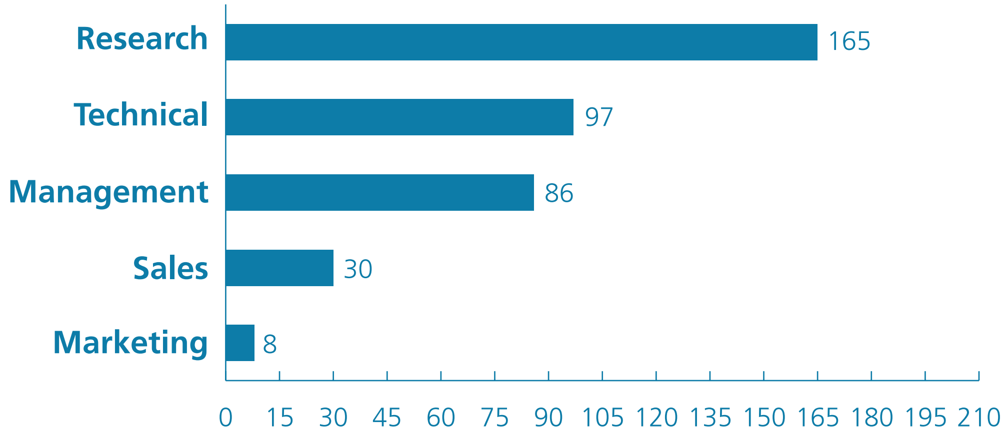
In 2021, pursuing the goal of stability, development and transformation, the Group built a "three-in-one" management system consisted of operation, management and innovation. It launched the talent identification project, which accelerated the reserve of talents for key positions in the Company and the building of talent supply chain. 9 sessions of "Let's Talk" were carried out, with 10 outstanding employees identified, and 8 sessions of "Let's Say" were organized, with 15 key talents identified. CCID Supervision introduced the BLM strategic planning system, carried out practical applications such as PBC assessment, and innovated organizational management methods such as the combination of performance goals and organizational strategies. In addition, it published the "Measures for the Implementation of Project Rewards", "Measures for the Management of Business Cooperation", "Measures for Tutor Management", "Measures for the Management of Innovative Funds", "Measures for the Management of Instant Incentives" and various internal measures, to share the fruits of development with employees who contribute to the business development of CCID, which has provided strong support for enhancing the vitality of enterprise development and forging high-quality talent team. Consistent efforts were made to improve the Company's ability of strategy implementation, and strengthen the building of the corporate management team. The Group formulated the chief consulting expert system, broadened the channels for talent development and expedited the high-end development of consultancy talents. In addition, the qualification management and maintenance were advanced smoothly, and the annual internal audit and external audit of ISO9001 quality certification were completed, ensuring the continued effectiveness of qualifications.

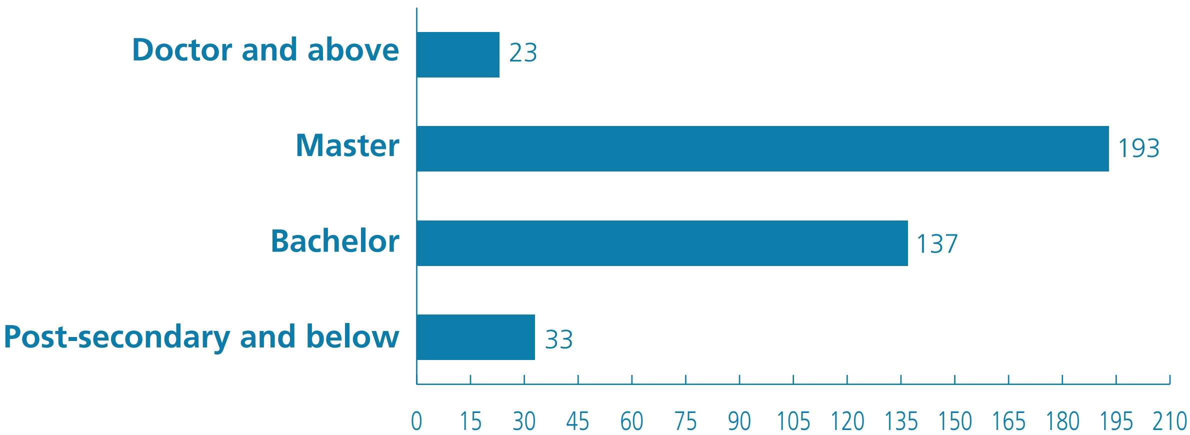
Continuously enhance brand influence

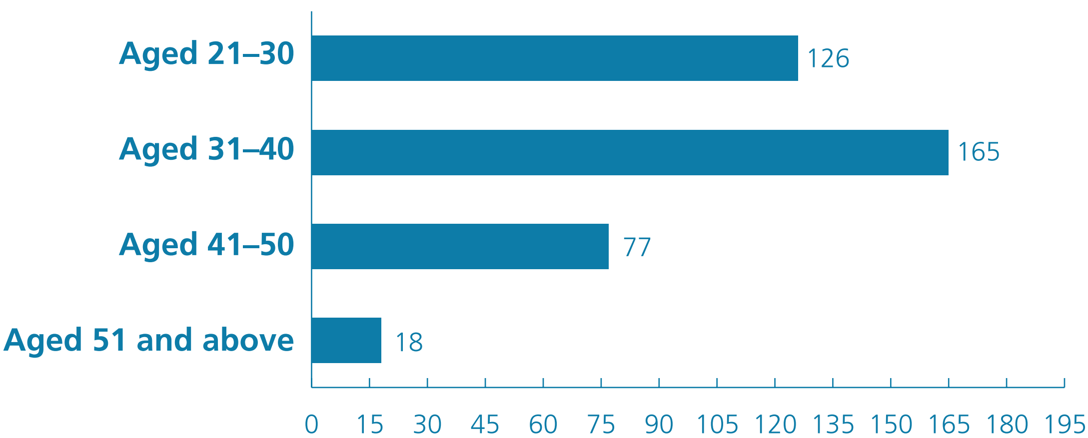
In 2021, the Group comprehensively enhanced its brand influence by successfully hosting the 2021 • IT Market Meeting, with industry experts and technology elites invited to participate in the on-site exchanges themed as "Strengthen Industrial Supply to Lead Innovation and Development". The 2021 WSCE was successfully held, which was extensively reported by columns such as CCTV XINWEN LIANBO, Morning News and Live News. In addition, the Group organised the China Digital Economy Development Index Conference successfully, creating the first national digital economy index named after the place of release, and the first data economy index with quarterly monitoring cycle. It has far-reaching significance for keeping abreast of the development of China's digital economy and analyzing its future trend.

Employee and Remuneration Policy

As at 31 December 2021, the Group had a total of 386 (2020: 373) employees, the composition of which was as follows:







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

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

ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

Turnover

For the year ended 31 December 2021, the Group recorded a turnover of approximately RMB235,759,000 (for the year ended 31 December 2020: approximately RMB211,954,000), representing an increase of approximately 11% as compared to the corresponding period of last year.

In terms of management and strategy consultancy services, the consultancy services provided by the Group to government customers include comprehensive planning, industry-specific planning, implementation planning and action planning, industry spatial management services, and the consultancy services provided to enterprise customers include business development strategy, investment decisions analysis, financial advisory service in private equity or venture capital investment and initial public offering and so on. The Group recorded revenue of approximately RMB123,689,000 for the year ended 31 December 2021 (approximately RMB103,372,000 for the year ended 31 December 2020) from the management and strategy consultancy services, accounting for approximately 52% of the Group's turnover and representing an increase of approximately 20% as compared to the corresponding period of last year. This was mainly due to the fact that the Group's business was greatly affected by the COVID-19 pandemic in 2020, but the management and strategy consultancy services business has fully recovered in 2021. By focusing on key business areas and innovating business models in 2021, the Group has vigorously promoted comprehensive services across the entire industrial value chain and sped up its market expansion, thus achieving the overall recovery of its business growth in a healthy manner.

In terms of market consultancy services, the Group conducts customized research on various issues, including competitive environment, customer requirements, industry applications, channel development, and product and technology development. The consultancy services provided to corporate clients include market segmentation research services, product lifecycle and market research services, and regional channel structure and market research services. For the year ended 31 December 2021, the Group had realized revenue of approximately RMB32,956,000 (approximately RMB26,440,000 for the year ended 31 December 2020), accounting for approximately 14% of the Group's turnover and representing an increase of approximately 25% as compared to the corresponding period of last year. The increase was primarily attributable to the facts that the Group's business was greatly affected by the COVID-19 pandemic in 2020, but its market consultancy service business has fully recovered in 2021. The Group has been committed to continuously promoting its related business development around emerging industries such as artificial intelligence, digital economy and intelligent and connected vehicles in accordance with the national policy direction and information technology development trend.

In terms of information engineering supervision services, the Group mainly provides professional supervision services in respect of various projects ranging from software, network, communication to information security to the government and enterprises. For the year ended 31 December 2021, the turnover of the information engineering supervision services of the Group was approximately RMB76,514,000 (approximately RMB76,083,000 for the year ended 31 December 2020), accounting for approximately 32% of the Group's turnover and remain stable as compared to the corresponding period of last year. The Group's business revenue continued to grow in 2021 as it continued to increase its supervision service projects by actively grasping the opportunities of the policy of "promoting new infrastructure construction".

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

	2021		2020	
	RMB'000	%	RMB'000	%
Management and strategy consultancy services	**123,689**	**52%**	103,372	49%
Market consultancy services	**32,956**	**14%**	26,440	12%
Information engineering supervision services	**76,514**	**32%**	76,083	36%
Other services	**2,600**	**2%**	6,059	3%
Total	**235,759**	**100%**	211,954	100%

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

Costs and expenses

For the year ended 31 December 2021, the Group's costs and expenses amounted to a total of approximately RMB200,914,000 (for the year ended 31 December 2020: RMB182,489,000), representing an increase of approximately 10% as compared to the corresponding period of last year. The corresponding costs increased as the Group resumed normal operations during the year.

Income tax

In accordance with the requirements under the Law of the People's Republic of China on Enterprise Income Tax and its implementation regulations, the Opinions of the State Council Concerning Accelerating the Development of the Technological Service Sector (Guo Fa [2014] No. 49), the Notice of the State Taxation Administration on Issues concerning the Administration of Enterprise Income Tax Deduction and Exemption (Guo Shui Fa [2008] No. 111), the Supplementary Notice of the State Taxation Administration on Issues Concerning the Administration of Enterprise Income Tax Preferences (Guo Shui Han [2009] No. 255), the Notice of the State Taxation Administration on Issuing the Measures for the Administration of Tax Deduction or Exemption (for Trial Implementation) (Guo Shui Fa [2005] No. 129) and the Notice of the State Taxation Administration on Issues Concerning the Implementation of the Preferential Income Tax for High and New Technology Enterprises (Guo Shui Han [2009] No. 203), the Company is officially entitled to a preferential enterprise income tax rate of 15% with effect from 2016 and a income tax reduction and exemption of approximately RMB4,440,000 for the year ended 31 December 2021.

Profit and total comprehensive income for the year

For the year ended 31 December 2021, the Group reported profit and total comprehensive income for the year of approximately RMB41,682,000 and RMB47,818,000 (for the year ended 31 December 2020: approximately RMB26,597,000 and RMB28,321,000), respectively, representing increase of approximately 57% and 69%, respectively, as compared to the corresponding period of last year. The profit regained an upward trend as the Group resumed normal operation post-COVID-19 in the current year.

Liquidity and Financial Resources

As at 31 December 2021, cash and cash equivalents of the Group amounted to approximately RMB337,337,000, which included approximately RMB337,337,000 and US$Nil (as at 31 December 2020: cash and cash equivalents amounted to approximately RMB263,723,000, which included approximately RMB263,723,000 and US$Nil). The amount of cash and cash equivalents increased by approximately 28% as compared to the corresponding period of last year. The Group's primary source of funds was cash flow generated from operating activities. The management believes that the Group had adequate working capital for its present needs.

Loans and Borrowings

The Group had no loans and borrowings during the year.

Capital Structure

The capital structure of the Group as at 31 December 2021 is summarised as follows:

	RMB'000	%
Total shareholders' equity attributable to equity holders of the Company	228,465	78%
Non-controlling interests	64,320	22%
Total	292,785	100%

Operating Segment Information

Operating segment information is set out in note 8 to the consolidated financial statements.

Capital Commitment and Contingent Liabilities

As at 31 December 2021, the Group had no capital commitment (as at 31 December 2020: Nil). As at 31 December 2021, the Group had no contingent liabilities (as at 31 December 2020: Nil).

Pledge of Assets

As at 31 December 2021, the Group had pledged bank deposits amounted to approximately RMB3,163,000 (as at 31 December 2020: RMB3,198,000).

Gearing Ratio

As at 31 December 2021, the Group's gearing ratio was approximately 50% (as at 31 December 2020: 62%). The gearing ratio was calculated by dividing the aggregate of total liabilities and proposed final dividend less amounts due to related parties and deferred tax liabilities by total equity less proposed final dividend.

Major Investments

For the year ended 31 December 2021 and as at the date of this annual report, the Group subscribed wealth management products as set out in the following table:

Subscription Date	Counterparty	Name of Wealth Management Product	Currency of Principal and Return	Subscription Amount	Term of Product	Annualised Yield Rate/ Benchmark for Performance Comparison
29 December 2020	China Construction Bank	"Qianyuan-Rixinyueyi" (daily) Open-ended Asset Portfolio RMB Wealth Management Product (「乾元一 日鑫月溢」(按日)開放式資產組合型人民幣理財產品) of the Beijing Branch of China Construction Bank	RMB	45,000,000	400 days (expiring on 2 February 2022, the Group early redeemed on 20 December 2021)	3.15%
18 August 2021	China Minsheng Banking	Gui Zhu Fixed Income Profit Growth 3-Month (Held-to-maturity and Auto-renewal) No. 2 Wealth Management Product To Corporate Investors (貴竹固收增利3個月持有期自動續期2號(對公)理財產品) of China Minsheng Banking	RMB	20,000,000	3 months (expiring on 18 November 2021)	3.75%
12 January 2022	CCB Wealth Management Co., Ltd., a wholly-owned subsidiary of China Construction Bank Corporation	The CCB Wealth Management "Anxin" (minimum holding of 270 days) Daily Open-ended Fixed-income and Net-worth RMB Wealth Management Product (建信理財「安鑫」(最低持有270天)按日開放固定收益類淨值型人民幣理財產品)	RMB	50,000,000	270 days (expiring on 9 October 2022)	Benchmarks A and B for the performance of the product are 3.45% and 4.45% per annum, respectively. A benchmark for performance comparison is the investment target set for a product by the product manager based on various factors such as product nature, investment strategies, past experience and future market expectation. The product is a net-worth product and its performance will fluctuate with the market and be subject to uncertainty.

For the year ended 31 December 2021, the Company recorded gains of approximately RMB1,195,000 and RMB284,000 from the products subscribed on 29 December 2020 and 18 August 2021, respectively. The Board believes that with greater stability and stronger liquidity but lower risk exposure compared to other non-banking wealth management products, these wealth management products can provide the Group with better return on its idle funds, which is in the interests of the Group and the shareholders as a whole.

Save as disclosed above, as at 31 December 2021, there were no other major investment.

Material Acquisition and Disposal

During the financial year of 2021, the Group did not have any material acquisition or disposal of subsidiaries and associates.

Major Future Investment

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

Exchange Rate Risk

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

Significant Event after the Reporting Period

THE PROPOSED RESTRUCTURING

According to the proposed restructuring announcement published on 11 March 2022, whereby 392,610,000 Domestic Shares, representing approximately 56.09% of the total number of issued Shares, shall be transferred by China Software Testing Center (Research Center of Ministry of Industry and Information Technology Software and Integrated Circuit Promotion)* (中國軟件評測中心 (工業和信息化部軟件與集成電路促進中心)) ("Research Centre") to CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院 (集團) 有限公司) ("CCID Group Co") at nil consideration ("Proposed Restructuring"). Upon completion of the Proposed Restructuring, Research Centre will cease to hold any Share while CCID Group Co will directly hold approximately 56.09% of the total number of issued Shares. CCID is currently interested in, and will after completion of the Proposed Restructuring be interested in, approximately 70.14% of the total number of issued Shares. Ministry of Finance of the PRC issued the approval in relation to the Proposed Restructuring in February 2022.

GRANT OF WAIVER

The Proposed Restructuring may lead to a general offer for the Shares under the Takeovers Code unless otherwise waived by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates (the "Executive"). As informed by CCID Group Co, (i) it already applied to the Executive for a waiver to dispense with its obligation to make a mandatory general offer for all the Shares pursuant to Rule 26 of the Takeovers Code as a result of the Proposed Restructuring; and (ii) the said waiver was granted by the Executive on 8 March 2022.

The Board announces that the Company has been informed that on 29 March 2022, the Proposal Restructuring had been completed. For the details of the Proposed Restructuring, please refer to the announcement dated 11 March 2022.

Save as disclosed above, there were no significant event after the reporting period which had materially affected the Group's operations and financial performance as at the date of this annual report.

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Ma Yaqing (馬雅清), aged 58, was appointed as an executive Director and Chairlady of the Company since 21 January 2022. Ms. Ma has over 30 years of working experience in, among other fields, law, corporate management and state-owned asset management. Ms. Ma worked in China Centre of Information Industry Development* (中國電子信息產業發展研究院) ("CCID") since July 2000, and served in various positions consecutively, including the deputy head of the corporate management department (企業管理處副處長), the Director of the investment, finance and law department (投融資和法律處處長) and the Director of the operation management department (經營管理處處長) of CCID, as well as a member of the commission for discipline inspection (紀委) of CCID. She has been the chief legal counsel (首席法律顧問) of CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究院(集團)有限公司), a wholly-owned controlling subsidiary of CCID, and an executive director and legal representative of CCID Industrial and Information Technology Research Institute Group (Suzhou) Co. Ltd.* (賽迪工業和信息化研究院集團(蘇州)有限公司) since April 2019. From July 1986 to 1997, Ms. Ma worked in the Court of Huimin District, Hohhot Municipality, Inner Mongolia (內蒙古呼和浩特市回民區法院), became a judge and served as, among other positions, the deputy officer of the general office (辦公室副主任) and the Deputy Chief Judge of the civil court (民事審判庭副庭長). During that period, she participated in the "Reserve Talent Training Program for Senior Judge"* (高級法官後備人才培訓項目) organized by the Supreme People's Court through open recruitment and became a postgraduate receiving targeted training from March 1991 to July 1995. Ms. Ma Yaqing graduated from the Inner Mongolia University in 1986 and obtained a bachelor's degree in law. She also graduated from the School of Law of the Renmin University of China, and obtained a master's degree in international economic laws and a doctoral degree in civil and commercial laws in 1995 and 2000, respectively. Ms. Ma Yaqing was accredited as a senior economist by the Ministry of Industry and Information Technology ("MIIT") (formally known as the "Ministry of Information Industry") of the People's Republic of China in December 2003, and served as a member of the Senior Economist Title Evaluation Committee* (高級經濟職稱評審委員會) of MIIT since 2004.

Qin Hailin (秦海林), aged 44, was re-designated from a non-executive Director to an executive Director with effect from 7 December 2020, was appointed as the general manager of the Company with effect from 8 May 2020, and was re-elected on 25 November 2020. Mr. Qin served as a non-executive Director from 12 June 2020 to 6 December 2020. Mr. Qin has been the general manager of CCID Academy of Industry and Information Technology Limited* since April 2020. From July 2011 to April 2021, Mr. Qin served as the general manager of CCID AlmavivA Information Technology (Shanghai) Co., Ltd.* (賽迪埃脈韋瓦信息技術(上海)有限公司), and the deputy president of the Institute of Finance* (財經研究所) (responsible for operation) and the director of the Industrial Economics Institute* (工業經濟研究所) of China Centre of Information Industry Development* (中國電子信息產業發展研究院). From August 2014 to August 2015, Mr. Qin served as a member of the party group and deputy director of the Economic and Information Technology Commission in Hengyang of Hunan Province* (湖南省衡陽市經濟和信息化委員會). From July 2007 to June 2011, Mr. Qin served as the Company's analyst, department manager, business director, assistant general manager, vice president and general manager of the Shanghai branch. Mr. Qin graduated from Jilin University (吉林大學) with a doctoral degree in economics in July 2007. Mr. Qin is a senior economist entitled to the State Council's special allowance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Xuemei (李雪梅), aged 54, was appointed as an independent non-executive Director with effect from 25 November 2011, and was re-elected on 25 November 2020. Ms. Li has been working in the School of Economics and Management (經濟管理學院) of Beijing Jiaotong University (北京交通大學) since December 1995, and has been a professor and PhD supervisor since October 2010. She has also been serving as a managing director of China Association of International Business Negotiation* (中國管理現代化研究會國際商務談判專業委員會) since July 2010, and a director of the Beijing Big Data Association* (北京大數據協會) and the Beijing Applied Statistics Association* (北京應用統計學會) since October 2019. Ms. Li has been engaged in teaching and scientific research for a long time, presided over and participated in more than 50 scientific research projects commissioned by the Ministry of Science and Technology (科技部), National Natural Science Foundation of China (中國國家自然科學基金委員會), the Ministry of Railways (鐵道部), Beijing Municipal Science and Technology Commission (北京市科學技術委員會), Beijing Municipal Education Commission (北京市教育委員會) and many enterprises. Her research results won the second prize of Science and Technology of the China Railway Society (中國鐵道學會) in 2014. Ms. Li was a visiting scholar at the University of Nevada from August 2014 to December 2014 and a visiting professor at Dartmouth College from December 2014 to September 2015. Ms. Li graduated from Heilongjiang University (黑龍江大學) with a bachelor of science degree in July 1989, Harbin University of Civil Engineering and Architecture (哈爾濱建築大學) (now incorporated into Harbin Institute of Technology (哈爾濱工業大學)) with a master's degree in engineering in May 1995, and Beijing Jiaotong University with a doctoral degree in management in October 2007.

Chen Yung-cheng (陳永正), aged 65, was appointed as an independent non-executive Director with effect from 20 May 2019 and was re-elected on 25 November 2020. Mr. Chen has accumulated more than three decades of experience in telecommunications, media and technology ("TMT") and corporate management in multinational corporations. Mr. Chen has been the vice president of Suirui Technology Limited* (隨銳科技股份有限公司, a company listed on the National Equities Exchange and Quotations (stock code: 835990)) since February 2019, an independent non-executive director of BeiGene, Ltd. (the shares of which are listed on the Stock Exchange (stock code: 06160)) since February 2016, and a non-executive director of Asia Pacific Telecom Co., Ltd. (the shares of which are listed on the Taiwan Stock Exchange (stock code: 3682)) since August 2016. Previously, Mr. Chen held various senior positions in various corporations, including the president of Motorola Solutions (China) Co., Ltd.* (摩托羅拉系統(中國)有限公司), the president of Alibaba Health Information Technology Limited (formerly known as CITIC 21CN Company Limited, the shares of which are listed on the Stock Exchange (stock code: 00241)), the president of the Greater China Region of Microsoft, the president of NBA China, a partner of GL Capital Group and the chairman of CSL Holding Limited. In addition, Mr. Chen served as an independent director of Guiyang Longmaster Information & Technology Company Limited* (貴陽朗瑪信息技術股份有限公司, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300288)) from October 2010 to October 2013, the president of Telstra International from November 2012 to December 2015, the chairman of Autohome, Inc. (NYSE: ATHM) from 2012 to May 2016, an independent director of Qingdao Haier Co., Ltd.* (青島海爾股份有限公司, currently known as Haier Smart Home Co., Ltd.* (海爾智家股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600690)) from September 2014 to 31 May 2016, the general manager of Asia Pacific Telecom Co., Ltd. from August 2016 to January 2017, and the chairman of Foxconn Industrial Internet Co., Ltd. (富士康工業互聯網股份有限公司, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601138)) from January 2018 to October 2018. Mr. Chen obtained an MBA degree from the University of Chicago in June 1991 and a bachelor's degree from National Chiao Tung University in June 1978.

Hu Bin (胡斌), aged 40, was appointed as an independent non-executive Director with effect from 23 December 2020. Mr. Hu is a senior economist and associate professor. Mr. Hu has been the chairman of Xinjin Investment Holdings Limited* (信金投資控股有限公司) since July 2019. Mr. Hu was a member of the executive committee of CSC Financial Co., Ltd. (中信建投証券股份有限公司) and the chief executive officer of China Securities (International) Finance Holding Company Limited (中信建投(國際)金融控股有限公司) from January 2016 to July 2019. Mr. Hu served as the managing director and a member of the management team of CSC Financial Co., Ltd. from June 2014 to January 2016. Mr. Hu was a director-level cadre (正處級幹部) of CITIC Group General Office* (中信集團辦公廳) from January 2010 to June 2014. Mr. Hu was a vice president of the capital markets department of CITIC Securities Co., Ltd.* (中信證券股份有限公司) from September 2006 to January 2010. Mr. Hu was a trader in the treasury department at the headquarters of Huaxia Bank (華夏銀行) from September 2004 to September 2006. Mr. Hu obtained a master of investment degree from the Birmingham Business School of the University of Birmingham in the United Kingdom in September 2004, a Bachelor of Business Management with Finance degree from the Business School of Edinburgh Napier University in the United Kingdom in September 2003 as well as a bachelor of economics degree from the department of finance of Shandong University of Finance and Economics (山東財經大學) in July 2002.

SUPERVISORS

Gong Ping (龔平), aged 44, served as a supervisor of the Company from June 2017 to November 2017, appointed as a supervisor of the Company with effect from 20 May 2019, and was re-elected on 25 November 2020. Mr. Gong has been the general manager of the Finance Centre of China Centre of Information Industry Development* since February 2019 and a deputy general manager of CCID Academy for Industry and Information Technology Limited* since April 2020. He joined CCID Group in 2009, served as the manager of the finance department of Beijing CCID Media Investments Co. Ltd.* (currently known as Nanhua Bio-medicine Co., Ltd.*, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000504)) from May 2009 to February 2010, and served as a deputy head of the finance department of China Centre of Information Industry Development* from February 2010 to October 2016. Mr. Gong holds various qualifications, including senior accountant and certified public accountant, conferred by the Ministry of Industry and Information Technology (工業和信息化部) of the People's Republic of China in January 2017 and Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in January 2011, respectively. Mr. Gong graduated from Beijing Institute of Technology (北京理工大學) with an MBA degree in June 2012.

Jia Yinghui (賈映輝), aged 37, was appointed as a supervisor of the Company with effect from 25 November 2020. He has been a director and senior deputy general manager of CCID Academy for Industry and Information Technology Limited* since April 2020. He has also been a deputy secretary of the Youth League Committee of the agencies directly under the Ministry of Industry and Information Technology since September 2021. Mr. Jia served as a Deputy Director of the Personnel Department and Secretary of the Youth League Committee of China Centre of Information Industry Development* from December 2012 to April 2021. Mr. Jia served as a researcher in the Industrial Policy Research Institute (產業政策研究所) and a cadre of the Personnel Department of China Centre of Information Industry Development* from July 2009 to December 2012. During this period, Mr. Jia worked for the Department of Policies and Regulations (政策法規司) and the Department of Personnel and Education (人事教育司) of the Ministry of Industry and Information Technology on secondment for three years. Mr. Jia was certified in December 2018 by the Ministry of Industry and Information Technology as senior economist. Mr. Jia graduated from Liaoning Normal University with a master degree in science in June 2009.

Lian Jing (廉晶), aged 51, was elected as an employee representative supervisor at an employee representative meeting on 20 December 2019 and re-elected on 25 November 2020. Ms. Lian has more than 20 years of work experience. She is currently the director of the general office of the Company and has been a supervisor of CCID (Shanghai) Advanced Manufacturing Research Centre Co., Ltd.* (賽迪(上海)先進製造業研究院有限公司), a subsidiary of the Company, since March 2018. Ms. Lian has been the director of the general office since she joined the Company on 12 June 2016. Ms. Lian graduated from California State University, East Bay with a master's degree in business administration economics and foreign trade in June 2006.

SENIOR MANAGEMENT

Wen Fang (文芳), aged 43, has been a deputy general manager since 16 March 2016. Ms. Wen joined the Company on 30 June 2004 and has served as the deputy general manager, the general manager and the chief computer and software business executive of the Computer Industry Research Centre* (計算機產業研究中心), a deputy general manager of the Company, the general manager of Beijing CCID City Strategy Consulting Co., Ltd.* (北京賽迪方略城市經濟顧問有限公司) (currently known as Beijing CCID County Strategy Consulting Co., Ltd.* (北京賽迪方略縣域經濟顧問有限公司)), and the president of the Industrial Economics Institute* and a deputy director of the Technological Development Department (科技發展處) of China Centre of Information Industry Development*. She has 16 years of experience in the research of electronic information, software, industry planning and urban economy. Ms. Wen graduated from Beijing Jiaotong University with a master's degree in May 2004.

Song Yu (宋宇), aged 49, has been a deputy general manager of the Company since 25 June 2013. Ms. Song joined the Company on 1 September 2002 and has served as a deputy general manager and the business group research director of the Semiconductor Industry Research Centre* (半導體產業研究中心). She has over 17 years of experience in the industrial research of electronic information, semiconductors and internet of things. Ms. Song graduated from Peking University with a bachelor's degree in July 1996.

Li Ke (李珂), aged 45, has been a deputy general manager of the Company since 22 September 2011. Mr. Li joined the Company on 1 May 2003 and has served as the general manager of the Semiconductor Industry Research Centre* and the director of semiconductors and consumer electronics business group. He has over 18 years of experience in industrial research of semiconductors, optoelectronics and internet of things. Mr. Li graduated from Beijing Institute of Technology with a bachelor degree in July 1999.

Fu Changwen (付長文), aged 41, has been a deputy general manager since 10 January 2014 and the secretary of the Board since 25 November 2008. Mr. Fu joined the Company on 8 July 2004 and has served in the investment consulting business department, strategy consulting business department and investment management department. He has over 16 years of experience in industrial study, strategy consulting and corporate governance. Mr. Fu graduated from the Renmin University of China with a master's degree in economics in June 2004.

Lu Ping (呂萍), aged 43, has been a deputy general manager of the Company since 16 March 2016. Ms. Lu has over 16 years of experience in market research, industry planning and government consultation. Ms. Lu joined the Company on 22 June 2004 and has served as a deputy general manager of the Development Zone Consultation Centre* (開發區諮詢中心) and a deputy general manager of the Electronic Information Industry Research Centre* (電子信息產業研究中心). She served as a deputy president of the World Industrial Research Institute* (世界工業研究所) (responsible for operation) and a deputy director of the Technological Development Department of China Centre of Information Industry Development* from February 2012 to January 2015 and from January 2015 to March 2016, respectively. Ms. Lu graduated from Peking University with a master's degree in law in June 2004. She is a senior economist.

Hou Xue (侯雪), aged 37, has been the deputy general manager of the Company since 21 January 2022. She was the director of the research office under the planning department (規劃所研究室) of China Centre of Information Industry Development* (中國電子信息產業發展研究院) from July 2014 to November 2019. She served as the deputy general manager of Beijing CCID Technology Limited Company* (北京賽迪科創技術有限公司) from December 2019 to May 2020. She served as the deputy general manager (responsible for operation) of the operation planning center of CCID Group from May 2020 to June 2021. From June 2021 to January 2022, she was the assistant to president of the Company. Ms. Hou graduated from Beijing Normal University with a doctoral degree in geography in June 2014.

Ma Chengen (馬承恩), aged 36, has been the deputy general manager of the Company since 21 January 2022. Mr. Ma joined the Company in July 2017. He was the standing deputy director of the County Economy Research Center* (縣域經濟研究中心) from December 2017 to July 2018. From August 2018 to January 2021, he served as the director of the County Economy Research Center. From January 2021 to January 2022, he was the assistant to president of the Company as well as the director of the County Economy Research Center. Mr. Ma graduated from the University of Chinese Academy of Sciences with a doctoral degree in ecology in June 2017.

Hu Yun (胡雲), aged 48, has been the financial controller of the Company since 14 June 2017. Ms. Hu has 20 years of experience in audit, internal control consultation and financial management. Ms. Hu joined the CCID Group on 29 October 2007 and worked for the Company and Beijing CCID Media Investments Co. Ltd.*, respectively. Ms. Hu was a supervisor of the Company from 25 November 2014 to 13 June 2017 and was appointed as the financial controller of the Company on 14 June 2017. She served as the financial controller of China Software Testing Centre* (中國軟件評測中心) from January 2011 to June 2017. She worked for various accounting firms between 2001 and 2007 and was responsible for the annual audit, internal control consultation and financial training affairs of large state-owned enterprises. Ms. Hu graduated from the Business School (商學院) of Hubei University (湖北大學) with a bachelor's degree in economics in July 1995. She is a senior accountant and taught at the Business School of Hubei University from July 1995 to November 2000.

COMPANY SECRETARY

Chan Yin Wah (陳燕華), aged 47, is the company secretary and an authorised representative. She joined the Company in March 2012. Ms. Chan is an Associate Director of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). Ms. Chan has worked for various internationally well-known professional firms and listed companies in Hong Kong and has over 15 years of professional experience in handling the company secretarial services, compliance services and share registry services for listed companies in Hong Kong. Ms. Chan holds a bachelor's degree in economics and a master's degree in professional accounting. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute for Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants.

CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Group has adopted and complied with the code provisions (the "Code Provision(s)") of the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")*.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the required standard of dealings in Rules 5.48 to 5.67 of the GEM Listing Rules or the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code")* as the standard of conducts for securities transactions by the Directors and the supervisors ("Supervisor(s)") of the Company, and regulates securities transactions by the Directors and Supervisors pursuant to the requirements thereof. Having made enquiry of all Directors and Supervisors, the Company confirmed that, during the year ended 31 December 2021, all Directors and Supervisors have complied with the required standard of dealings or the Model Code*. The Company was not aware of any non-compliances during the period.

BOARD OF DIRECTORS

Throughout the year, the Board, who comprises three independent non-executive Directors, has complied with the minimum requirements under the Rules 5.05(1) and 5.05A of the GEM Listing Rules or Rules 3.10(1) and 3.10A of the Listing Rules* of appointing at least three independent non-executive Directors, the number of which represented one-third of the total number of members of the Board. At the same time, one of the independent non-executive Directors had appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 5.05(2) of the GEM Listing Rules or Rule 3.10(2) of the Listing Rules*. In accordance with the requirements under Rule 3.13 of the Listing Rules, the Company has obtained a written confirmation of independence from each independent non-executive Director, and therefore considers that all independent non-executive Directors are independent from the Company. To the knowledge of the Company, there was no relationship, including financial, professional, family, or other significant/relevant relationship, between the members of the Board.

For the year ended 31 December 2021 and as at the date of this annual report, the composition of the Board is set out as follows:

EXECUTIVE DIRECTORS

Ma Yaqing *(Chairlady)* (appointed on 21 January 2022)
Qin Hailin *(General Manager)*
Xia Lin *(Chairlady)* (resigned on 21 January 2022)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Xuemei
Chen Yung-cheng
Hu Bin
Guo Xinping (resigned on 21 January 2022)

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

DUTIES AND AUTHORITIES OF THE BOARD

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

Duties of the Board include but are not limited to:

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

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

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

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

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

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

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

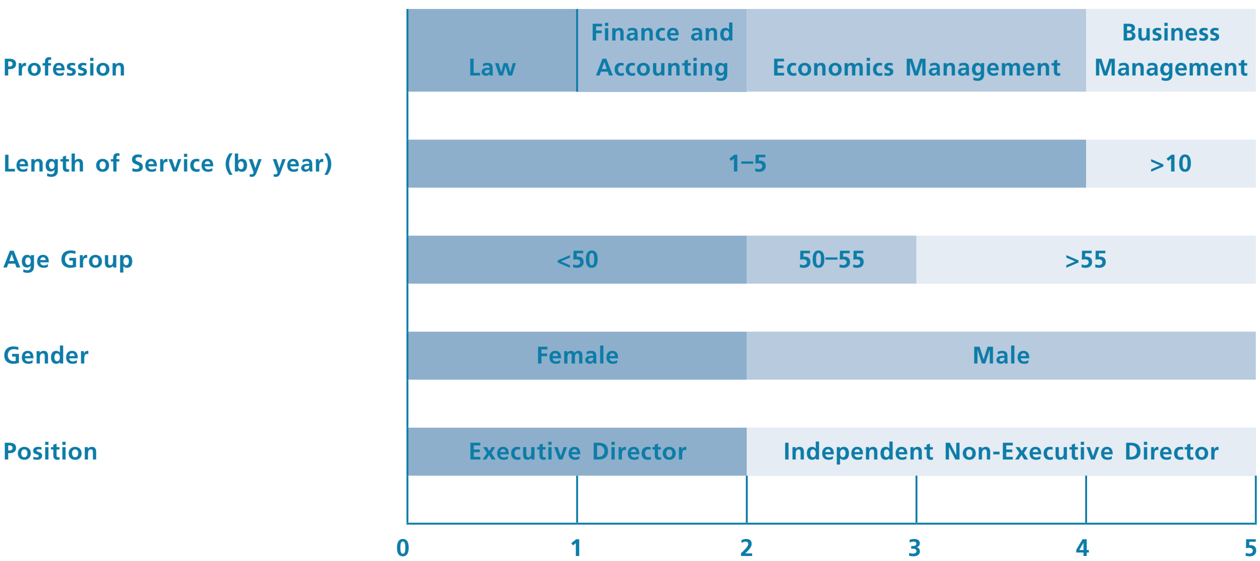
The Company has arranged appropriate insurance coverage against liabilities incurred by the Directors and officers for conducting the Group's business. The Company reviews the insurance coverage on an annual basis.

Board Diversity Policy

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

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

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



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

Corporate Governance Functions

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

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

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

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

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

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

For the year ended 31 December 2021, the above corporate governance functions have been performed by the Board.

Chairlady and General Manager

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

Appointment and Re-election of Directors

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

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

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

Directors' Training and Continuous Professional Development

All Directors confirmed that they have complied with Code Provision C.1.4 of Appendix 15 to the GEM Listing Rules or Code Provision C.1.4 of Appendix 14 to the Listing Rules* in relation to directors' training. During the year, all Directors have participated in continuous professional development by attending seminars and/or reading materials in relation to the following topics to develop and update their knowledge and skills, and have provided their training records to the Company:

Director	Corporate Governance, Rules and Regulations	Financial Management and Other Affairs
Ms. Ma Yaqing (appointed on 21 January 2022)	√	√
Ms. Xia Lin (resigned on 21 January 2022)	√	√
Mr. Qin Hailin	√	√
Ms. Li Xuemei	√	√
Mr. Chen Yung-cheng	√	√
Mr. Hu Bin	√	√
Mr. Guo Xinping (resigned on 21 January 2022)	√	√

Remuneration Committee

The Company has established the Remuneration Committee according to the relevant requirements under the Listing Rules. As at the date of this annual report, the Remuneration Committee, which is chaired by Mr. Hu Bin, an independent non-executive Director, who was appointed as the Chairman of Remuneration Committee on 21 January 2022, and comprised of Ms. Ma Yaqing, an executive Director, who was appointed as a member of Remuneration Committee on 21 January 2022, and Ms. Li Xuemei, an independent non-executive Director, is in compliance with the requirement under the Listing Rules that the Remuneration Committee shall comprise a majority of independent non-executive directors. Ms. Xia Lin and Mr. Guo Xinping ceased to act a member/chairman of the Remuneration Committee with effect from 21 January 2022 following their resignation as Director or independent non-executive Director.

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

During the period, the Remuneration Committee held 2 meetings, at which the existing terms of the service contracts of all Directors have been reviewed. The Remuneration Committee considers that the existing terms of the service contracts of all Directors are fair and reasonable. In addition, the Remuneration Committee had considered and made recommendations to the Board on the remuneration of Ms. Ma Yaqing as an executive Director of the Company at the meeting. The attendance of each member is set out below:

Name of Member	Number of Meetings Attended/Held
Ms. Li Xuemei	2/2
Ms. Xia Lin (resigned as a member of Remuneration Committee on 21 January 2022)	2/2
Mr. Guo Xinping (resigned as the Chairman of Remuneration Committee on 21 January 2022)	2/2
Mr. Hu Bin (appointed as the Chairman of Remuneration Committee on 21 January 2022)	0/0
Ms. Ma Yaqing (appointed as a member of Remuneration Committee on 21 January 2022)	0/0

Nomination Committee

The Company has established the Nomination Committee according to the relevant requirements under the Listing Rules. As at the date of this annual report, the Nomination Committee is chaired by Ms. Ma Yaqing, the Chairlady of the Board, who was appointed on 21 January 2021, and comprised of Ms. Li Xuemei and Mr. Chen Yung-cheng, who are independent non-executive Directors. Ms. Xia Lin and Mr. Guo Xinping ceased to act a chairlady/ member of the Nomination Committee with effect from 21 January 2022 following their resignation as Director or independent non-executive Director.

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

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

Name of Member	Number of Meetings Attended/Held
Ms. Li Xuemei	2/2
Mr. Chen Yung-cheng	2/2
Ms. Xia Lin (resigned as the Chairlady of Nomination Committee on 21 January 2022)	2/2
Mr. Guo Xinping (resigned as a member of Nomination Committee on 21 January 2022)	2/2
Ms. Ma Yaqing (appointed as the Chairlady of Nomination Committee on 21 January 2022)	0/0

Nomination Policy

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

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

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

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

Nomination Process

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

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

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

Selection Criteria

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

(1) Reputation for integrity;

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

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

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

Audit Committee

The Company has established the Audit Committee that comprises three independent non-executive Directors. As at the date of this annual report, the Audit Committee is chaired by Ms. Li Xuemei and comprised of Mr. Chen Yung-cheng and Mr. Hu Bin. Ms. Li Xuemei has corresponding professional qualifications and financial experience. Mr. Guo Xinping ceased to act as a member of Audit Committee with effect from 21 January 2022 following his resignation as an independent non-executive director. The Company has set out the Audit Committee's authorities and duties in writing according to the requirements under Rule 3.22 of the Listing Rules.

During the period, the Audit Committee held 5 meetings, at which the financial statements and annual report for the year ended 31 December 2020, quarterly report for the period ended 31 March 2021 and the interim report for the period ended 30 June 2021, respectively, were reviewed. The Audit Committee was of the view that the preparation of such results has complied with applicable accounting standards and relevant regulatory and legal requirements, and that sufficient disclosures have been made. The Audit Committee has also reviewed contents including related party transactions as well as the effectiveness of risk management and internal control procedures and the internal audit function, and has submitted its opinions to the Board for consideration and approval.

The Audit Committee has reviewed the financial statements and annual report for the year ended 31 December 2021, and was of the view that the preparation of such results has complied with applicable accounting standards and relevant regulatory and legal requirements, and that sufficient disclosures have been made.

The attendance of each member is set out below:

Name of Member	Number of Meetings Attended/Held
Ms. Li Xuemei	5/5
Mr. Chen Yung-cheng	5/5
Mr. Hu Bin	5/5
Mr. Guo Xinping (resigned as a member of Audit Committee on 21 January 2022)	5/5

Attendance of Directors at Board Meetings and General Meetings

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

	Attendance at Meetings Held During the Period			
Name of Directors	Number of Board meetings attended/ Number of Board meetings	Attendance rate for Board meetings	Number of general meetings attended/ Number of general meetings	Attendance rate for general meeting
Ms. Xia Lin (resigned on 21 January 2022)	6/6	100%	1/1	100%
Mr. Qin Hailin	6/6	100%	1/1	100%
Ms. Li Xuemei	6/6	100%	1/1	100%
Mr. Chen Yung-cheng	6/6	100%	1/1	100%
Mr. Hu Bin	6/6	100%	1/1	100%
Mr. Guo Xinping (resigned on 21 January 2022)	6/6	100%	1/1	100%

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

Remuneration of Senior Management by Remuneration Band

Pursuant to Code Provision E.1.5, the remunerations of the senior management by remuneration band for the year ended 31 December 2021 are set out below:

Remuneration band	Number of individuals
RMB300,000 and below	8
RMB301,000 to RMB500,000	—
RMB501,000 to RMB1,000,000	4
RMB1,001,000 or above	4

Further details of Directors' emoluments and the five highest paid individuals required to be disclosed pursuant to paragraph 25 of Appendix 16 to the Listing Rules are set out in notes 13 and 14 to the consolidated financial statements on pages 114 to 117 of this annual report.

AUDITOR'S REMUNERATION

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

DIRECTORS' AND AUDITOR'S FINANCIAL REPORTING RESPONSIBILITIES

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

The responsibilities of the auditor of the Company with respect to the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 60 to 64.

GOING CONCERN

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

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

The Board has conducted a review on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2021. Based on a review of the internal audit team's findings as well as an assessment of the risk management and internal control systems conducted by the Audit Committee, the Board was of the view that the risk management and internal control systems, including financial, operational and compliance controls, accounting policies, internal control procedures, staff qualifications and experience, staff training programmes and relevant budget of the Group are effective and adequate. No material defect in the risk management and internal control systems was identified in the review. Therefore, the Board believed that the risk management and internal control systems were effective and that appropriate resources were allocated.

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

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

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

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

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

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

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

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

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

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

Principal Place of Business in Hong Kong

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

Principal Place of Business in Beijing

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

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

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

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

Principal Place of Business in Hong Kong

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

Principal Place of Business in Beijing

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

CONSTITUTIONAL DOCUMENTS

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2021.

* The GEM Listing Rules was applicable to the Company prior to the transfer of listing of the Company's Shares from GEM to the Main Board of the Stock Exchange on 14 May 2021 (the "Transfer of Listing"). Immediately after the Transfer of Listing, the Listing Rules shall be applicable to the Company.

Environmental, Social and Governance Report

STATEMENT FROM THE BOARD

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

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

ENVIRONMENT AND NATURAL RESOURCES

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

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

Use of Resources

In compliance with the Water Law of the People's Republic of China, the Energy Conservation Law of The People's Republic of China, the Circular Economy Promotion Law of the People's Republic of China, the Design Standard for Energy Efficiency of Public Buildings and other relevant laws and regulations, the Group adopts a series of measures to protect the environment under the principles and practices of recycling and conservation. In light of the business nature of consultancy services, the main resources consumed by the Group included office water, power and paper. The Group does not need to use any packaging materials since it has no physical products for sale. The following table sets out major resources used by the Group during the year ended 31 December 2021:

Types of resources used	Unit	Amount used	Amount used per capita
Power consumption	kWh	140,052.38	362.83
Water consumption	ton	2,169.32	5.62
Paper consumption	ton	11.58	0.03

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

In 2021, the Group advocates water conservation and encourages the use of recycled paper for printing and photocopying as well as double-sided printing and photocopying in the office. The Group has adopted a computerized and network-based office system utilizing modern information technology to not only promote a paperless work environment and reduce paper consumption, telecommunication fees and postage, but also minimize the use of social resources such as telecommunication lines and postal services by using less telephone, fax, and postal services. Employees are regularly given educational and promotional materials about environmental protection, and are encouraged to practice reuse and recycling, as well as to use refillable instead of disposable office supplies and stationery.

Responding to Climate Change

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

EMISSIONS

According to the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Action Plan for Prevention and Control of Water Pollution, the Regulation on Urban Drainage and Sewage Treatment, and the Air Pollution Prevention and Control Action Plan, the Group pays close attention to its pollutants emissions. The Group mainly generates pollutants from daily office operations and does not generate and hazardous waste as its business operation does not involve any manufacturing activity. Waste generated during the year mainly included domestic sewage, office waste and vehicle exhaust. Emissions generated from the domestic sewage included chemical oxygen demand (COD), biochemical oxygen demand (BOD), suspended solids (SS) and ammonia nitrogen. The following table sets out emissions generated by the Group from office waste and vehicle exhaust for the year ended 31 December 2021:

Types of emissions	Amount of emissions (ton)	Emission per capita (ton)
Office waste		
Including: Waste paper	0.06	N/A
Garbage	23.16	0.06
Vehicle exhaust		
Including: Carbon monoxide	0.006	N/A

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

In 2021, the Group maintained best environmental practices, used energy efficiently and reduced greenhouse gas emissions under the supervision of the administration department. These practices included: maximizing efficiency by keeping lamps and lightings clean, turning all idling lights and electrical appliances off, turning idling computers into standby or sleep modes automatically, and reviewing the Group's internal policies and practices regularly with the aim of incorporating environmental factors into its work procedures. Recyclable waste and waste paper of the Group were centrally collected by qualified property companies for recycling and processing.

SOCIAL

Employment

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

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

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

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

In 2021, the Group consistently stimulated the vitality of the enterprise, enhanced the happiness of employees, and actively cultivated a positively progressive corporate culture of unity. Such an atmosphere has been established in which employees are upright, righteous and decent, and the organization is responsible, forward-looking, profound and caring. The practice activity themed as "Do practical things for the public" was solidly promoted, to show care for the physical and mental health of employees and condolences to employees who are sick, giving birth or have marriages or deaths. Employees' families benefited from such care. The Group improved the quality of staff's office environment by adding workstations, green plants, telephone booths and staff rest areas, etc. The essay solicitation activity themed as "Say Something to the Century-old CPC" was launched, and the activity themed as "Today in the Party History — Consultants Read the Party History" was carried out, to make every employee bear in mind the history of the CPC. The Children's Day celebration on June 1 was held with the theme of "CCID Kids' Loyalty to the CPC", and employees' children expressed their blessings to the motherland through brushes and videos. The "Stamps Tell the History of the CPC" exhibition board was launched to vividly present the century-old struggle of the CPC. All employees were organized to participate in a singing competition with the theme of "The Centennial Celebration of the CPC's History and Welcome the Anniversary of Motherland's Birthday". All employees expressed their love and respect for the motherland through chorus, drama, recitation, calligraphy and so on. The rope skipping competition themed "vitalizing the body and mind with rope skipping" was carried out, through which the physical fitness of employees was improved and the team and vigorous spirit were promoted. The Group continued to improve the democratic management system, held the 4th meeting of the fourth session Employee Congress, at which 10 regulations or systems of the Company were approved after review, and secured the overall steady development of the Group by adhering to democratic management and enhancing employees' sense of ownership.

As at 31 December 2021, the Group had a total of 386 employees. Breakdowns of the Group's employee composition by employment type, gender, age group and geographical region are as follows.

	Year	
Total workforce by gender	**2021**	2020
Male	**212**	219
Female	**174**	154

	Year	
Total workforce by employment type	**2021**	2020
Full-time	**386**	373
Part-time	**0**	0

Total workforce by age group	Year 2021	2020
18-25	**12**	25
26-35	**208**	201
36-45	**121**	108
46-55	**41**	35
56 and above	**4**	4

Total workforce by geographical region	Year 2021	2020
Mainland China	**386**	373

Employee turnover

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

Employee turnover rate by gender	Year 2021	2020
Male	**16.3%**	7%
Female	**13%**	5.6%

Employee turnover rate by age group	Year 2021	2020
18-25	**1%**	0.5%
26-35	**19.7%**	10.2%
36-45	**7%**	1.9%
46-55	**0**	0
56 and above	**0**	0

Employee turnover rate by geographical region	Year 2021	2020
Mainland China	**29.3%**	12.6%

Health and Safety

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

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

Development and Training

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

As at 31 December 2021, the training rate of senior management and middle management of the Group was 100%.

Training and development data	Year 2021	2020
Percentage of employees trained by gender		
Male	**100%**	100%
Female	**100%**	100%
Percentage of employees trained by employee category		
Senior management	**100%**	100%
Middle management	**100%**	100%
Frontline and other staff	**100%**	100%

Training and development data	Year 2021	2020
Average training hours completed per employee by gender		
Male	**77**	77
Female	**77**	77
Average training hours completed per employee by employee category		
Senior management	**55**	52
Middle management	**45**	44
Frontline and other staff	**56**	56

Labor Standards

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

SUPPLY CHAIN MANAGEMENT

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

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

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

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

PRODUCT RESPONSIBILITY

In compliance with the Product Quality Law of the People's Republic of China and relevant laws and regulations, the Group fully implements procedures to maintain information privacy and data security in order to protect individual privacy, safeguard sensitive trade information and prevent children and young people from accessing improper information. During the reporting period, no gross violation of the relevant laws and regulations that have a significant impact on the Group was not found. As of 31 December 2021, no products sold or shipped by the Group have been subject to recalls for safety and health reasons.

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

ANTI-CORRUPTION

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

The Group launches a learning and training program, namely "A Lesson on Anti-Corruption and Advocation of Integrity for Every Quarter", with members of the Board of the Company participating in the relevant training. Through such warning education, the Group will continue to consolidate the ideological foundation of the Party members and cadres in respect of integrity and lawful conduct.

Any person in violation of the Group's policies and/or relevant laws may be subject to disciplinary and administrative penalties, as well as civil or criminal liabilities. In case of any non-compliance with the policies of the Company, the involved employee may be subject to termination of employment or other actions. During 2021, the Company was not involved in any concluded legal cases regarding corrupt practices.

COMMUNITY INVESTMENTS

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

The Board hereby presents its report and the audited financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Group is principally engaged in management and strategy consultancy, market consultancy, data information management, information engineering supervision, training courses services and subscription to information system services and other services. There was no significant change in the nature of the Group's principal activities during the year. The principal activities and other details of the Company and its subsidiaries are set out in note 1 and note 34 to the consolidated financial statements.

BUSINESS REVIEW

The fair review of the Group's business is set out in detail in the Management Discussion and Analysis on pages 6 to 15 of this annual report. Such discussion constitutes a part of this Report of the Directors.

BUSINESS OUTLOOK

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

TRANSFER OF LISTING

On 30 October 2020, a formal application was made by the Company to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of and permission to deal in (i) 209,000,000 H Shares in issue; and (ii) the 20,900,000 H Shares which may be required to be issued upon the exercise of the outstanding options which were granted under the Share Option Scheme, on the Main Board by way of the Transfer of Listing.

The approval has been granted by the Stock Exchange for the Shares to be listed on the Main Board and to be delisted from GEM (stock code: 8235) on 13 May 2021. The last day of dealings in the Shares on GEM was 13 May 2021 and dealings in the Shares on the Main Board (stock code: 2176) commenced on 14 May 2021. The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be valid evidence of legal title and be valid for trading, settlement and registration purposes and have not involved any transfer or exchange of the existing share certificates.

PRINCIPAL RISKS AND UNCERTAINTIES

Market Risk

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

Risk of Losing Talent

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

Financial Risk

For details, please see note 6 to the consolidated financial statements on pages 95 to 102 of this annual report.

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

RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 December 2021 and the financial position of the Company and Group as at that date are set out on pages 65 to 67 of this annual report.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021.

DIVIDEND POLICY

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

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

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Friday, 10 June 2022. A notice convening the AGM will be published and despatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders who are entitled to attend and vote at the 2021 AGM, the register of H shareholders will be closed from 7 June 2022 to 10 June 2022, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for attending the 2021 AGM, all transfer documents of H shares accompanied by the relevant share certificate(s) must be lodged to the Company's H share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 6 June 2022 for registration.

Shareholders whose names appear on the registers of members of the Company at the close of business on 6 June 2022 will be entitled to attend and vote at the 2021 AGM.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years extracted from audited financial statements are set out on page 142. Such summary is not a part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Movements in the Company's registered, issued and fully paid share capital during the year are set out in note 28 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 35 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

For the year ended 31 December 2021, no capital reserve of the Group was available for distribution by way of a future capitalisation issue. Other than that, the Company had retained profits of approximately RMB118,208,000 available for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's top five customers accounted for approximately 8.04% of the total sales of the Company for the year, of which sales to the top customer accounted for 2.72%.

The Group provided companies that had the same ultimate shareholders as the Company with certain consultancy services, details of which are set out in note 30 to the consolidated financial statements, "Related Parties Relationships and Transactions". Save as disclosed above, none of the Directors or any of their associates or any other shareholder which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had any interests in the Company's top five customers.

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

BOARD OF DIRECTORS

For the year ended 31 December 2021 and as at the date of this annual report, the Board comprised:

Executive Directors
Ma Yaqing *(Chairlady)* (appointed on 21 January 2022)
Qin Hailin *(General Manager)*
Xia Lin *(Chairlady)* (resigned on 21 January 2022)

Independent Non-Executive Directors
Li Xuemei
Chen Yung-cheng
Hu Bin
Guo Xinping (resigned on 21 January 2022)

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the biographies of the Directors, Supervisors and senior management of the Company are set out in pages 16 to 20 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

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

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

Ms. Xia Lin resigned as an executive Director with effect from 21 January 2022. She entered into a service agreement with the Company for a term from 25 November 2020 to 21 January 2022.

Mr. Guo Xinping resigned as an independent non-executive Director with effect from 21 January 2022. He entered into a service agreement with the Company for a term from 25 November 2020 to 21 January 2022. Except for the above contracts, during the year ended 31 December 2021, the Directors and the Supervisors did not have any other service contract with the Company and its subsidiaries.

DIRECTORS’ AND SUPERVISORS’ REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors’ and Supervisors’ remuneration must be approved by the shareholders at the general meeting. Other emoluments must be fixed by the Board based on the Directors’ and Supervisors’ responsibilities, duties and performance as well as the Company’s results. Details of the Directors’ and Supervisors’ remuneration of the Group for the year ended 31 December 2021 are set out in note 13 to the consolidated financial statements. Details of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in note 14 to the consolidated financial statements.

Ms. Xia Lin, Mr. Gong Ping, Mr. Jia Yinghui and Mr. Qin Hailin voluntarily waived their remunerations for the year ended 31 December 2021.

CONTRACT OF SIGNIFICANCE

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules for the year ended 31 December 2021. The Company considers each of the independent non-executive Director to be independent.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Group has entered into the following continuing connected transactions, of which the disclosure of certain details is in compliance with the requirements of Chapter 20 and/or Chapter 19 of the GEM Listing Rules (applicable to the Company prior to the Transfer of Listing) or Chapter 14A of the Listing Rules (applicable to the Company after the Transfer of Listing).

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

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

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

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

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

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

For the category of information consultancy and supervision services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Existing Framework Agreement 1 and the Existing Framework Agreement 2 in aggregate do not exceed 25% and the total consideration is less than HK$10,000,000. Pursuant to Rule 20.74(2) of the GEM Listing Rules or Rule 14A.76(2) of the Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules or Chapter 14A of the Listing Rules.

For the category of management and strategy consultancy services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Existing Framework Agreement 3 and the Existing Framework Agreement 4 in aggregate do not exceed 25% and the total consideration is less than HK$10,000,000. Pursuant to Rule 20.74(2) of the GEM Listing Rules or Rule 14A.76(2) of the Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules or Chapter 14A of the Listing Rules.

For the category of administration services, the applicable percentage ratios (other than the profit ratio and equity capital ratio) for the Existing Framework Agreement 5 do not exceed 5%. Pursuant to Rule 20.74(2) of the GEM Listing Rules or Rule 14A.76(2) of the Listing Rules, such transactions are exempted from the circular, independent financial advice and shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules or Chapter 14A of the Listing Rules.

CCID is the ultimate controlling shareholder of the Company and holds approximately 70.14% of the total issued share capital of the Company as at the date of this annual report. Accordingly, CCID and its associates are connected persons of the Company under the GEM Listing Rules or Chapter 14A of the Listing Rules. In accordance with Chapter 20 of the GEM Listing Rules or Chapter 14A of the Listing Rules, the above renewed framework agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

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

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

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

(1) On 17 December 2021, the Company and CCID renewed the information consultancy and supervision services revenue framework agreement that expired on 31 December 2021 (the "Renewed Framework Agreement 1"). Pursuant to the Renewed Framework Agreement 1, the Company and/or its subsidiaries (hereinafter as defined in the announcement of the Company dated 17 December 2021) shall, upon the request of CCID and/or its associates (hereinafter as defined in the announcement of the Company dated 17 December 2021), provide information planning, information engineering supervision and related services to CCID and/or its associates during the period from 1 January 2022 to 31 December 2024. The Renewed Framework Agreement 1 prescribed that the maximum annual caps of the service fees for the three financial years ending 31 December 2024 are RMB5,000,000, RMB5,000,000 and RMB5,000,000 (until the date of termination of the Renewed Framework Agreement 1), respectively. Individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Renewed Framework Agreement 1 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 1 nor constitute new categories of continuing connected transactions.

(2) On 17 December 2021, the Company and CCID renewed the information consultancy and supervision services expense framework agreement that expired on 31 December 2021 (the "Renewed Framework Agreement 2"). Pursuant to the Renewed Framework Agreement 2, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide information planning, information engineering supervision and related services to the Company and/or its subsidiaries during the period from 1 January 2022 to 31 December 2024. The Renewed Framework Agreement 2 prescribed that the maximum annual caps of the service fees for the three years ending 31 December 2024 are RMB3,200,000, RMB3,200,000 and RMB3,200,000 (until the date of termination of the Renewed Framework Agreement 2), respectively. Individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Renewed Framework Agreement 2 can be confirmed by order or by separate agreements, provided that such confirmation by orders and separate agreements shall not breach any terms, requirements and relevant annual caps under the Renewed Framework Agreement 2 nor constitute new categories of continuing connected transactions.

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

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

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

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

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

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

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

As of the date of renewal of the framework agreement, Ms. Xia Lin (resigned on 21 January 2022) is the chief investment advisor of CCID Group and Mr. Qin Hailin is the general manager of CCID Group. CCID Group is ultimately held by CCID, the controlling shareholder of the Company, and is an associate of CCID. Therefore, Ms. Xia Lin and Mr. Qin Hailin are deemed to be materially interested in the above continuing connected transactions and have abstained from voting for passing the resolutions in relation to the approval of the aforementioned renewed framework agreements at the Board meeting. Save as disclosed above, as of the date of renewal of the framework agreement, none of the Directors was required to abstain or has abstained from voting on the board resolutions to approve the respective framework agreements as mentioned above pursuant to the Articles of Association and the Listing Rules.

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

Save as disclosed above, during the year ended 31 December 2021, the Group did not enter into any other connected transactions and continuing connected transactions.

3. Confirmation from Directors and Auditor

Further details of the above continuing connected transactions and connected transactions are set out in note 30 to the consolidated financial statements on pages 133 to page 135 of this annual report. The independent non-executive Directors have reviewed the above non-exempted continuing connected transactions and confirmed that the transactions have been entered into:

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

(2) on normal commercial terms or better (as defined in the GEM Listing Rules) (applicable to the Company prior to the Transfer of Listing) or Listing Rules (applicable to the Company after the Transfer of Listing); and

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

Pursuant to Rule 20.54 of the GEM Listing Rules (applicable to the Company prior to the Transfer of Listing) or Rule 14A.56 of the Listing Rules (applicable to the Company after the Transfer of Listing), the auditor has issued a letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 133 to page 135 of this annual report. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

The Group's auditor has reviewed the above non-exempted continuing connected transactions for the year ended 31 December 2021 and confirmed to the Board that nothing has come to their attention that causes them to believe that the continuing connected transactions:

(1) have not been approved by the Board;

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

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

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

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the sections relating to connected transactions and continuing connected transactions in this annual report, no Directors or Supervisors have, directly or indirectly, any material interests in any transaction, arrangement or contract of significance entered into by the Company or any of its subsidiaries during the year ended 31 December 2021.

Further details of the transactions conducted in relation to these contracts during the year are set out in Significant Related Party Transactions in note 30 to the consolidated financial statements.

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

As at 31 December 2021, none of the Directors, Supervisors and chief executives of the Company or their close associates had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were otherwise notified to the Company and the Stock Exchange pursuant to the requirements under the Model Code.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

EQUITY-LINKED AGREEMENTS

There was no equity-linked agreement entered into by the Company during the year ended 31 December 2021.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 20 November 2002. The principal terms and conditions of the share option scheme were set out in the section headed "Summary of Principal Terms of the Share Option Scheme" under Appendix IV of the prospectus published by the Company on 29 November 2002. However, employees who are Chinese nationals are not entitled to exercise their options until these persons are allowed to subscribe for or deal in H shares under the PRC laws and regulations. As at the date of this annual report, the share option scheme is not yet effective. As at 31 December 2021, no option has been granted under the share option scheme.

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

As at 31 December 2021, to the knowledge of the Directors, Supervisors and chief executives of the Company, the following corporations or persons (other than the Directors, Supervisors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or required pursuant to Section 336 of the SFO to be recorded in the register required to be kept pursuant thereto:

Long positions in shares

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

Notes:

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

2. CCID, through Research Centre (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly-owned by CCID), had effective interests in 491,000,000 domestic shares of the Company comprising 392,610,000 domestic shares directly held by Research Centre and 98,390,000 domestic shares directly held by CCID Riyue. Research Centre was formerly known as China Software Testing Center (Research Centre of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development)* (中國軟件評測中心(工業和信息化部計算機與微電子發展研究中心)).

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

Save as disclosed above, as at 31 December 2021, no other corporation or person had interests and short position in the shares and underlying shares which were required to be kept in the register pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING INTEREST

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

MANAGEMENT CONTRACT

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

DONATION

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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

For more detail about the environmental policies and performance of the Group, please refer to the Environmental, Social and Governance Report set out on pages 34 to 42 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

PERMITTED INDEMNITY PROVISION

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

AUDITORS

The financial statements for the year ended 31 December 2021 have been audited by SHINEWING (HK) CPA Limited, who will retire and offer themselves for re-appointment at the 2021 AGM.

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

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Group and the Group's compliance thereof are set out in the Corporate Governance Report on pages 21 to 33 of this annual report.

By Order of the Board
Ma Yaqing
Chairlady

Beijing, the People's Republic of China
30 March 2022

Report of the Supervisory Committee

To all Shareholders,

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

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

The Supervisory Committee has reviewed conscientiously and gave its consent to the report of the Directors, the audited financial report and the dividend distribution proposal to be proposed at the 2021 AGM. It is of the opinion that the members of the Board, the general manager and other senior management of the Company have strictly observed the principles of integrity and dedication, performed their duties diligently and scrupulously, and have exercised their authority of office in good faith for the best interests of the Company, and have been capable of conducting their work in accordance with the Articles of Association, featuring relatively standardised operation and ever-perfecting internal control system. The transactions between the Company and related companies are executed strictly pursuant to terms in the interests of the shareholders of the Company as a whole and at fair and reasonable considerations. To date, none of the Directors, general manager and senior management members has been found abusing their official positions, prejudicing the interests of the Company and infringing on the interests of shareholders and employees of the Company, or breaching any laws and regulations and the Articles of Association.

The Supervisory Committee is satisfied with the works of and the economic benefits obtained by the Company in the year of 2021 and is fully confident in the future development of the Group.

By Order of the Supervisory Committee

Gong Ping
Chairman of the Supervisory Committee

Beijing, the People's Republic of China
30 March 2022

Independent Auditor's Report

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

信永中和(香港)會計師事務所有限公司
香港銅鑼灣希慎道33號
利園一期43樓

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

OPINION

We have audited the consolidated financial statements of CCID Consulting Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 65 to 141, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

- Revenue recognition
- Expected credit losses of accounts receivables

REVENUE RECOGNITION

Refer to Note 7 to the consolidated financial statements and the accounting policies on pages 86 to 88.

The key audit matter	How the matter was addressed in our audit
The Group recorded revenue amounted to approximately RMB235,759,000 mainly from provision of management and strategic consultancy services, market consultancy services and information engineering supervision services for the year ended 31 December 2021. The Group recognises revenue at a point in time or overtime by reference to the satisfaction of relevant performance obligations. We identified revenue recognition as a key audit matter as it is quantitatively significant to the consolidated financial statements as a whole and revenue is one of the key performance indicators of the Group. The recognition of each of the Group's revenue stream requires judgement by the directors of the Company in determining the timing of satisfaction of performance obligations.	In relation to the recognition of revenue from provision of management and strategic consultancy services, market consultancy services and information engineering supervision services, we performed the following procedures, on a sample basis. We have evaluated the design, implementation and operating effectiveness of key internal controls over the revenue recognition process; We have inspected customer contracts to identify terms and conditions relating to the provision of services and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; and We have compared specific revenue transactions recorded before and after the financial year end date with underlying documentation, including service contracts and service records, to determine whether the related revenue had been recognised in the appropriate financial period.

EXPECTED CREDIT LOSSES OF ACCOUNTS RECEIVABLES

Refer to Note 21 to the consolidated financial statements and the accounting policies on pages 79 to 81.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the Group's accounts receivables amounted to approximately RMB26,287,000, net of accumulated allowance for impairment of accounts receivables of approximately RMB8,316,000. Loss allowance for accounts receivables is estimated based on lifetime expected credit losses ("ECL") model, which is estimated by taking into account the credit loss experience and forward looking information including both current and forecast general economic conditions. We have identified ECL of accounts receivables as a key audit matter because the impairment assessment of accounts receivables involved a significant degree of management estimation and may be subject to management bias.	In relation to the estimation, assumptions and judgements adopted by the Group in ECL model on impairment assessment of accounts receivables, we performed the following procedures, on a sample basis. We have evaluated the design and implementation of key control that the Group has implemented to manage and monitor its credit risk and measurement on ECL; We have assessed the reasonableness of management's estimates for loss allowance by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information, and We have also inspected cash received from debtors after year end relating to accounts receivables balance as at 31 December 2021 on a sample basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

Hong Kong
30 March 2022

Consolidated Statement of Profit or loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	7	**235,759**	211,954
Cost of sales		**(115,814)**	(111,271)
Gross profit		**119,945**	100,683
Other income and gains	9	**13,405**	4,626
Selling and distribution expenses		**(21,405)**	(14,904)
Administrative and other operating expenses		**(63,695)**	(56,314)
Impairment loss recognised on accounts and other receivables, net	10	**(94)**	(585)
Profit before taxation		**48,156**	33,506
Income tax expense	11	**(6,474)**	(6,909)
Profit for the year	12	**41,682**	26,597
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		**7,219**	2,024
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	**(1,083)**	(300)
		6,136	1,724
Total comprehensive income for the year		**47,818**	28,321
Profit for the year attributable to:			
Owners of the Company		**40,375**	21,224
Non-controlling interests		**1,307**	5,373
		41,682	26,597
Total comprehensive income for the year attributable to:			
Owners of the Company		**42,924**	22,169
Non-controlling interests		**4,894**	6,152
		47,818	28,321
Earnings per share (RMB cents):	15		
Basic		**5.77**	3.03
Diluted		**5.77**	3.03

Consolidated Statement of Financial Position

At 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	17	**14,810**	16,137
Intangible asset	18	**14,681**	14,681
Financial assets at fair value through other comprehensive income	19	**19,234**	12,015
Pledged bank deposits	23	**—**	1,336
Deferred tax assets	20	**1,700**	1,016
		50,425	45,185
Current assets			
Accounts receivables	21	**26,287**	27,137
Prepayments, deposits and other receivables	22	**18,063**	11,689
Financial assets at fair value through profit or loss	19	**149**	45,087
Tax recoverable		**5,329**	2,607
Amounts due from related parties	27	**5**	1,000
Pledged bank deposits	23	**3,163**	1,862
Cash and cash equivalents	23	**337,337**	263,723
		390,333	353,105
Current liabilities			
Accounts payables	24	**748**	1,661
Accruals and other payables	25	**45,133**	50,384
Contract liabilities	26	**98,366**	85,100
Amounts due to related parties	27	**150**	4,471
Income tax payable		**1,949**	997
		146,346	142,613
Net current assets		**243,987**	210,492
Total assets less current liabilities		**294,412**	255,677
Non-Current Liability			
Deferred tax liabilities	20	**1,627**	—
Net assets		**292,785**	255,677

	Notes	2021 RMB'000	2020 RMB'000
Equity			
Share capital	28	**70,000**	70,000
Reserves		**158,465**	126,251
Total equity attributable to owners of the Company		**228,465**	196,251
Non-controlling interests		**64,320**	59,426
Total equity		**292,785**	255,677

The consolidated financial statements on pages 65 to 141 were approved and authorised for issue by the board of directors of the Company on 30 March 2022 and are signed on its behalf by:

Ms. Ma Yaqing
Director

Mr. Qin Hailin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company							
	Share Capital RMB'000	**Capital reserve (Note (a))** RMB'000	**Statutory reserve (Note (b))** RMB'000	**Investment revaluation reserve (Note (c))** RMB'000	**Retained profits** RMB'000	**Sub-total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2021	**70,000**	**(1,707)**	**23,198**	**4,672**	**100,088**	**196,251**	**59,426**	**255,677**
Profit for the year	**—**	**—**	**—**	**—**	**40,375**	**40,375**	**1,307**	**41,682**
Other comprehensive income for the year	**—**	**—**	**—**	**2,549**	**—**	**2,549**	**3,587**	**6,136**
Total comprehensive income for the year	**—**	**—**	**—**	**2,549**	**40,375**	**42,924**	**4,894**	**47,818**
Appropriation of statutory reserve	**—**	**—**	**8,008**	**—**	**(8,008)**	**—**	**—**	**—**
Dividends recognised as distribution (Note 16)	**—**	**—**	**—**	**—**	**(10,710)**	**(10,710)**	**—**	**(10,710)**
At 31 December 2021	**70,000**	**(1,707)**	**31,206**	**7,221**	**121,745**	**228,465**	**64,320**	**292,785**
At 1 January 2020	70,000	20,483	20,083	3,727	91,989	206,282	31,084	237,366
Profit for the year	—	—	—	—	21,224	21,224	5,373	26,597
Other comprehensive income for the year	—	—	—	945	—	945	779	1,724
Total comprehensive income for the year	—	—	—	945	21,224	22,169	6,152	28,321
Dilution in equity interest in a subsidiary as a result of deemed acquisition (Note (a) and 29)	—	(22,190)	—	—	—	(22,190)	22,190	—
Appropriation of statutory reserve	—	—	3,115	—	(3,115)	—	—	—
Dividends recognised as distribution (Note 16)	—	—	—	—	(10,010)	(10,010)	—	(10,010)
At 31 December 2020	70,000	(1,707)	23,198	4,672	100,088	196,251	59,426	255,677

Notes:

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

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

(c) As at 31 December 2021 and 2020, the investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investment in equity instruments designated as at financial assets at fair value through other comprehensive income.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**48,156**	33,506
Adjustments for:		
Depreciation of property, plant and equipment	**2,032**	1,987
Impairment loss recognised on accounts and other receivables, net	**94**	585
Interest income from bank deposits	**(4,704)**	(952)
Investment income arising from financial assets at fair value through profit or loss	**—**	(2,560)
Government grant	**(181)**	(647)
Fair value gain arising from consideration receivable	**—**	(110)
Dividend income arising from financial assets at fair value through other comprehensive income	**(6,368)**	—
Fair value (gain) loss arising from financial assets at fair value through profit or loss	**(62)**	35
Operating cash flows before movements in working capital	**38,967**	31,844
Decrease in accounts receivables	**993**	5,443
Decrease (increase) in prepayment, deposits and other receivables	**284**	(2,708)
Decrease (increase) in financial assets at fair value through profit or loss	**45,000**	(45,000)
Decrease in accounts payables	**(913)**	(733)
(Decrease) increase in accruals and other payables	**(5,251)**	4,099
Increase in contract liabilities	**13,266**	21,798
Increase in amounts due from fellow subsidiaries	**(527)**	—
(Decrease) increase in amount due to ultimate holding company	**(176)**	176
Decrease in amount due to immediate holding company	**(462)**	(81)
(Decrease) increase in amounts due to fellow subsidiaries	**(2,105)**	818
Cash generated from operations	**89,076**	15,656
Income taxes paid	**(8,384)**	(10,175)
NET CASH FROM OPERATING ACTIVITIES	**80,692**	5,481

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	—	(45,000)
Purchase of financial assets at fair value through other comprehensive income	—	(1,680)
Purchase of property, plant and equipment	**(705)**	(257)
Proceeds from redemption of financial assets at fair value through profit or loss	—	80,000
Withdrawal of pledged bank deposits	**2,337**	866
Placement of pledged bank deposits	**(2,302)**	(2,007)
Interest received from bank deposits	**4,704**	952
Investment income arising from financial assets at fair value through profit or loss	—	2,560
Repayment from a fellow subsidiary	**1,000**	—
Advance to a ultimate holding company	**(5)**	—
Advance to a fellow subsidiary	—	(1,000)
NET CASH FROM INVESTING ACTIVITIES	**5,029**	34,434
FINANCING ACTIVITIES		
Advance from a fellow subsidiary	—	150
Repayment to immediate holding company	**(1,578)**	—
Government grant received	**181**	647
Dividends paid	**(10,710)**	(10,010)
NET CASH USED IN FINANCING ACTIVITIES	**(12,107)**	(9,213)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**73,614**	30,702
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**263,723**	233,021
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**337.337**	263,723

1. GENERAL

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

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

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

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

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

* The English translation is for identification only

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

In the current year, the Group has applied, for its first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 January 2021.

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, Hong Kong Accounting Standard ("HKAS") 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and related amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

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

Intangible asset

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

Property, plant and equipment

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

Ownership interests in leasehold land and buildings

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

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

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

Impairment losses on tangible assets and intangible asset

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

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

Financial assets

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

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Amortised cost and effective interest method

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

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

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

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

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

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (Note 9).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Equity instruments designated as at FVTOCI

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

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

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other income and gains" line item (Note 9).

Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "Fair value gain arising from financial assets at FVTPL" line item (Note 9). Fair value is determined in the manner described in Note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset is held for trading if:

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

Impairment of financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

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

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

Definition of default

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

- when there is a breach of financial covenants by the debtor; or

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Credit-impaired financial assets

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

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

Write-off policy

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL

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

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

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

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

Derecognition of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

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

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

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

Taxation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

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

Revenue recognition

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

Contract liabilities

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

The Group recognised revenue from the following major sources:

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

Provision of management and strategic consultancy services and market consultancy services

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

Provision of industry spatial management services

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

Provision of information engineering supervision services

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Provision of other services

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

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

Contract costs

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

Fair value measurement

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and development expenditure

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

Leasing

Definition of a lease

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

The Group as lessee

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

Segment reporting

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

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

Government grants

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Assessment of the indefinite useful life of an intangible asset

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

The useful life of digital management platform could change significantly as a result of changes in commercial and technological environment. When the actual useful life of digital management platform is different from its estimated useful life due to change in commercial and technological environment, such difference will impact the amortisation charges and the amounts of assets written down for future periods. As at 31 December 2021, the carrying amount of digital management platform with indefinite useful life is approximately RMB14,681,000 (2020: RMB14,681,000).

Judgments in determining the timing of satisfaction of performance obligations

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

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

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

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

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

Key sources of estimation uncertainty

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

Revenue recognition

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Income taxes

As at 31 December 2021, no deferred tax asset has been recognised on the tax losses of approximately RMB5,089,000 (2020: RMB4,545,000) due to the unpredictability of future profit streams for certain subsidiaries. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

ECL of accounts receivables

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

During the year ended 31 December 2021, impairment loss recognised on accounts receivables is approximately RMB1,355,000 (2020: RMB252,000) and impairment loss reversed on accounts receivables is approximately RMB971,000 (2020: RMB131,000).

At 31 December 2021, the carrying amount of accounts receivables is approximately RMB26,287,000 (2020: RMB27,137,000), net of accumulated allowance for impairment of accounts receivables approximately RMB8,316,000 (2020: RMB8,575,000).

Depreciation and estimated impairment of property, plant and equipment

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

As at 31 December 2021, the carrying amount of property, plant and equipment is approximately RMB14,810,000 (2020: RMB16,137,000), net of accumulated impairment losses amounted to nil (2020: nil). No impairment loss was recognised during the years ended 31 December 2021 and 2020.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Estimated impairment of an intangible asset

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

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

As at 31 December 2021, the carrying amount of an intangible asset is approximately RMB14,681,000 (2020: RMB14,681,000), net of accumulated impairment losses amounted to nil (2020: nil). No impairment loss was recognised during the years ended 31 December 2021 and 2020. Details of the impairment of an intangible asset are disclosed in Note 18.

Fair value measurement of financial assets

As described in note 6c, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For unlisted equity investments, assumptions are made based on (i) market approach and the value is based on price-to-book value ratio ("P/B ratio"), adjusted by discount for lack of marketability ("DLOM") and (ii) net asset value ("NAV") of the investment determined based on the fair value of the underlying investment portfolio and equity interest held by the Group. For unlisted debt instrument, fair value are quoted by the relevant bank based on assumptions supported. The estimation of fair value of unlisted equity investment and unlisted debt instrument include some assumptions not supported by observable market prices or rates.

The carrying amount of the unlisted equity investments and unlisted debt instruments as at 31 December 2021 is approximately RMB19,234,000 (2020: RMB12,015,000) and nil (2020: RMB45,000,000) respectively. Details of the assumptions used are disclosed in note 6c. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

5. CAPITAL RISK MANAGEMENT

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

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

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

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

	2021 **RMB'000**	2020 RMB'000
Total liabilities	**147,973**	142,613
Add: Proposed final dividends	**—**	10,710
Less: Amount due to immediate holding company	**—**	(1,578)
Less: Amount due to a fellow subsidiary	**(150)**	(150)
Less: Deferred tax liabilities	**(1,627)**	—
Net debt	**146,196**	151,595
Total equity	**292,785**	255,677
Less: Proposed final dividends	**—**	(10,710)
Equity	**292,785**	244,967
Net debt to equity ratio	**50%**	62%

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets		
Financial assets at amortised cost		
(including cash and cash equivalents)	**384,830**	306,274
Financial assets at FVTOCI		
— Equity instruments designated at FVTOCI	**19,234**	12,015
Financial assets at FVTPL		
— Financial assets mandatorily measured at FVTPL	**149**	45,087
	404,213	363,376
Financial liabilities		
Financial liabilities at amortised cost	**42,642**	53,771

(b) Financial risk management objectives and policies

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits (Note 23).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 23) and variable interest rate linked structural deposits (Note 19).

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

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

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

(ii) Other price risk

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(ii) Other price risk (Continued)

Sensitivity analysis

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

If the prices of the respective equity instruments had been 1% (2020: 1%) higher/lower, investment valuation reserve would increase/decrease by RMB192,000 (2020: increase/decrease by RMB120,000) for the Group as a result of the changes in fair value of unlisted equity instruments measured at FVTOCI.

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

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

Credit risk

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

The management reviews the categories of customers from time to time or at the time when the credit risk is significantly increased since initial recognition. The credit risk of a customer will increase significantly when the contractual payments are more than 60 days (2020: 60 days) past due, based on the background and characteristic of customers in the industry for granting a longer credit period.

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

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

As at 31 December 2021 and 2020, no single customer or a group of customers contribute more than 10% of the Group's revenue. The Group has concentration of credit risk as 20% (2020: 23%) and 6% (2020: 11%) of the total accounts receivables was due from the Group's five largest customers and the largest customer respectively. The concentration of credit risk is limited due to the customer base being large and unrelated.

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

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

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

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

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

— internal credit rating

— external credit rating

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

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

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

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

The Group's exposure to credit risk

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

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

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

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

Liquidity risk

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

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

6. FINANCIAL INSTRUMENTS (Continued)

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

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

Financial instruments	Fair value hierarchy	Fair value as at		Valuation Technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
		2021 RMB'000	2020 RMB'000			
Financial assets at FVTOCI						
— unlisted equity investment	Level 3	**17,554**	10,335	Market approach adopted. The value is based on P/B ratio, adjusted by DLOM (2020: Market approach adopted. The value is based on P/B ratio, adjusted by DLOM) and equity interest held by the Group	2021: P/B ratio: 2.44 DLOM: 20.6% (2020: P/B ratio: 1.90 DLOM: 20.6%)	The higher the P/B ratio, the higher the fair value. The higher the DLOM, the lower the fair value. (Note (a))
— unlisted equity investment	Level 3	**1,680**	1,680	Based on NAV of the investment determined based on the fair value of the underlying investment portfolio, which is comprised of discount cash flows and equity interest held by the Group	NAV of the investment: RMB30,000,000	The higher NAV of the investment, the higher the fair value. (Note (b))
Financial assets at FVTPL						
— equity securities listed in the PRC	Level 1	**149**	87	Quoted bid price in an active market	N/A	N/A
— debt instruments: wealth management deposits	Level 2	**—**	45,000	Fair value quoted by the relevant bank	N/A	N/A

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Notes:

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

A 5% increase in DLOM, while all the other variables were held constant, would result in a decrease in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB227,000 (2020: RMB134,000) and vice versa.

(b) A 5% increase in NAV, while all the other variables were held constant, would result in an increase in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB84,000 (2020: RMB84,000) and vice versa.

Reconciliation of Level 3 fair value measurements of financial asset:

	2021 RMB'000	2020 RMB'000
Unlisted equity instruments at FVTOCI		
At the beginning of the year	**12,015**	8,311
Addition	**—**	1,680
Change in fair value recognised in OCI	**7,219**	2,024
At the end of the year	**19,234**	12,015

The above total change in fair value for the year ended 31 December 2021 of approximately RMB7,219,000 (2020: RMB2,024,000) is included in investment revaluation reserve.

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

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

7. REVENUE

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

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
— Provision of management and strategic consultancy services	113,320	81,234
— Provision of market consultancy services	32,956	26,440
— Provision of information engineering supervision services	76,514	76,083
— Provision of industry spatial management services	10,369	22,138
— Provision of other services	2,600	6,059
	235,759	211,954

	2021 RMB'000	2020 RMB'000
Disaggregation of revenue from contracts with customers by:		
Timing of revenue recognition		
At a point in time	**148,876**	113,733
Overtime	**86,883**	98,221
Total revenue from contracts with customers	**235,759**	211,954

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

As at 31 December 2021, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately RMB106,010,000 (2020: RMB95,681,000). The amount mainly represents revenue expected to be recognised in the future from provision of information engineering supervision services and industry spatial management services. The Group will recognise this revenue in the next 12 months (2020: next 12 months).

8. SEGMENT INFORMATION

Descriptive information about the Group's reportable segments

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

- the management and strategic consultancy services segment provides services involving the application and implementation of enterprise management information digitalization, industry spatial management services involving industry planning, operation, management and attracting investments for industrial parks in Guangdong province. This incorporates the functions of business process re-engineering, enterprise resource planning, customer relationship management, supply chain management, call centre and other electronic business pattern designs, marketing, brand name promotion, public relationship and advertising;

- the market consultancy services segment provides two kinds of services: standard research on specific sectors and tailor-made research; and

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

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

8. SEGMENT INFORMATION (Continued)

Segment revenue and result

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

For the year ended 2021

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Others services RMB'000	Total RMB'000
External sales	123,689	32,956	76,514	2,600	235,759
Inter-segment sales	17	521	—	5,094	5,632
Segment revenue	123,706	33,477	76,514	7,694	241,391
Eliminations					(5,632)
Group revenue					235,759
Segment profit	64,851	18,868	33,532	2,310	119,561
Impairment loss reversed on other receivables, net					290
Unallocated income					13,405
Unallocated expenses					(85,100)
Profit before taxation					48,156

8. SEGMENT INFORMATION (Continued)

Segment revenue and result (Continued)

For the year ended 2020

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Others services RMB'000	Total RMB'000
External sales	103,372	26,440	76,083	6,059	211,954
Inter-segment sales	7,033	—	—	—	7,033
Segment revenue	110,405	26,440	76,083	6,059	218,987
Eliminations					(7,033)
Group revenue					211,954
Segment profit	53,834	13,046	31,253	2,429	100,562
Impairment loss recognised on other receivables, net					(464)
Unallocated income					4,626
Unallocated expenses					(71,218)
Profit before taxation					33,506

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of other income and gains, selling and distribution expenses, administrative and other operating expenses and impairment loss (reversed) recognised on other receivables, net. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market price.

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	2021 RMB'000	2020 RMB'000
Management and strategic consultancy services	**15,732**	15,868
Market consultancy services	**823**	1,129
Information engineering supervision services	**9,634**	8,396
Other services	**98**	1,744
Total segment assets	**26,287**	27,137
Unallocated assets	**414,471**	371,153
Consolidated assets	**440,758**	398,290

Segment liabilities

	2021 RMB'000	2020 RMB'000
Management and strategic consultancy services	**52,648**	45,532
Market consultancy services	**2,230**	2,949
Information engineering supervision services	**43,840**	36,431
Other services	**396**	1,849
Total segment liabilities	**99,114**	86,761
Unallocated liabilities	**48,859**	55,852
Consolidated liabilities	**147,973**	142,613

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Segment liabilities (Continued)

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

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

— all liabilities are allocated to operating segments other than accruals and other payables, amounts due to related parties, income tax payable and deferred tax liabilities.

Other segment information

For the year ended 31 December 2021

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Others RMB'000	Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Impairment loss recognised (reversed) on accounts receivables, net	408	(32)	10	(2)	384
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Additions to non-current assets (Note)	296	116	206	87	705
Depreciation of property, plant and equipment	1,413	390	207	22	2,032
Impairment loss reversed on other receivables, net	(119)	—	(171)	—	(290)
Income tax expense (credit)	4,778	1,502	(202)	396	6,474

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Other segment information (Continued)

For the year ended 31 December 2020

	Management and strategic consultancy services RMB'000	Market consultancy services RMB'000	Information engineering supervision services RMB'000	Others RMB'000	Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Impairment loss recognised on accounts receivables, net	37	62	22	—	121
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Additions to non-current assets (Note)	114	15	114	14	257
Depreciation of property, plant and equipment	1,243	476	266	2	1,987
Impairment loss recognised on other receivables, net	160	—	304	—	464
Income tax expense	5,619	1,139	—	151	6,909

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

Geographical information

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

Information about major customers

During the years ended 31 December 2021 and 2020, there is no single customer or a group of customers contributing over 10% of the total revenue of the Group.

9. OTHER INCOME AND GAINS

	2021 RMB'000	2020 RMB'000
Interest income from bank deposits	**4,704**	952
Investment income arising from financial assets at FVTPL	**1,484**	2,560
Government grant (Note (a))	**181**	647
Dividend income arising from financial assets at FVTOCI	**6,368**	—
Fair value gain arising from financial assets at FVTPL	**62**	—
Fair value gain arising from consideration receivable (Note (b))	**—**	110
Sundry income	**606**	357
	13,405	4,626

Notes:

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

(b) During the year ended 31 December 2020, the amount represents fair value gain arising from consideration receivable amounted to approximately RMB110,000. Details are set out in note 22.

10. IMPAIRMENT LOSS RECOGNISED ON ACCOUNTS AND OTHER RECEIVABLES, NET

	2021 RMB'000	2020 RMB'000
Accounts receivables	384	121
Other receivables	(290)	464
	94	585

11. INCOME TAX EXPENSE

(a) Income tax expense (credit):

	2021 RMB'000	2020 RMB'000
Current tax:		
— PRC Enterprise Income Tax	**6,614**	5,260
Deferred tax (Note 20)		
— Current year	**(140)**	1,649
	6,474	6,909

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

Consolidated other comprehensive income

	2021 RMB'000	2020 RMB'000
Deferred tax relating to item recognised in other comprehensive income during the year:		
— Change in fair value of FVTOCI (Note 20)	**1,083**	300

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25%. During the years ended 31 December 2020 and 2021, the Company and Beijing CCID Industrial and Information Engineering Supervision Center Co., Limited* (北京賽迪工業和信息化工程監理中心有限公司) ("CCID Supervision"), a subsidiary of the Company, are high and new technology enterprises (the "HNTE") registered in Beijing New Technology Enterprise Development Zone. Pursuant to the EIT Law, they are subject to an enterprise income tax at a rate of 15% (2020: 15%).

* The English translation is for identification only

11. INCOME TAX EXPENSE (Continued)

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

	2021 RMB'000	2020 RMB'000
Profit before taxation	**48,156**	33,506
Tax at domestic income tax rate of 25%	**12,039**	8,376
Preferential tax rate granted to HNTE	**(4,440)**	(2,035)
Tax effect of super deduction of research and development expenses	**(1,435)**	(151)
Tax effect of expenses not deductible for tax purpose	**174**	379
Tax effect of tax losses not recognised	**935**	493
Utilisation of tax losses previously not recognised	**(799)**	(153)
Income tax expense	**6,474**	6,909

Details of deferred taxation are set out in note 20.

12. PROFIT FOR THE YEAR

	2021 RMB'000	2020 RMB'000
Profit for the year has been arrived at after charging:		
Directors', supervisors' and general manager's emoluments (Note 13)	**659**	1,043
Staff costs (excluding directors', supervisors' and general manager's emoluments)		
— Salaries, wages, allowances and other benefits	**111,973**	116,238
— Contributions to retirement benefits scheme	**28,375**	11,230
Total staff costs	**140,348**	127,468
Auditor's remuneration	**800**	800
Depreciation of property, plant and equipment	**2,032**	1,987
Fair value loss arising from FVTPL	**—**	35
Research and development expenses	**28,941**	23,347
Rental expenses on short term leases in respect of rented office premises	**4,254**	3,349

Note:

The research and development expenses disclosed here included salaries and wages, allowances and other benefits of approximately RMB21,132,000 (2020: RMB14,629,000), and contributions to retirement benefits scheme of approximately RMB7,273,000 (2020: RMB2,266,000) for the year ended 31 December 2021 which had been included in total staff costs disclosed above.

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

The emoluments paid or payable to each of the nine (2020: eleven) directors, supervisors and general manager were as follows:

For the year ended 31 December 2021

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses (Note) RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Emoluments paid or receivable in respect of director's other service in connection with the management of the affairs of the Company and its subsidiary undertaking					
Executive directors					
Xia Lin[1]	—	—	—	—	—
Qin Hailin[2]	—	—	—	—	—
Emoluments paid or receivable in respect of a person's services as a director/supervisor of the Company and its subsidiary undertaking					
Independent non-executive directors					
Guo Xinping[4]	57	—	—	—	57
Li Xuemei	57	—	—	—	57
Chen Yung-cheng	57	—	—	—	57
Hu Bin[5]	58	—	—	—	58
Supervisors					
Lian Jing	—	218	130	82	430
Gong Ping[7]	—	—	—	—	—
Jia Yinghui[8]	—	—	—	—	—
	229	218	130	82	659

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

For the year ended 31 December 2020

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

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

[1] Ms. Xia Lin was resigned as executive director on 21 January 2022.

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

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

[4] Mr. Guo Xinping was resigned as independent non-executive director on 21 January 2022.

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

[6] Ms. Chen Ying was resigned as supervisor on 25 November 2020.

[7] Mr. Gong Ping was appointed as supervisor on 25 November 2020.

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

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

Ms. Xia Lin voluntarily waived all her remunerations paid by the Group during the year ended 31 December 2021 and voluntarily waived certain of her remunerations paid by the Group during the year ended 31 December 2020. Mr. Qin Hailin, Mr. Gong Ping and Mr. Jia Yinghui voluntarily waived all their remunerations paid by the Group during the years ended 31 December 2021 and 2020. No chief executive of the Company was appointed in both years.

No emoluments were paid by the Group to the directors of the Company as an incentive payment for joining the Group or as compensation, for loss of office during the years ended 31 December 2021 and 2020.

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

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, none (2020: none) was a director and the emoluments of all five (2020: five) individuals were as follows:

	2021 RMB'000	2020 RMB'000
Salaries and allowances	**3,366**	2,585
Contributions to retirement benefits scheme	**218**	375
Discretionary bonuses (Note)	**2,842**	3,280
	6,426	6,240

Their emoluments were within the following bands:

	2021 No. of employees	2020 No. of employees
HK$1,000,001 to HK$1,500,000 (equivalent to RMB829,603 to RMB1,244,402) (2020: RMB848,177 to RMB1,272,265)	**2**	5
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,244,403 to RMB1,659,203) (2020: RMB1,272,266 to RMB1,696,353)	**3**	—

No emoluments were paid by the Group to these five (2020: five) individuals of the Company as an incentive payment for joining the Group or as compensation, for loss of office during the years ended 31 December 2021 and 2020.

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

15. EARNINGS PER SHARE

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

	2021	2020
Profit for the year attributable to owners of the Company (RMB'000)	**40,375**	21,224
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	**700,000**	700,000
Basic and diluted earnings per share (RMB cent)	**5.77**	3.03

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the years ended 31 December 2021 and 2020.

16. DIVIDENDS

	2021 RMB'000	2020 RMB'000
2020 final dividend (Note (a))	**10,710**	—
2019 final dividend (Note (b))	**—**	10,010

Notes:

(a) Pursuant to the resolution of the shareholders meeting of 2020 on 11 June 2021, the Company distributed cash dividends of RMB1.53 cents per share (tax included) based on 700,000,000 shares held amounting to approximately RMB10,710,000 during the year ended 31 December 2021. The dividends on domestic shares were paid in RMB and dividends on H shares were paid in Hong Kong dollars.

(b) Pursuant to the resolution of the shareholders meeting of 2019 on 12 June 2020, the Company distributed cash dividends of RMB1.43 cents per share (tax included) based on 700,000,000 shares held amounting to approximately RMB10,010,000 during the year ended 31 December 2020. The dividends on domestic shares were paid in RMB and dividends on H shares were paid in Hong Kong dollars.

No dividend was proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: RMB1.53 cents per share).

17. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost				
At 1 January 2020	32,819	6,750	1,137	40,706
Additions	—	257	—	257
At 31 December 2020	32,819	7,007	1,137	40,963
Additions	—	468	237	705
At 31 December 2021	**32,819**	**7,475**	**1,374**	**41,668**
Accumulated depreciation				
At 1 January 2020	18,390	3,369	1,080	22,839
Provided for the year	1,039	948	—	1,987
At 31 December 2020	19,429	4,317	1,080	24,826
Provided for the year	1,039	970	23	2,032
At 31 December 2021	**20,468**	**5,287**	**1,103**	**26,858**
Carrying Amount				
At 31 December 2021	**12,351**	**2,188**	**271**	**14,810**
At 31 December 2020	13,390	2,690	57	16,137

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

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

18. INTANGIBLE ASSET

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

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

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

At 31 December 2021, the directors of the Company determined the recoverable amount of the intangible asset based on value in use calculation using the Relief from Royalty Valuation Method and adopted discounted cash flow projections with long-term growth rate of 2.85%. The value-in-use of the intangible asset as at 31 December 2021 has been arrived at based on a valuation carried out by the directors of the Company. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 12.9%. The intangible asset's cash flow beyond 5-year is extrapolated using a steady 3% growth rate. This long-term growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of pre tax cash inflows and outflows which include budgeted revenue, contribution rate of the intangible asset and royalty rate of the intangible asset as of valuation date. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the intangible asset to exceed its recoverable amount. No impairment loss was recognised for the year ended 31 December 2021 as the recoverable amount of the intangible asset is greater than the carrying amount.

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

19. FINANCIAL ASSETS AT FVTOCI/FVTPL

	2021 RMB'000	2020 RMB'000
Unlisted equity investments at FVTOCI (Note (i)):		
— Beijing CCID Exhibition Co. Ltd.* (北京賽迪會展有限公司)	**17,554**	10,335
— Wuhan Jiangxia CCID Strategic Emerging Industry Equity Investment Partnership (Limited Partnership)* (武漢江夏賽迪戰略新興產業股權投資合伙企業(有限合伙))	**1,680**	1,680
	19,234	12,015
Financial assets held for trading measured at FVTPL:		
Equity securities listed in the PRC	**149**	87
Debt instruments at FVTPL (Note (ii))	**—**	45,000
	149	45,087
	19,383	57,102
Analysed for reporting purposes as:		
Non-current assets at FVTOCI	**19,234**	12,015
Current assets at FVTPL	**149**	45,087
	19,383	57,102

Notes:

(i) The unlisted equity investments represent investment in 19.9% (2020: 19.9%) unlisted equity interests in Beijing CCID Exhibition Co. Ltd. held by CCID Supervision of approximately RMB17,554,000 and 5.6% (2020: 5.6%) unlisted equity interests in Wuhan Jiangxia CCID Strategic Emerging Industry Equity Investment Partnership (Limited Partnership) held by the Company of RMB1,680,000 respectively.

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

(ii) The debt instruments at FVTPL as at 31 December 2020 represents an investment in interest rate linked structured deposits in the aggregate amount of RMB45,000,000 (2021: nil) with no maturity date and can be redeemed upon request by both parties. The expected yield rate is 3.15% per annum. It is classified as current asset as such investment was expected to be redeemed in the foreseeable futures. The Group redeemed the investment during the year ended 31 December 2021 at approximately RMB46,195,000 and recognised investment income arising from financial assets at FVTPL amounted RMB1,195,000.

* The English translation is for identification only.

20. DEFERRED TAXATION

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

	2021 RMB'000	2020 RMB'000
Deferred tax assets	**1,700**	1,627
Deferred tax liabilities	**(1,627)**	(611)
	73	1,016

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

	Credit loss allowances and impairment of assets RMB'000	Accruals and other temporary differences RMB'000	Changes in fair value of financial assets at FVTOCI RMB'000	Fair value loss (gain) arising from financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2020	1,281	1,985	(311)	10	2,965
Charge to profit or loss	(101)	(1,543)	—	(5)	(1,649)
Charge to other comprehensive income (note 11)	—	—	(300)	—	(300)
At 31 December 2020 and 1 January 2021	**1,180**	**442**	**(611)**	**5**	**1,016**
Credit (charge) to profit or loss	**95**	**54**	**—**	**(9)**	**140**
Credit to other comprehensive income (note 11)	**—**	**—**	**(1,083)**	**—**	**(1,083)**
At 31 December 2021	**1,275**	**496**	**(1,694)**	**(4)**	**73**

At the end of reporting period, the Group has unused tax losses of approximately RMB5,089,000 (2020: RMB4,545,000) available for offset against future profits. No deferred tax asset has been recognised in respect of approximately RMB5,089,000 (2020: RMB4,545,000) due to the unpredictability of future profit streams.

20. DEFERRED TAXATION (Continued)

Included in unrecognised tax losses are loss of the Group of approximately RMB58,000, RMB42,000, RMB183,000, RMB1,065,000 and RMB3,741,000 that will be expired in 2022, 2023, 2024, 2025 and 2026 respectively. (2020: RMB865,000, RMB967,000, RMB85,000, RMB655,000 and RMB1,973,000 that will be expired in 2021, 2022, 2023, 2024 and 2025 respectively).

21. ACCOUNTS RECEIVABLES

	2021 RMB'000	2020 RMB'000
Receivables at amortised cost comprise:		
Accounts receivables	34,603	35,712
Less: allowance for impairment of accounts receivables	(8,316)	(8,575)
Net accounts receivables	26,287	27,137

As at 31 December 2021, the gross amount of accounts receivable arising from contracts with customers amounted to approximately RMB34,603,000 (2020: RMB35,712,000).

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

	Related parties RMB'000	Third parties RMB'000	Total RMB'000
2021			
0 to 60 days	533	4,245	4,778
61 to 180 days	—	2,920	2,920
181 to 365 days	—	3,135	3,135
More than 365 days	—	15,454	15,454
	533	25,754	26,287

21. ACCOUNTS RECEIVABLES (Continued)

	Related parties RMB'000	Third parties RMB'000	Total RMB'000
2020			
0 to 60 days	—	11,173	11,173
61 to 180 days	—	1,147	1,147
181 to 365 days	—	323	323
More than 365 days	6	14,488	14,494
	6	27,131	27,137

The Group measures the loss allowance at an amount equal to lifetime ECL, which is based on the categories of customers, expected credit loss rates and ageing analysis of gross carrying amount. Expected loss rates are determined by reference to historical data over the past 3 years (2020: 3 years) adjusted with the credit quality of grouped debtors, current economic conditions and the forecast economic conditions over the expected lives of the accounts receivables. In view of the macroeconomic in the PRC showing no material unfavourable factors to the customers of the Group, the management does not expect significant credit loss due to credit curtailment. There has been no change in the estimation techniques or significant assumptions made during the year from preceding reporting period.

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

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

As at 31 December 2021, the director of the Company considered to the ECL rate is 1.4% (2020: insignificant) for accounts receivables from low risk customers and high risk customers past due within 365 days with gross carrying amount of approximately RMB24,680,000 (2020: RMB24,994,000) and ECL allowance amounted to RMB340,000 (2020: nil).

As at 31 December 2021, the director of the Company considered to the ECL rate is 80.3% (2020: 80%) for accounts receivables from high risk customers past due for more than 365 days with gross carrying amount of approximately RMB9,923,000 (2020: RMB10,718,000) and ECL allowance amount of RMB7,976,000 (2020: RMB8,575,000).

21. ACCOUNTS RECEIVABLES (Continued)

Amounts due from fellow subsidiaries are analysed as follows:

	2021 RMB'000	2020 RMB'000
Name of fellow subsidiaries		
CCID Network Information Technology Co., Ltd.* (北京賽迪網信息技術有限公司) ("CCID NIT")	**68**	6
CCID Academy for Industry and Information Technology Limited* (賽迪工業和信息化研究(集團)有限公司) ("CCID Group Co.")	**465**	—
Total	**533**	6

* The English translation is for identification only

The amounts due from fellow subsidiaries are trade nature, unsecured, interest-free and repayable at a credit period of 60 days as at 31 December 2021 and 2020.

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

	2021 RMB'000	2020 RMB'000
At the beginning of the year	**8,575**	8,990
Impairment losses recognised	**1,355**	252
Amounts reversed	**(971)**	(131)
Amount written off as uncollectible	**(643)**	(536)
At the end of the year	**8,316**	8,575

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Prepayments	**25**	473
Rental and other deposits	**362**	404
Dividend receivables from financial assets at FVTOCI	**6,368**	—
Other receivables (Note)	**11,515**	11,309
	18,270	12,186
Less: allowance for impairment of other receivables	**(207)**	(497)
Prepayment, deposit and other receivables, net	**18,063**	11,689

As at 31 December 2021, the Group classifies rental and other deposits and other receivables with gross carrying amount of approximately RMB18,038,000 (2020: RMB11,216,000) under low risk category, and measures the loss allowance equal to 12-month ECL amounted to nil (2020: approximately nil).

As at 31 December 2021, the Group classifies other receivables with gross carrying amount of approximately RMB207,000 (2020: RMB497,000) under high risk category since there are significant increase in credit risk, and measures the loss allowance from 12-month ECL equal to lifetime ECL (credit-impaired) amounting to approximately RMB207,000 (2020: RMB497,000).

Note:

Pursuant to the Capital Increase Agreement (as defined in Note 29), CCID Group Co. guaranteed to Beijing CCID Industry and Information Engineering Design Center Company Limited* ("CCID Design") ("北京賽迪工業和信息化工程設計中心有限公司") (i.e. the subsidiary) that the audited net profit after tax of Guangdong CCID for the year ended 31 December 2020 shall be at least RMB6,000,000 (the "Guaranteed Profit") and in the event that the actual audited net profit after tax shall be less than the Guaranteed Profit, CCID Group Co. should compensate Guangdong CCID such sum calculated as follows: (Guaranteed Profit for the year — actual audited net profit after tax for the year). As at the date of acquisition, the directors of the Company considered the fair value of the Guaranteed Profit is insignificant.

In respect of the year ended 31 December 2020, the Guaranteed Profit has not been met based on the net profit after tax of Guangdong CCID, and CCID Group Co. is liable to pay a consideration receivable of approximately RMB110,000 and the Group recognised the fair value gain from consideration receivable amounted to RMB110,000 in "Other income" (Note 9). The management considered that the consideration receivable to be low credit risk and thus no impairment provision is recognised during the year ended 31 December 2020. The Group received the consideration receivable amounted approximately RMB110,000 during the year ended 31 December 2021.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

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

	12-month ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	33	—	33
— Transferred to Lifetime ECL (credit-impaired)	(33)	33	—
— Impairment losses recognised	—	464	464
As at 31 December 2020	—	497	497
— Amount reversed	—	(290)	(290)
As at 31 December 2021	**—**	**207**	**207**

* The English translation is for identification only.

The decrease in allowance for impairment of other receivables was due to the recovery of credit-impaired other receivables amounted approximately RMB290,000 during the year ended 31 December 2021.

23. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately nil at 31 December 2021 (2020: RMB1,336,000) have been pledged to secure banking facilities with maturity date after one year are therefore classified as non-current assets. The remaining deposits amounting to approximately RMB3,163,000 at 31 December 2021 (2020: RMB1,862,000) have been pledged to secure banking facilities with maturity date within one year and are therefore classified as current assets. The pledged deposits carry fixed interest rate of 0.01% to 2.00% (2020: 0.01% to 2.03%) per annum.

Cash and cash equivalents

The bank balances and cash comprise cash at banks and on hand and short-term bank deposits with an original maturity of three months or less. The bank balances at 31 December 2021 carried interest at the prevailing market rate ranging from 0.01% to 0.3% (2020: 0.01% to 0.3%).

24. ACCOUNTS PAYABLES

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

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

	2021 RMB'000	2020 RMB'000
Within 30 days	600	803
Over 365 days	148	858
Total	748	1,661

All accounts payables are due to third parties as at 31 December 2021 and 2020.

25. ACCRUALS AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Accrued salaries, wages, allowances and other benefits	32,460	28,354
Accrued social insurance fees and the public housing funds	4,061	3,324
Other tax payables	3,389	2,745
Other payables	5,223	15,961
	45,133	50,384

26. CONTRACT LIABILITIES

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

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

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

The significant changes in contract liabilities in 2021 were mainly due to the continuous increase in the Group's customer base.

Revenue recognised during the year ended 31 December 2021 that was included in the contract liabilities at the beginning of the year is approximately RMB69,367,000 (2020: RMB45,841,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

27. AMOUNTS DUE FROM/TO RELATED PARTIES

(i) As at 31 December 2021, the amount due from ultimate holding company, CCID, of approximately RMB5,000 (2020: nil) is unsecured, interest-free and repayable on demand.

As at 31 December 2020, the amount due from a fellow subsidiary, Hainan CCID Industry and Information Technology Research Institute Co., Ltd. of approximately RMB1,000,000 (2021: nil) is unsecured, interest-free and repayable on demand. The amount was settled during the year ended 31 December 2021.

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

27. AMOUNTS DUE FROM/TO RELATED PARTIES (Continued)

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

	2021 RMB'000	2020 RMB'000
Ultimate holding company — CCID (note a)	—	176
Immediate holding company — Research Centre (note b)	—	2,040
Fellow subsidiaries:		
— CCID Property Management Co., Ltd.*("CCID Property") ("北京賽迪物業管理有限公司") (note c)	—	353
— CCID Industrial and Information Development (Tianjin) Co., Ltd.* ("Tianjin CCID") ("賽迪工業和信息化產業發展(天津)有限公司") (note c)	—	1,752
— Beijing CCID Industry and Information Technology Training Center Co., Ltd.* ("CCID Industry") ("北京賽迪工業和信息化技術培訓中心有限公司") (note d)	**150**	150
	150	2,255
	150	4,471

* The English translation is for identification only

Notes:

(a) The amount is trade nature, unsecured, interest-free and repayable at a credit period of 60 days. The amount was settled during the year ended 31 December 2021.

(b) The amount due to the immediate holding company at 31 December 2020 included the balance payable of approximately RMB1,578,000 for the acquisition of the ninth and tenth floors of CCID Plaza. The balance payable is non-trade nature, unsecured, interest-free and payable in accordance with the terms of the relevant property purchase agreement. The remaining amount of approximately RMB462,000 is trade nature, unsecured, interest-free and repayable at a credit period of 60 days. The amount was settled during the year ended 31 December 2021.

(c) The amounts are trade nature, unsecured, interest-free and repayable at a credit period of 60 days. The amount was settled during the year ended 31 December 2021.

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

28. SHARE CAPITAL

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

	2021 RMB'000	2020 RMB'000
Registered, issued and fully paid ordinary shares of RMB0.1 each:		
— Ordinary shares	**70,000**	70,000
At the beginning and the end of the year	**70,000**	70,000

Note:

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

	2021 '000	2020 '000
Domestic shareholders	**49,100**	49,100
H shareholders	**20,900**	20,900
At end of the year	**70,000**	70,000

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

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

On 20 July 2020, the Company entered into a capital increase agreement with CCID Design, a 95% directly owned subsidiary of the Company, CCID Group Co., a 5% non-controlling interests of CCID Design, and Guangdong CCID ("Capital Increase Agreement"). Pursuant to the Capital Increase Agreement, CCID Group Co. agreed to make a capital contribution in the amount equivalent to approximately RMB53,710,000 to CCID Design by way of injection of the 100% equity interest in Guangdong CCID, a wholly-owned subsidiary of CCID Group Co. The transaction is considered as deemed acquisition of Guangdong CCID ("Deemed Acquisition") and the Deemed Acquisition has been completed in September 2020.

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

	2020 RMB'000
Carrying amount of the interest diluted	(75,900)
Fair value of 100% equity interest in Guangdong CCID (Note)	53,710
Difference recognised in capital reserve within equity	(22,190)

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

30. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

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

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

Transactions with the CCID Group	2021 RMB'000	2020 RMB'000
Gross revenue earned before sales surtaxes:		
Provision for consultancy services:		
Ultimate holding company — CCID	1,001	—
Immediate holding company — Research Centre	—	165
Fellow subsidiaries:		
— CCID Industrial and Information Technology Research Institute Group (Suzhou) Co. Ltd.* ("賽迪工業和信息化研究院集團(蘇州)有限公司")	642	—
— CCID NIT	199	—
— Beijing CCID Publishing & Media Co. Ltd.* ("北京賽迪出版傳媒有限公司")	142	—
— Tianjin CCID	—	943
	1,984	1,108
Provision for information planning and information engineering supervision services:		
Ultimate holding company — CCID	1,543	—
Fellow subsidiaries:		
— Shandong CCID Industry and Information Technology Research Institute Co., Ltd.* ("Shandong CCID") ("山東賽迪工業和信息化研究院有限公司")	94	—
— Beijing CCID Times Information Industry Co., Ltd.* ("CCID Times") ("北京賽迪時代信息產業股份有限公司")	—	142
	1,637	142

* The English translation is for identification only

30. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

(a) Related parties of the Group (Continued)

Transactions with the CCID Group	2021 RMB'000	2020 RMB'000
Administrative and promotion services:		
Rental, building management fee, internet fee and utilities fare charged by an immediate holding company — Research Centre	**458**	277
Rental, building management fee charged by a fellow subsidiary — CCID Property	**1,659**	1,481
Translation expense charged by a fellow subsidiary — CCID Translation Technology Co., Ltd.* ("北京賽迪翻譯技術有限公司")	**22**	20
System expense charged by a fellow subsidiary — CCID Group Co.	**47**	—
	2,186	1,778
Service fee paid for consulting services by:		
Immediate holding company — Research Centre	**—**	47
Fellow subsidiaries:		
— CCID Group Co.	**—**	264
— CCID Times	**—**	943
— CCID NIT	**189**	57
	189	1,311
Service fee paid for information design and supervision services by:		
Immediate holding company — Research Centre	**34**	—
Fellow subsidiary: Shandong CCID	**185**	50
	219	50

* The English translation is for identification only

30. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

(a) Related parties of the Group (Continued)

Notes:

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

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

(b) Compensation of key management personnel

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

	2021 RMB'000	2020 RMB'000
Salaries, wages, allowances and other benefits	**32,256**	19,961
Contributions to retirement benefits scheme	**2,481**	2,436
	34,737	22,397

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

31. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 20 November 2002. Pursuant to the share option scheme, the board of directors of the Company may, at its discretion, grant options to any full-time employees of the Group to subscribe for shares in the Company, to a maximum of 30% of the Company's H shares in issue from time to time. The exercise price will be determined by the Board of Directors, and will not be less than the highest of: (a) the closing price of the H shares as stated in the GEM's daily quotations sheet on the date of offer, which must be a business day; (b) the average closing prices of the H shares as stated in the GEM's daily quotation sheets for the five business days immediately preceding the date of offer; and (c) the nominal value of an H share. However, employees who are Chinese nationals in the PRC shall not be entitled to exercise the option until the current restrictions on these persons for subscribing or dealing in H shares imposed by the laws and regulations in the PRC have been amended or removed. At the end of reporting period, the share option scheme is not effective. Until 31 December 2021 and 2020, no options were granted to the Group's employees.

32. COMMITMENTS

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

	2021 RMB'000	2020 RMB'000
The Group as lessee		
Within one year	**34**	63

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

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to a fellow subsidiary — CCID Industry (note 27(ii)) RMB'000	**Amount due to immediate holding company (note 27(ii))** RMB'000	**Total** RMB'000
At 1 January 2020	—	2,121	2,121
Operating cash flow	—	(81)	(81)
Financing cash flow	150	—	150
At 31 December 2020 and 1 January 2021	**150**	**2,040**	**2,190**
Operating cash flow	**—**	**(462)**	**(462)**
Financing cash flow	**—**	**(1,578)**	**(1,578)**
At 31 December 2021	**150**	**—**	**150**

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries as at 31 December 2021 and 2020 are as follows:

Name of subsidiary	Place of incorporation/ operations	Kind of legal entity	Registered and fully paid share capital (RMB'000)		Proportion of ownership interest and voting power held by the Company				Principal activities
					Directly		Indirectly		
			2021	2020	2021	2020	2021	2020	
CCID Design	Beijing, PRC	Company with limited liability	80,000	80,000	59.4%	59.4%	—	—	Provision of data information design services
CCID Supervision	Beijing, PRC	Company with limited liability	10,000	10,000	—	—	41.6%	41.6%	Provision of information engineering supervision and training courses services
Beijing CCID Capital Consulting Co., Ltd.* ("北京賽迪經智投資顧問有限公司")	Beijing, PRC	Company with limited liability	500	500	80%	80%	11.9%	11.9%	Provision for investment and strategic consultancy services
Beijing CCID Industrial Brain Technology Co., Ltd.* ("北京賽迪產業大腦科技有限公司")	Beijing, PRC	Company with limited liability	5,000	5,000	80%	80%	11.9%	11.9%	Provision for management and strategic consultancy services
Beijing CCID County Strategy Consulting Co., Ltd.* ("北京賽迪方略縣域經濟顧問有限公司")	Beijing, PRC	Company with limited liability	5,000	5,000	90.1%	90.1%	—	—	Provision for economic and strategic consultancy services
Shenzhen CCID Strategy Consulting Co., Ltd.* ("深圳賽迪方略諮詢顧問有限公司")	Shenzhen, PRC	Company with limited liability	1,000	1,000	100%	100%	—	—	Provision for management and strategic consultancy services

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operations	Kind of legal entity	Registered and fully paid share capital (RMB'000)		Proportion of ownership interest and voting power held by the Company				Principal activities
					Directly		Indirectly		
			2021	2020	2021	2020	2021	2020	
CCID (Shanghai) Advanced Manufacturing Research Center Co., Ltd.* ("賽迪(上海)先進製造業研究院有限公司")	Shanghai, PRC	Company with limited liability	**5,000**	5,000	**100%**	100%	**—**	—	Provision for management and strategic consultancy services
Guangdong CCID (Note)	Guangzhou, PRC	Company with limited liability	**5,000**	5,000	**—**	—	**59.4%**	59.4%	Provision for industry spatial management services

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

* The English translation is for identification only

Note:

Guangdong CCID is indirectly held by the Company through CCID Design after the Deemed Acquisition in note 29.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		**14,228**	14,146
Interests in subsidiaries		**63,668**	63,668
Intangible asset		**14,681**	14,681
Financial assets at fair value through other comprehensive income		**1,680**	1,680
Deferred tax assets		**1,105**	1,217
		95,362	95,392
Current assets			
Accounts receivables		**14,258**	14,242
Prepayment, deposits and other receivables		**5,684**	13,240
Amount due from ultimate holding company	27(i)	**5**	—
Financial assets at fair value through profit or loss		**149**	45,087
Tax recoverable		**—**	1,667
Cash and cash equivalents		**199,337**	123,406
		219,433	197,642
Current liabilities			
Accounts payables		**149**	6,553
Accruals and other payables		**20,142**	22,859
Contract liabilities		**52,617**	43,783
Amounts due to related parties	(i)	**—**	2,826
Amounts due to subsidiaries	(i)	**3,727**	5,956
Income tax payable		**703**	648
		77,338	82,625
Net current assets		**142,095**	115,017
Net assets		**237,457**	210,409
Equity			
Share capital	28	**70,000**	70,000
Reserves	(ii)	**167,457**	140,409
Total equity		**237,457**	210,409

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

Notes:

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

(ii) Movements in the Company's reserves

	Capital reserve RMB'000	Statutory reserve RMB'000	Retained profits (Note) RMB'000	Total RMB'000
At 1 January 2020	18,100	20,026	90,633	128,759
Profit and total comprehensive income for the year	—	—	21,660	21,660
Appropriation of statutory reserve	—	3,115	(3,115)	—
Dividends recognised as distribution (Note 16)	—	—	(10,010)	(10,010)
At 31 December 2020	18,100	23,141	99,168	140,409
Profit and total comprehensive income for the year	**—**	**—**	**37,758**	**37,758**
Appropriation of statutory reserve	**—**	**8,008**	**(8,008)**	**—**
Dividends recognised as distribution (Note 16)	**—**	**—**	**(10,710)**	**(10,710)**
At 31 December 2021	**18,100**	**31,149**	**118,208**	**167,457**

Note:

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

36. RETIREMENT BENEFITS SCHEME

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

During the year ended 31 December 2020, the government of the PRC announced a waiver for the contributions to retirement benefits scheme for the first half of the year ended 31 December 2020 and amounted to approximately RMB6,500,000 (2021: nil) was waived.

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

	2021 RMB'000	2020 RMB'000
Employers' contributions charged to the consolidated statements of profit or loss and other comprehensive income	**28,457**	11,334

37. NON-CASH TRANSACTION

During the year ended 31 December 2020, CCID Group agreed to make a capital contribution in the amount equivalent to approximately RMB53,710,000 to CCID Design by way of injection of the 100% equity interest in Guangdong CCID, a wholly-owned subsidiary of CCID Group Co. Further details of the transaction is set out in Note 29 above.

38. EVENT AFTER THE END OF THE REPORTING PERIOD

Subscription of wealth management product

On 12 January 2022, the Company subscribed for an unlisted non-principal guaranteed wealth management product with floating return income in an aggregate amount of RMB50,000,000 with maturity date on 9 October 2022. Such investment is recognised as financial assets at FVTPL as it is held for trading purpose. Details of the subscription are set out in the Company's announcement dated 12 January 2022.

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 are as follow.

	Year ended 31 December				
	2017 RMB('000)	2018 RMB('000)	2019 RMB('000)	2020 RMB('000)	**2021** **RMB('000)**
Turnover	134,546	167,367	261,529	211,954	**235,759**
Cost of sales	(70,091)	(82,476)	(119,614)	(111,271)	**(115,814)**
Gross profits	64,455	84,891	141,915	100,683	**119,945**
Profit before taxation	23,083	38,559	78,476	33,506	**48,156**
Taxation	(4,113)	(4,955)	(10,290)	(6,909)	**(6,474)**
Profit for the year	18,970	33,604	68,186	26,597	**41,682**
Attributable to:					
Equity holders of the Company	16,406	28,820	62,799	21,224	**40,375**
Non-controlling interests	2,564	4,784	5,387	5,373	**1,307**
	18,970	33,604	68,186	26,597	**41,682**

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 are as follow.

	As at 31 December				
	2017 RMB('000)	2018 RMB('000)	2019 RMB('000)	2020 RMB('000)	**2021** **RMB('000)**
Total assets	220,147	272,169	357,901	398,290	**440,758**
Total liabilities	(70,588)	(100,779)	(120,535)	(142,613)	**(147,973)**
	149,559	171,390	237,366	255,677	**292,785**