



賽迪顧問股份有限公司

CCID CONSULTING COMPANY LIMITED*

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

(Stock code: 02176)

www.ccidconsulting.com

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2021, turnover of the Group amounted to approximately RMB235,759,000, representing an increase of approximately 11% from approximately RMB211,954,000 for the last year.
- For the year ended 31 December 2021, gross profit and total comprehensive income of the Group were approximately RMB119,945,000 and RMB47,818,000, respectively, representing an increase of approximately 19% and 69% from approximately RMB100,683,000 and RMB28,321,000, respectively, for the last year.
- For the year ended 31 December 2021, basic and diluted earnings per share were RMB5.77 cents, compared to RMB3.03 cents for the year ended 31 December 2020.
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2021.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of Directors (the “**Board**”) of the Company hereby announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Period**”), together with the audited comparative figures for the corresponding period of 2020 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	235,759	211,954
Cost of sales		(115,814)	(111,271)
Gross profit		119,945	100,683
Other income and gains	5	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	6	(94)	(585)
Profit before taxation		48,156	33,506
Income tax expense	7	(6,474)	(6,909)
Profit for the year	8	41,682	26,597
Other comprehensive income for the year			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial assets at fair value through other comprehensive income		7,219	2,024
Income tax relating to items that will not be reclassified subsequently to profit or loss		(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 (<i>RMB cents</i>):	9		
Basic		5.77	3.03
Diluted		5.77	3.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		14,810	16,137
Intangible asset		14,681	14,681
Financial assets at fair value through other comprehensive income		19,234	12,015
Pledged bank deposits		—	1,336
Deferred tax assets		1,700	1,016
		50,425	45,185
Current assets			
Accounts receivables	11	26,287	27,137
Prepayments, deposits and other receivables		18,063	11,689
Financial assets at fair value through profit or loss		149	45,087
Tax recoverable		5,329	2,607
Amounts due from related parties		5	1,000
Pledged bank deposits		3,163	1,862
Cash and cash equivalents		337,337	263,723
		390,333	353,105
Current liabilities			
Accounts payables	12	748	1,661
Accruals and other payables		45,133	50,384
Contract liabilities	13	98,366	85,100
Amounts due to related parties		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		1,627	—
Net assets		292,785	255,677
Equity			
Share capital		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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. 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 <i>RMB'000</i>	2020 <i>RMB'000</i>
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
	<u>235,759</u>	<u>211,954</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
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
	<u>235,759</u>	<u>211,954</u>
Total revenue from contracts with customers	<u>235,759</u>	<u>211,954</u>

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).

4. SEGMENT INFORMATION

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

For the year ended 2020

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

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.

Segment assets and liabilities

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

Segment assets

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
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
	<hr/>	<hr/>
Total segment assets	26,287	27,137
Unallocated assets	414,471	371,153
	<hr/>	<hr/>
Consolidated assets	440,758	398,290
	<hr/>	<hr/>

Segment liabilities

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
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
	<hr/>	<hr/>
Total segment liabilities	99,114	86,761
Unallocated liabilities	48,859	55,852
	<hr/>	<hr/>
Consolidated liabilities	147,973	142,613
	<hr/>	<hr/>

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 <i>RMB'000</i>	Market consultancy services <i>RMB'000</i>	Information engineering supervision services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
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 (<i>Note</i>)	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)	<u>4,778</u>	<u>1,502</u>	<u>(202)</u>	<u>396</u>	<u>6,474</u>

For the year ended 31 December 2020

	Management and strategic consultancy services <i>RMB'000</i>	Market consultancy services <i>RMB'000</i>	Information engineering supervision services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
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 (<i>Note</i>)	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	<u>5,619</u>	<u>1,139</u>	<u>—</u>	<u>151</u>	<u>6,909</u>

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.

5. OTHER INCOME AND GAINS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income from bank deposits	4,704	952
Investment income arising from financial assets at FVTPL	1,484	2,560
Government grant (<i>Note (a)</i>)	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 (<i>Note (b)</i>)	—	110
Sundry income	606	357
	<u>13,405</u>	<u>4,626</u>

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.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Accounts receivables	384	121
Other receivables	<u>(290)</u>	<u>464</u>
	<u><u>94</u></u>	<u><u>585</u></u>

7. INCOME TAX EXPENSE

(a) Income tax expense (credit):

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax:		
— PRC Enterprise Income Tax	6,614	5,260
Deferred tax		
— Current year	<u>(140)</u>	<u>1,649</u>
	<u><u>6,474</u></u>	<u><u>6,909</u></u>

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.*

8. PROFIT FOR THE YEAR

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year has been arrived at after charging:		
Directors', supervisors' and general manager's emoluments	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

9. 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 (<i>RMB'000</i>)	40,375	21,224
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (<i>'000</i>)	700,000	700,000
Basic and diluted earnings per share (<i>RMB cent</i>)	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.

10. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
2020 final dividend (<i>Note (a)</i>)	<u>10,710</u>	<u>—</u>
2019 final dividend (<i>Note (b)</i>)	<u>—</u>	<u>10,010</u>

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).

11. ACCOUNTS RECEIVABLES

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

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 <i>RMB'000</i>	Third parties <i>RMB'000</i>	Total <i>RMB'000</i>
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
	<u>533</u>	<u>25,754</u>	<u>26,287</u>
	Related parties <i>RMB'000</i>	Third parties <i>RMB'000</i>	Total <i>RMB'000</i>
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
	<u>6</u>	<u>27,131</u>	<u>27,137</u>

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 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 directors of the Company considered 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).

Amounts due from fellow subsidiaries are analysed as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Name of fellow subsidiaries		
CCID Network Information Technology Co., Ltd.* (北京賽迪網 信息技術有限公司)	68	6
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)	465	—
Total	<u>533</u>	<u>6</u>

* *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 <i>RMB'000</i>	2020 <i>RMB'000</i>
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)
	<hr/>	<hr/>
At the end of the year	8,316	8,575
	<hr/> <hr/>	<hr/> <hr/>

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.

12. 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 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 30 days	600	803
Over 365 days	148	858
	<hr/>	<hr/>
Total	748	1,661
	<hr/> <hr/>	<hr/> <hr/>

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

13. CONTRACT LIABILITIES

Contract liabilities represents advances received from customer 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 course 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.

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 dual-carbon 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.

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.

Innovative 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**”) has full confidence in our future development. The Board 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.

FINANCIAL REVIEW

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	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
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	<u>235,759</u>	<u>100%</u>	<u>211,954</u>	<u>100%</u>

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 operation post-COVID-19 in the current 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.

Capital Structure

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

	<i>RMB'000</i>	<i>%</i>
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 4 to this announcement.

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 by total equity less proposed final dividend.

Major Investments

For the year ended 31 December 2021 and as at the date of this announcement, 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—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 2021 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 announcement, 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.

* *The English translation is for identification only*

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 the announcement.

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 Reporting Period.

FINAL DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Group has adopted and complied with the code provisions 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 (the “**Listing Rules**”) on the Stock Exchange#.

CODE OF CONDUCT FOR 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 conduct for securities transactions by the Directors and the supervisors (“**Supervisor(s)**”) of the Company, and regulates securities transactions by the Directors and Supervisors pursuant to the requirements thereof. Having made enquiry of all Directors and Supervisors, the Company confirmed that, during the year ended 31 December 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 Reporting Period.

[#] *The GEM Listing Rules were applicable to the Company prior to the transfer of listing of the Shares of the Company 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.*

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.

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this announcement.

PRELIMINARY RESULTS ANNOUNCEMENT AGREED BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts stated in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

Pursuant to Rule 3.21 of the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Ms. Li Xuemei, Mr. Chen Yung-cheng and Mr. Hu Bin. The main responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control systems.

The Audit Committee has reviewed the annual results and the audited consolidated financial statements of the Group for the year together with the management and the independent auditor of the Company, and is of the opinion that these statements have complied with the applicable accounting standards and that adequate disclosures have been made.

ANNUAL GENERAL MEETING (“AGM”)

The AGM will be held on 10 June 2022. The notice of AGM will be published and dispatched to the shareholders in due course.

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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company’s website (www.ccidconsulting.com) and the Stock Exchange’s website (<http://www.hkexnews.hk>). The annual report of the Company for the year ended 31 December 2021 will be dispatched to the shareholders of the Company and available on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board 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.

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

Beijing, the PRC, 30 March 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Ma Yaqing and Mr. Qin Hailin, and three independent non-executive Directors, namely Ms. Li Xuemei, Mr. Chen Yung-cheng and Mr. Hu Bin.

** For identification purpose only*