

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Director(s)”) of CCID Consulting Company Limited\* (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

**CCID Consulting**

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: 08235)**

**www.ccidconsulting.com**

**ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS**

The Board is pleased to announce that on 19 December 2018, the following Framework Agreements were entered into between the Company and CCID:

1. Framework Agreement 1;
2. Framework Agreement 2;
3. Framework Agreement 3;
4. Framework Agreement 4; and
5. Framework Agreement 5.

The above Framework Agreements 1 to 5 are in substance renewal of the Existing Framework Agreements which will be expired on 31 December 2018.

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 announcement. Accordingly, CCID and its associates are connected persons of the Company under the GEM Listing Rules. In accordance with Chapter 20 of the GEM Listing Rules, the Framework Agreements and the transactions contemplated thereunder constitute Continuing Connected Transactions of the Company.

Pursuant to the requirements of Rule 20.79 of the GEM Listing Rules, the transactions shall be aggregated as if they were one transaction if they were all completed within the same 12-month period or are mutually related. Therefore, each category is aggregated with the following percentage ratio:

- (1) For the category of information consultancy and supervision services, the applicable percentage ratio (other than the profit ratio and equity capital ratio) for the Framework Agreement 1 and the Framework Agreement 2 in aggregate, does not exceed 25%, and the total consideration is less than HK\$10 million. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions exempt from the circular, independent financial advice and shareholders' approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.
- (2) For the category of management and strategy consultancy services, the applicable percentage ratio (other than the profit ratio and equity capital ratio) for the Framework Agreement 3 and the Framework Agreement 4 in aggregate, does not exceed 25%, and the total consideration is less than HK\$10 million. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions exempt from the circular, independent financial advice and shareholders' approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.
- (3) For the category of administration services, the applicable percentage ratio (other than the profit ratio and equity capital ratio) for the Framework Agreement 5 does not exceed 5%. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transaction exempts from the circular, independent financial advice and shareholders' approval requirements but is subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

No Directors are materially interested in the Continuing Connected Transactions.

## **BACKGROUND**

The Board is pleased to announce that on 19 December 2018, the following Framework Agreements were entered into between the Company and CCID:

1. Framework Agreement 1;
2. Framework Agreement 2;
3. Framework Agreement 3;
4. Framework Agreement 4; and
5. Framework Agreement 5.

The above Framework Agreements 1 to 5 are in substance renewal of the Existing Framework Agreements which will be expired on 31 December 2018.

### **1. Framework Agreement 1**

*Date:* 19 December 2018

*Parties:* (i) CCID (for itself and on behalf of some of its associates); and  
(ii) the Company (for itself and on behalf of some of its subsidiaries)

*Major Terms:*

- (i) Pursuant to the Framework Agreement 1, the Company and/or its subsidiaries shall, upon the request of CCID and/or its associates, provide information planning and information engineering supervision services to CCID and/or its associates for the period from 1 January 2019 to 31 December 2021.
- (ii) The Company and/or its subsidiaries have the right to provide information consultancy and supervision services to any third parties.
- (iii) The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement 1 shall be recognised by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions. In case of any breach, the Company will act in compliance with related requirements under the GEM Listing Rules accordingly.

*Pricing Policies:*

For the information consultancy and supervision services provided by the Company and/or its subsidiaries to CCID and/or its associates, the Company and/or its subsidiaries will receive service fees from CCID and/or its associates at the prevailing market price, which is the price offered by the Company and/or its subsidiaries to independent third parties for such information consultancy and supervision services on normal commercial terms and in the ordinary and usual course of business.

The administrative office of the Company and/or its subsidiaries shall be responsible for the collection of the prevailing market price for the services provided to CCID and/or its associates, the price of which is determined on the basis of the following principles:

- (i) with reference to prevailing market prices obtained from at least two other customers or vendors or independent third parties in the PRC markets providing the same or substantially similar services with comparable quantities or service quality, on normal commercial terms;
- (ii) if there are not sufficient comparable transactions in (i) above to determine the prevailing market price, by reference to the average price of similar services previously provided by a party among them, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

In respect of Framework Agreement 1, the project management department of the Company and/or its subsidiaries shall be responsible for the determination of the historical transaction price for such services provided to CCID and/or its associates, or for such similar services provided to the independent third parties.

The financial department of the Company and/or its subsidiaries shall be responsible for the assessment of the cost calculation of providing relevant services from below aspects and determine the current cost price of such services upon plus reasonable profit, which is generally around 10 to 20%, subject to appropriate adjustment due to factors such as specific business size, required techniques and the complexity of the project, which may go beyond the percentage range:

- (a) the number of work days and the number of staff required for provision of such services;
- (b) the market rate of staff cost per day per person in order to determine the total staff cost; and
- (c) allocation of the relevant overheads cost for the purpose of provision of such services.

The financial department of the Company and/or its subsidiaries will select a price as the actual transaction price of the transactions under the Framework Agreement 1, which is the higher of the prevailing market price and the current cost price provided by the above departments, and to evaluate whether the actual transaction price is fair and reasonable by reference to the historical transaction price, so as to ensure such price is not less favorable to the price obtained by the independent third parties in the comparable transactions for the Company and/or its subsidiaries; and the transactions under the Framework Agreement 1 is conducted on the terms under the Framework Agreement and normal commercial terms, without prejudice to the interest of the Company and its shareholders as a whole.

*Payment Method:*

Unless otherwise agreed by CCID and/or its associates and the Company and/or its subsidiaries, the service fees payable by CCID and/or its associates and the Company and/or its subsidiaries to each other in accordance with the Framework Agreement 1 shall be settled on a quarterly basis from the effective date of the Framework Agreement 1. The settlement shall take place within 20 days after the end of each quarter, and then any amount payable resulting from settlement shall be made in cash within 15 days after the completion of the settlement.

*Reasons for and Benefits of entering into the Framework Agreement 1:*

- (i) The Company and/or its subsidiaries are experienced and possess the micro-data in businesses such as industry planning, market information and intelligent city design, so they are competent to provide support in provision of the necessary project data in such large-scale planning and designing projects of CCID and/or its associates, and arrange manpower to collect necessary information at the scene of supervision projects. The support services will bring CCID and/or its associates a more realistic analysis of the market environment and the latest development data, especially in areas of new technologies, new industries and administrative reforms.
- (ii) CCID and/or its associates and the Company and/or its subsidiaries have intended to establish a long-term cooperative relationship in order to expand their own business and influence by virtue of respective business strengths.
- (iii) The Company will become more efficient in managing and regulating the transactions under the category of information consultancy and supervision services revenue.

## 2. Framework Agreement 2

*Date:* 19 December 2018

*Parties:* (i) the Company (for itself and on behalf of some of its subsidiaries);  
and  
(ii) CCID (for itself and on behalf of some of its associates)

*Major Terms:*

- (i) Pursuant to the Framework Agreement 2, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide information planning and information engineering supervision services to the Company and/or its subsidiaries for the period from 1 January 2019 to 31 December 2021.
- (ii) The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Framework Agreement 2 shall be recognised by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions. In case of any breach, the Company will act in compliance with related requirements under the GEM Listing Rules accordingly.

*Pricing Policies:*

For the information consultancy and supervision services provided by CCID and/or its associates to the Company and/or its subsidiaries, CCID and/or its associates will receive service fees from the Company and/or its subsidiaries at the prevailing market price, which is offered by CCID and/or its associates to independent third parties for such information consultancy and supervision services on normal commercial terms and in the ordinary and usual course of business.

The administrative office of the Company and/or its subsidiaries shall be responsible for the collection of the prevailing market price for the services obtained from CCID and/or its associates, the price of which is determined on the basis of the following principles:

- (i) with reference to prevailing market prices obtained from at least two other customers or vendors or independent third parties in the PRC markets providing the same or substantially similar services with comparable quantities or service quality, on normal commercial terms;

- (ii) if there are not sufficient comparable transactions in (i) above to determine the prevailing market price, by reference to the average price of similar services previously provided by a party among them, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

In respect of Framework Agreement 2, the project management department of the Company and/or its subsidiaries shall be responsible for the determination of the historical transaction price of those services provided by CCID and/or its associates or the independent third parties to the Company and/or its subsidiaries.

The financial department of the Company and/or its subsidiaries will compare the prevailing market price with the price quoted by CCID and/or its associates, and will select a price which is not less favorable to the lowest price as the actual transaction price of the transactions under the Framework Agreement 2, and to evaluate whether the actual transaction price is fair and reasonable with reference to the historical transaction price; and the transactions under Framework Agreement 2 is conducted on the terms under the Framework Agreement 2 and normal commercial terms, without prejudice to the interest of the Company and its shareholders as a whole.

*Payment Method:*

Unless otherwise agreed by the Company and/or its subsidiaries and CCID and/or its associates, the service fees payable by the Company and/or its subsidiaries and CCID and/or its associates to each other in accordance with the Framework Agreement 2 shall be settled on a quarterly basis from the effective date of the Framework Agreement 2. The settlement shall take place within 20 days after the end of each quarter, and then any amount payable resulting from settlement shall be made in cash within 15 days after the completion of the settlement.

*Reasons for and Benefits of entering into the Framework Agreement 2:*

- (i) The information consultancy and supervision services provided by the Company and/or its subsidiaries includes provision of plans and blueprint. As the Company and/or its subsidiaries do not have the technical implementation capability, they have to rely on CCID and/or its associates which have the said capability to provide customers with comprehensive technological implementation plan services such as information technology equipment selection, information systems structuring, cloud computing platform building, information system testing and supervising in accordance with the plans.

At the same time, CCID and/or its associates have a series of qualifications and certificates, such as Confidentiality Qualification Certificate (Level 1), accreditation certificate granted by software process and capability maturity assessment institution, certificate of commendation awarded by information security level protection and assessment institution, with which would provide

service to customers in areas of public security, military and aerospace industry, while due to the limitation of qualification, the Company and/or its subsidiaries could not provide services to those sectors. Therefore, the Company and/or its subsidiaries have to engage CCID and/or its associates to provide such service.

- (ii) The Company and/or its subsidiaries and CCID and/or its associates have intended to establish a long-term cooperative relationship in order to expand their own business and influence by virtue of respective business strengths.
- (iii) The Company will become more efficient in managing and regulating the transactions under the category of information consultancy and supervision services expense.

*Service Nature and Details of Framework Agreement 1 and Framework Agreement 2:*

Framework Agreement 1 and Framework Agreement 2 were the information consultancy and supervision services revenue and expense Framework Agreements respectively entered into between the Company and CCID.

Information consultancy and supervision services comprise systematical assessment to the development level of the government informatization, and making plans and carrying out designs for the sectors of information infrastructure, economic informatization, social and livelihood services informatization, administrative management informatization, information industry development and information security construction basing on the actual local development requirement in specific areas; it also conducting assessment, analysis, evaluation of enterprise management and information technology status, streaming business process for enterprises to develop prospect, object and strategies and to set overall plan for informatization in combination with the acknowledgement of the most advanced production equipment in the industry and the development trend of the industrialized production technology.

Under the informatization plan and by taking full advantage of the newly-developed information technology, the information consultancy and supervision services conduct intelligent perception, interconnection, management and coordination to the lives of urban residents, as well as the activities and requirements during the process of enterprises' management and development and the exercising of governmental function, and make unified management and dispatch the information from the interactive perception through cloud computing platform. Each relevant department shall fetch information as necessary and carry out intelligent processing, analytical prediction, so as to make the city become a new and technical-supported urban ecosystem covering citizen, enterprise and government. Thus to provide a better living and working environment to its citizen, a sustainable-development business environment to enterprises and an efficient urban operation and management environment to the government.



### 3. Framework Agreement 3

*Date:* 19 December 2018

*Parties:* (i) CCID (for itself and on behalf of some of its associates); and  
(ii) the Company (for itself and on behalf of some of its subsidiaries)

*Major Terms:*

- (i) Pursuant to the 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 for the period from 1 January 2019 to 31 December 2021.
- (ii) The Company and/or its subsidiaries have the right to provide management and strategy consultancy services to any third parties.
- (iii) The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under the Framework Agreement 3 shall be recognised by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions. In case of any breach, the Company will act in compliance with related requirements under the GEM Listing Rules accordingly.

*Pricing Policies:*

For the management and strategy consultancy services provided by the Company and/or its subsidiaries to CCID and/or its associates, the Company and/or its subsidiaries will receive service fees from CCID and/or its associates at the prevailing market price, which is offered by the Company and/or its subsidiaries to independent third parties for such management and strategy consultancy services on normal commercial terms and in the ordinary and usual course of business.

The administrative office of the Company and/or its subsidiaries shall be responsible for the collection of the prevailing market price for the services provided to CCID and/or its associates, the price of which is determined on the following principles:

- (i) with reference to prevailing market prices obtained from at least two other customers or vendors or independent third parties in the PRC markets providing the same or substantially similar services with comparable quantities or service quality, on normal commercial terms;

- (ii) if there are not sufficient comparable transactions in (i) above to determine the prevailing market price, by reference to the average price of similar services previously provided by a party among them, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

In respect of Framework Agreement 3, the project management department of the Company and/or its subsidiaries shall be responsible for the determination of the historical transaction price for such services provided to CCID and/or its associates or for such similar services provided to the independent third parties.

The financial department of the Company and/or its subsidiaries shall be responsible for the assessment of the cost calculation of providing relevant services from below aspects and determine the current cost price of such services upon plus reasonable profit, which is generally around 10 to 20%, subject to appropriate adjustment due to factors such as specific business size, required techniques and the complexity of the project, which may go beyond the percentage range:

- (a) the number of work days and the number of staff required for provision of such services;
- (b) the market rate of staff cost per day per person in order to determine the total staff cost;
- (c) allocation of the relevant overheads cost for the purpose of provision of such services.

The financial department of the Company and/or its subsidiaries will select a price as the actual transaction price of the transactions under the Framework Agreement 3, which is the higher of the prevailing market price and the current cost price provided by the above departments, and to evaluate whether the actual transaction price is fair and reasonable by reference to the historical transaction price; so as to ensure such price is not less favorable to the price obtained by the independent third parties in the comparable transactions for the Company and/or its subsidiaries, and the transactions under the Framework Agreement 3 is conducted on the terms under the Framework Agreement and normal commercial terms, without prejudice to the interest of the Company and its shareholders as a whole.

*Payment Method:*

Unless otherwise agreed by CCID and/or its associates and the Company and/or its subsidiaries, the service fees payable by CCID and/or its associates and the Company and/or its subsidiaries to each other in accordance with the Framework Agreement 3 shall be settled on a quarterly basis from the effective date of the Framework Agreement 3. The settlement shall take place within 20 days after the end of each quarter, and then any amount payable resulting from settlement shall be made in cash within 15 days after the completion of the settlement.

*Reasons for and Benefits of entering into the Framework Agreement 3:*

- (i) With its relatively flexible management system, the Company and/or its subsidiaries integrated customer resources accumulated from government and enterprises and established a “cooperation platform for government and enterprises” basing on the provision of industry planning to government and strategy management and consultation service to enterprises, which promoted communication and cooperation between government and enterprises and introduced investment for government and provided project investment and site selection service for enterprises, which extended the consultation service chain and further enhanced the value of consultation service. Meanwhile, by leveraging branches in places such as Shanghai, Shenzhen, Guangzhou, Xi’an, Wuhan, Chengdu, the Company and/or its subsidiaries increased their efforts in regional market expansion by proactively providing services to customers from high-tech zone, development zone and industry cluster districts, enjoying relatively strong advantages in winning customers from key area markets and various park zones.
- (ii) The Company and/or its subsidiaries and CCID and/or its associates have intended to establish a long-term cooperative relationship in order to expand their own business and influence by virtue of respective business strengths.
- (iii) The Company will become more efficient in managing and regulating the transactions under the category of management and strategy consultancy services revenue.

**4. Framework Agreement 4**

*Date:* 19 December 2018

*Parties:* (i) the Company (for itself and on behalf of some of its subsidiaries);  
and  
(ii) CCID (for itself and on behalf of some of its associates)

*Major Terms:*

- (i) Pursuant to the 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 for the period from 1 January 2019 to 31 December 2021.

- (ii) The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Framework Agreement 4 shall be recognised by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions. In case of any breach, the Company will act in compliance with related requirements under the GEM Listing Rules accordingly.

*Pricing Policies:*

For the management and strategy consultancy services provided by CCID and/or its associates to the Company and/or its subsidiaries, CCID and/or its associates will receive service fees from the Company and/or its subsidiaries at the prevailing market price, which is offered by CCID and/or its associates to independent third parties for such management and strategy consultancy services on normal commercial terms and in the ordinary and usual course of business.

The administrative office of the Company and/or its subsidiaries shall be responsible for the collection of the prevailing market price for the services obtained from CCID and/or its associates, the price of which is determined on the following principles:

- (i) with reference to prevailing market prices obtained from at least two other customers or vendors or independent third parties in the PRC markets providing the same or substantially similar services with comparable quantities or service quality, on normal commercial terms;
- (ii) if there are not sufficient comparable transactions in (i) above to determine the prevailing market price, by reference to the average price of similar services previously provided by a party among them, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

In respect of Framework Agreement 4, the project management department of the Company and/or its subsidiaries shall be responsible for the determination of the historical transaction price of those services provided by CCID and/or its associates or the independent third parties to the Company and/or its subsidiaries.

The financial department of the Company and/or its subsidiaries will compare the prevailing market price with the price quoted by CCID and/or its associates, and will select a price which is not less favorable to the lowest price as the actual transaction price of the transactions under the Framework Agreement 4, and to evaluate whether the actual transaction price is fair and reasonable with reference to the historical transaction price; and the transactions under Framework Agreement 4 is conducted on the terms under the Framework Agreement 4 and normal commercial terms, without prejudice to the interest of the Company and its shareholders as a whole.

*Payment Method:*

Unless otherwise agreed by the Company and/or its subsidiaries and CCID and/or its associates, the service fees payable by the Company and/or its subsidiaries and CCID and/or its associates to each other in accordance with the Framework Agreement 4 shall be settled on a quarterly basis from the effective date of the Framework Agreement 4. The settlement shall take place within 20 days after the end of each quarter, and then any amount payable resulting from settlement shall be made in cash within 15 days after the completion of the settlement.

*Reasons for and Benefits of entering into the Framework Agreement 4:*

- (i) CCID is a research institution directly under Ministry of Industry and Information (“MIIT”) of the People’s Republic of China, while the Company is a joint stock company. When providing consultancy services in respect of national industry policy research and industry planning for relevant departments of MIIT and industrial development planning and park planning for local governments, the Company could not participant in those projects due to the requirement of information confidentiality. Meanwhile, CCID and/or its associates have grade A qualification certificate of engineering consultation, and the Company and/or its subsidiaries only have grade C qualification certificate. In bidding and tendering for some consultation projects and conducting feasibility demonstration of projects and strategies, if customers require relevant qualification, the Company and/or its subsidiaries cannot directly provide services to them and have to engage CCID and/or its associates to provide relevant services.
- (ii) The Company and/or its subsidiaries and CCID and/or its associates have intended to establish a long-term cooperative relationship in order to expand their own business and influence by virtue of respective business strengths.
- (iii) The Company will become more efficient in managing and regulating the transactions under the category of management and strategy consultancy services expense.

*Service Nature and Details of Framework Agreement 3 and Framework Agreement 4:*

Framework Agreement 3 and Framework Agreement 4 were the management and strategy consultancy services revenue and expense Framework Agreements respectively entered into between the Company and CCID.

The management and strategy consultancy services include provision of industrial development transformation and upgrading planning, urban economy development planning, industrial park planning, park investment promotion planning and other consultation services to our government customers. It also helps enterprises in corporate vision remodeling, development direction positioning, clearing

development goal, analyzing business portfolio, formulating competitive strategies, optimizing management process and promoting its operation efficiency, which specifically including enterprise development strategy, group management and control, post management and performance appraisal system and marketing consulting.

## **5. Framework Agreement 5**

*Date:* 19 December 2018

*Parties:* (i) the Company (for itself and on behalf of some of its subsidiaries);  
and  
(ii) CCID (for itself and on behalf of some of its associates)

*Major Terms:*

- (i) Pursuant to the Framework Agreement 5, CCID and/or its associates shall, upon the request of the Company and/or its subsidiaries, provide administration services in respect of house leasing, property management, internet port and telephone and translation to the Company and/or its subsidiaries for the period from 1 January 2019 to 31 December 2021.
- (ii) The individual continuing connected transactions between the Company and/or its subsidiaries and CCID and/or its associates under the Framework Agreement 5 shall be recognised by order or otherwise by signing separate agreements, provided that such recognition of orders and separate agreements shall neither act beyond the bounds of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions. In case of any breach, the Company will act in compliance with related requirements under the GEM Listing Rules accordingly.

*Pricing Policies:*

For the administration services provided by CCID and/or its associates to the Company and/or its subsidiaries, CCID and/or its associates will receive service fees from the Company and/or its subsidiaries at the prevailing market price, which is offered by CCID and/or its associates to independent third parties for such administration services on normal commercial terms and in the ordinary and usual course of business.

The administrative office of the Company and/or its subsidiaries shall be responsible for the collection of the prevailing market price for the services obtained from CCID and/or its associates, the price of which is determined on the following principles:

- (i) with reference to prevailing market prices obtained from at least two other customers or vendors or independent third parties in the PRC markets providing the same or substantially similar services with comparable quantities or service quality, on normal commercial terms;
- (ii) if there are not sufficient comparable transactions in (i) above to determine the prevailing market price, by reference to the average price of similar services previously provided by a party among them, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

In respect of Framework Agreement 5, the project management department of the Company and/or its subsidiaries shall be responsible for the determination of the historical transaction price of those services provided by CCID and/or its associates or the independent third parties to the Company and/or its subsidiaries.

The financial department of the Company and/or its subsidiaries will compare the prevailing market price with the price quoted by CCID and/or its associate, and will select a price which is not less favorable to the lowest price as the actual transaction price of the transactions under the Framework Agreement 5, and to evaluate whether the actual transaction price is fair and reasonable with reference to the historical transaction price; and the transactions under Framework Agreement 5 is conducted on the terms under the Framework Agreement 5 and normal commercial terms, without prejudice to the interest of the Company and its shareholders as a whole.

*Payment Method:*

Unless otherwise agreed by the Company and/or its subsidiaries and CCID and/or its associates, the service fees payable by the Company and/or its subsidiaries and CCID and/or its associates to each other in accordance with the Framework Agreement 5 shall be settled on a quarterly basis from the effective date of the Framework Agreement 5. The settlement shall take place within 20 days after the end of each quarter, and then any amount payable resulting from settlement shall be made in cash within 15 days after the completion of the settlement.

*Reasons for and Benefits of entering into the Framework Agreement 5:*

- (i) The Company and/or its subsidiaries have relative strength and rich experience in management and strategy consultancy services, information consultancy and supervision services, market promotions and publicity, while CCID and/or its associates have their strength with extensive information and channel resources, market promotions and publicity services and administration services.

- (ii) The Company and/or its subsidiaries and CCID and/or its associates have intended to establish a long-term cooperative relationship in order to expand their own business and influence by virtue of respective business strengths.
- (iii) The Company will become more efficient in managing and regulating the transactions under the category of administration services expense.

#### *Service Nature and Details for Entering into Framework Agreement 5*

Framework Agreement 5 was the administration services expense Framework Agreement entered into between the Company and CCID.

Due to the requirement of the project, the Company and/or its subsidiaries may rent a separated conference room for the project team from CCID and/or its associates; since an enormous amount of translation work are demanded during the operation of business, while CCID and/or its associates have professional translation companies, the Company and/or its subsidiaries will cooperate with CCID and/or its associates every year in this regard.

#### **Internal Control**

The Group has formulated a series of measures and policies, including contract policies, projects management policies, connected transaction management measures, to ensure the continuing connected transactions to be implemented in accordance with the Framework Agreements and their pricing policies. The Framework Agreements and the transactions contemplated thereunder will be examined and approved by various internal departments of the Company, thus to ensure terms of such agreements to be complied with the relevant regulatory guidelines, if applicable, and market practice, and will not deviate from terms of Framework Agreements as disclosed in this announcement. Internal departments of the Company will also supervise the implementation of the Framework Agreements and the process of the transactions on a regular basis.

In addition, the management of the Company will review its pricing policies on a regular basis; the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions (including the relevant pricing mechanism); the auditors of the Company will perform evaluation and review on the internal control measures of the Company annually and review the continuing connected transactions under the Framework Agreements annually in accordance with the requirements of the GEM Listing Rules, to ensure, among which, such transactions are conducted under the pricing policies of the Company and relevant agreements that governing the transactions, if any.

Therefore, the Company is of the view that it has adequate mechanism, internal control procedures and external supervision measures to ensure the continuing connected transactions to be complied with strictly in accordance with relevant regulatory guidelines and the terms of the Framework Agreements.



## Historical Annual Caps

The table below sets out the historical annual caps of respective continuing connected transactions contemplated under each of the Existing Framework Agreements for the three years ended 31 December 2016 and 2017 and ending 31 December 2018:

	<b>For the year ended 31 December 2016 RMB</b>	<b>For the year ended 31 December 2017 RMB</b>	<b>For the year ending 31 December 2018 RMB</b>
Existing Framework Agreement 1	6,000,000	6,300,000	6,678,000
Existing Framework Agreement 2	1,000,000	1,050,000	1,113,000
Existing Framework Agreement 3	5,000,000	5,250,000	5,565,000
Existing Framework Agreement 4	1,200,000	1,260,000	1,335,600
Existing Framework Agreement 5	3,500,000	3,675,000	3,895,500

## Historical Transactions Amounts

The table below sets out the historical transactions amounts of respective continuing connected transactions contemplated under each of the Existing Framework Agreements for the two financial years ended 31 December 2016 and 2017 and the eleven months ended 30 November 2018:

	<b>For the year ended 31 December 2016 RMB</b>	<b>For the year ended 31 December 2017 RMB</b>	<b>For the eleven months ended 30 November 2018 (unaudited) RMB</b>
Existing Framework Agreement 1	1,572,355	1,315,000	916,000
Existing Framework Agreement 2	—	—	270,000
Existing Framework Agreement 3	2,680,550	2,273,956	2,348,925
Existing Framework Agreement 4	681,900	425,920	433,885
Existing Framework Agreement 5	2,275,536	2,231,091	2,245,188

## PROPOSED ANNUAL CAPS

The table below sets out the proposed annual caps for the transactions contemplated under each of the Framework Agreements for the three years ending 31 December 2019, 2020 and 2021:

	<b>For the year ending 31 December 2019 RMB</b>	<b>For the year ending 31 December 2020 RMB</b>	<b>For the year ending 31 December 2021 RMB</b>
Framework Agreement 1	6,000,000	6,300,000	6,615,000
Framework Agreement 2	1,200,000	1,260,000	1,323,000
Framework Agreement 3	5,300,000	5,300,000	5,300,000
Framework Agreement 4	3,300,000	3,300,000	3,300,000
Framework Agreement 5	4,000,000	4,200,000	4,410,000

## BASIS FOR DETERMINING THE ANNUAL CAPS

The above annual caps have been determined with reference to the factors: (i) the historical transaction amounts of respective continuing connected transactions under Existing Framework Agreements for the two financial years ended 31 December 2016 and 2017 and the eleven months ended 30 November 2018; (ii) the expected corresponding increase in relevant costs due to the rise in labour and maintenance cost; (iii) the expected corresponding increase in relevant costs due to business development; (iv) the gradually increasing transaction amounts pertaining to continuing connected transactions along with the growing scale of our operations and increasingly diversified and systematized customer demands, and in turn further in-depth cooperation with connected companies in developing our customer relations; (v) the implementation of material policies such as “Made in China 2025” and “Internet+” will create a new series of demand, as a result, the revenue source from the relevant transactions to be carried out by the Company and its connected persons needs to be widened.

## TERM

The term of the Framework Agreements shall commence from 1 January 2019 to 31 December 2021, prior to the expiration of which either party may renew any relevant Framework Agreements by no less than four calendar months’ notice in writing to the other. With written consent of both parties and in compliance with all the applicable provisions regarding continuing connected transactions under the GEM Listing Rules, the date of expiration of the Framework Agreements may be extended to another date as agreed by both parties.

## **CONDITIONS PRECEDENT**

Each of the Framework Agreements will be effective upon the fulfillment of, among the others, the following conditions:

1. an approval is obtained from the Board of CCID or its related decision-making authority;
2. an approval is obtained from the Board of the Company; and
3. in compliance with the requirements regarding continuing connected transactions under the GEM Listing Rules.

## **OPINIONS OF THE BOARD**

The Directors (including the independent non-executive Directors) have approved the transactions under the Framework Agreements and are of the view that the terms of the Framework Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

No Directors are materially interested in the Continuing Connected Transactions.

## **IMPLICATIONS OF THE GEM LISTING RULES**

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

Pursuant to the requirements of Rule 20.79 of the GEM Listing Rules, the transactions shall be aggregated as if they were one transaction if they were all completed within the same 12-month period or are mutually related. Therefore, each category is aggregated with the following percentage ratio:

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

- (2) For the category of management and strategy consultancy services, the applicable percentage ratio (other than the profit ratio and equity capital ratio) for the Framework Agreement 3 and the Framework Agreement 4 in aggregate, does not exceed 25%, and the total consideration is less than HK\$10 million. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transactions exempt from the circular, independent financial advice and shareholders' approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.
- (3) For the category of administration services, the applicable percentage ratio (other than the profit ratio and equity capital ratio) for the Framework Agreement 5 does not exceed 5%. Pursuant to Rule 20.74(2) of the GEM Listing Rules, such transaction exempts from the circular, independent financial advice and shareholders' approval requirements but is subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

## **INFORMATION OF THE GROUP AND CONNECTED PERSONS**

### **Information of the Group**

The Group is mainly engaged in management and strategy consultation, market consultation, urban economic development and industrial planning, investment and financing, information consultancy and information engineering supervision services.

### **Information of CCID**

CCID through the Research Center under its control and supervision and Beijing CCID Riyue Investment Co., Ltd., effectively owns 491,000,000 domestic shares (approximately 70.14% of the issued share capital of the Company) of which 392,610,000 domestic shares are directly held by the Research Center and 98,390,000 domestic shares are directly held by Beijing CCID Riyue Investment Co., Ltd. respectively.

CCID is mainly engaged in industry policy of consultancy service, economic environment, media and publishing industry and other evaluation services.

## **DEFINITIONS**

“associate(s)” shall have the meaning ascribed to it under the GEM Listing Rules;

“Board” the board of directors;

“CCID”	China Center of Information Industry Development*, which is the ultimate controlling shareholder of the Company, and currently has an indirect holding of approximately 70.14% of the issued share capital of the Company through the Research Center under its control and supervision and Beijing CCID Riyue Investment Co., Ltd.;
“CCID and/or its associates”	CCID itself and/or some of its associates (as specified in the Framework Agreements);
“Company”	CCID Consulting Company Limited*, a joint stock company incorporated in the PRC, whose H shares are listed on the GEM in Hong Kong;
“Company and/or its subsidiaries”	the company itself and/or some of its subsidiaries (as specified in the Framework Agreements);
“connected person(s)”	shall have the meaning ascribed to it under the GEM Listing Rules;
“Continuing Connected Transactions”	the transactions as contemplated under the Framework Agreement 1, the Framework Agreement 2, the Framework Agreement 3, the Framework Agreement 4 and the Framework Agreement 5 which constitute continuing connected transactions under the GEM Listing Rules;
“Directors”	the Directors of the Company;
“Existing Framework Agreements”	Existing Framework Agreement 1, Existing Framework Agreement 2, Existing Framework Agreement 3, Existing Framework Agreement 4 and Existing Framework Agreement 5;
“Existing Framework Agreement 1”	the Information Consultancy And Supervision Services Revenue Framework Agreement dated 26 October 2015 entered into between the Company and CCID;
“Existing Framework Agreement 2”	the Information Consultancy And Supervision Services Expense Framework Agreement dated 26 October 2015 entered into between the Company and CCID;
“Existing Framework Agreement 3”	the Management And Strategy Consultancy Services Revenue Framework Agreement dated 26 October 2015 entered into between the Company and CCID;

“Existing Framework Agreement 4”	the Management And Strategy Consultancy Services Expense Framework Agreement dated 26 October 2015 entered into between the Company and CCID;
“Existing Framework Agreement 5”	the Administration Services Expense Framework Agreement dated 26 October 2015 entered into between the Company and CCID;
“Framework Agreements”	Framework Agreement 1, Framework Agreement 2, Framework Agreement 3, Framework Agreement 4 and Framework Agreement 5;
“Framework Agreement 1”	the Information Consultancy And Supervision Services Revenue Framework Agreement dated 19 December 2018 entered into between the Company and CCID;
“Framework Agreement 2”	the Information Consultancy And Supervision Services Expense Framework Agreement dated 19 December 2018 entered into between the Company and CCID;
“Framework Agreement 3”	the Management And Strategy Consultancy Services Revenue Framework Agreement dated 19 December 2018 entered into between the Company and CCID;
“Framework Agreement 4”	the Management And Strategy Consultancy Services Expense Framework Agreement dated 19 December 2018 entered into between the Company and CCID;
“Framework Agreement 5”	the Administration Services Expense Framework Agreement dated 19 December 2018 entered into between the Company and CCID;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“Research Center”	Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development* (工業和信息化部計算機與微電子發展研究中心), a controlling shareholder of the Company currently holding approximately 56.09% of the issued share capital of the Company, which is administered by CCID;
“RMB”	the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subsidiaries” any entity within the meaning of the term “subsidiary” as defined in the GEM Listing Rules;

“%” per cent.

By Order of the Board  
**CCID Consulting Company Limited\***  
**Mr. Zhao Zeming**  
*Chairman*

Beijing, PRC, 19 December 2018

*As at the date of this announcement, the Board comprises one executive Director namely Mr. Zhao Zeming, one non-executive Director namely Mr. Luo Junrui and three independent non-executive Directors namely Mr. Guo Xinping, Ms. Li Xuemei and Mr. Xia Yinan.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the “Investor Relations” page of the Company’s website at [www.ccidconsulting.com](http://www.ccidconsulting.com).*

\* *For identification purpose only*