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CAPINFO COMPANY LIMITED*
首都信息發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1075)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL SUMMARY OF THE GROUP

- During the current interim period, revenue increased by 11.56% to RMB538.13 million as compared with the same period of last year.
- Profit attributable to owners of the Company decreased by 164.54% to RMB-23.92 million as compared with the same period of last year.
- Basic loss per share was RMB8.25 cents.
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (same period of 2023: Nil).

The board of directors (the “**Board**”) of Capinfo Company Limited (the “**Company**”) announces the interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024.

CONSOLIDATED BALANCE SHEET

30 June 2024

Prepared by: Capinfo Company Limited

Amount unit: RMB

Items	Notes	30 June 2024	31 December 2023
Current assets:			
Monetary fund		681,975,320.90	814,097,620.53
Held-for-trading financial assets			
Derivative financial assets			
Notes receivables			76,620.81
Accounts receivables	6	338,810,727.11	463,361,943.70
Financing receivables			
Prepayments		67,703,877.59	64,397,788.90
Other receivables		55,957,927.59	73,564,280.38
Incl: Interest receivables			
Dividend receivables			
Inventories		172,836,255.22	121,049,721.55
Contractual assets	7	123,550,649.60	24,452,746.54
Held-for-sale assets		30,257,681.13	30,257,681.13
Non-current assets due within one year			
Other current assets		<u>351,641.00</u>	<u>1,137,871.39</u>
Total current assets		<u>1,471,444,080.14</u>	<u>1,592,396,274.93</u>
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		232,909,113.79	237,082,620.23
Other equity instrument investments			
Other non-current financial assets		61,281,923.27	51,300,941.47
Investment properties		17,517,268.64	19,327,556.00
Fixed assets		115,282,416.68	125,554,131.98
Right-of-use assets		57,142,366.06	27,069,182.55
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets		152,005,388.08	162,751,298.53
Development expenditures		98,991,962.40	63,112,867.93
Goodwill			
Long-term deferred expenses		4,191,306.48	7,759,096.20
Deferred income tax assets		116,733,616.05	103,816,826.47
Other non-current assets		<u>108,427,602.74</u>	<u>106,652,602.74</u>
Total non-current assets		<u>964,482,964.19</u>	<u>904,427,124.10</u>
Total assets		<u>2,435,927,044.33</u>	<u>2,496,823,399.03</u>

Items	Notes	30 June 2024	31 December 2023
Current Liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payables			1,669,827.20
Account payables	8	282,589,727.66	398,969,828.62
Advances received			
Contractual liabilities	9	405,764,410.04	315,570,239.61
Payroll payables		46,171,207.20	93,476,126.63
Tax payables		41,394,266.96	38,906,832.96
Other payables		326,605,611.39	349,845,189.48
Incl: Interest payables			
Dividend payables			
Liabilities held for sale			
Non-current liabilities due within one year		80,217,286.97	63,536,275.58
Other current liabilities			
Total current liabilities		<u>1,182,742,510.22</u>	<u>1,261,974,320.08</u>
Non-current liabilities:			
Long-term borrowings			
Bonds payables			
Incl: Preferred shares			
Perpetual debts			
Lease liabilities		32,477,585.13	19,197,462.75
Long-term payables			
Long-term payroll payables			
Accrued liabilities		2,094,168.00	
Deferred income		217,948.72	254,273.51
Deferred income tax liabilities		16,807,827.95	12,584,587.33
Other non-current liabilities			
Total non-current liabilities		<u>51,597,529.80</u>	<u>32,036,323.59</u>
Total liabilities		<u>1,234,340,040.02</u>	<u>1,294,010,643.67</u>
Shareholders' equity:			
Share capital		289,808,609.10	289,808,609.10
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserves		308,518,961.44	304,991,645.96
Less: treasury shares			
Other comprehensive income		-8,443,166.86	-8,443,166.86
Special reserves			
Surplus reserves		129,525,384.77	129,525,384.77
Undistributed profit	10	405,148,439.71	429,068,885.33
Total equity attributable to shareholders of the parent company		1,124,558,228.16	1,144,951,358.30
Minority interests		77,028,776.15	57,861,397.06
Total shareholder's equity		<u>1,201,587,004.31</u>	<u>1,202,812,755.36</u>
Total liabilities and shareholder's equity		<u>2,435,927,044.33</u>	<u>2,496,823,399.03</u>

CONSOLIDATED INCOME STATEMENT

January to June 2024

Prepared by: Capinfo Company Limited

Amount unit: RMB

Items	Notes	Amount for current period	Amount for last period
I. Total operating income	11	538,129,918.34	482,364,292.15
Less: Operating costs	11	380,453,928.10	280,383,491.79
Business tax and surcharges		2,042,472.89	1,549,507.39
Selling expenses		62,261,696.16	56,452,415.07
Administrative expenses		58,658,905.34	59,728,495.54
R&D expenses		51,571,948.49	42,647,414.82
Financial expenses		-5,529,401.29	-7,208,828.98
Incl: Interest expenses		1,759,408.61	597,535.36
Interest income		6,842,646.70	5,718,128.09
Add: Other income		749,041.44	835,919.27
Investment gain (loss is marked by “-”)		-5,925,821.92	3,912,119.09
Incl: Gain from investment in associates and joint ventures		-7,700,821.92	2,325,033.93
Gain on derecognition of financial assets at amortised cost (loss is marked by “-”)			
Net gains on hedging exposure (loss is marked by “-”)			
Gain on changes in fair value (loss is marked by “-”)		-2,688,871.03	1,870,000.65
Impairment losses of credit (loss is marked by “-”)		8,910,375.67	-7,997,049.59
Impairment losses of assets (loss is marked by “-”)		-1,224,032.30	-176,303.71
Gain from disposal of assets (loss is marked by “-”)		-8,159.83	59,549.53
II. Operating profit (loss is marked by “-”)		-11,517,099.32	47,316,031.76
Add: Non-operating income		274,315.92	133,121.72
Less: Non-operating expenses		2,292,002.00	846.27
III. Total profit (total loss is marked by “-”)		-13,534,785.40	47,448,307.21
Less: Income tax expenses	12	-2,281,718.87	4,508,517.78

Items	<i>Notes</i>	Amount for current period	Amount for last period
IV. Net profit (net loss is marked by “-”)		-11,253,066.53	42,939,789.43
(I) Items classified by attribution of ownership			
1. Net profit attributable to owners of the parent company		-23,920,445.62	37,065,219.81
2. Minority interests		12,667,379.09	5,874,569.62
(II) Items classified by continued operations			
1. Net profit from continued operations (net loss is marked by “-”)		-11,253,066.53	42,939,789.43
2. Net profit from discontinued operation (net loss is marked by “-”)			
V. Other comprehensive income after taxation, net			
Other comprehensive income after taxation attributable to the owners of parent company, net			
Other comprehensive income attributable to the minority shareholders after taxation, net			
VI. Total comprehensive income		-11,253,066.53	42,939,789.43
Total comprehensive income attributable to the owners of parent company		-23,920,445.62	37,065,219.81
Total comprehensive income attributable to the minority shareholders		12,667,379.09	5,874,569.62
VII. Earnings per share:			
(I) Basic earnings per share	<i>13</i>	-0.0825	0.1280

1. COMPANY GENERAL INFORMATION

Capinfo Company Limited (hereinafter referred to as the “Company”) is a joint stock limited company incorporated in Beijing, approved by the “Notice on Approval of Establishment of Capinfo Company Limited” of the Beijing Municipal People’s Government (J.Z.H.Z. [2000] No.74) and approved to register with Beijing Administration for Industry and Commerce on 14 July 2000. The uniform social credit code is 911100006336972074. All H shares issued by the Company have been listed for trading on Hong Kong Stock Exchange. The registered address of the Company is No. 11 Xi San Huan Zhong Road, Haidian District (The north gate of the central television tower), Beijing.

The Company has established the corporate governance structure consisting of the General Meeting, Party Committee, Board of Directors and Supervisory Committee, and formed an organizational structure comprising of three major sectors: business front office, technical middle-office, and management back-office. At present, the business front-office consists of four mature business divisions (Medical Insurance Division, Housing Provident Fund Division, Organization Work Division and Governance Division), Business Development Department of key departments and regional expansion. The technical middle-office consists of five centers (Product Center, Network Center, R&D Center, Testing Center and Operation Center) and middle-office Management Department. The management back-office consists of thirteen functional departments. The Company has fifteen branches, namely Beijing Yanqing Branch, Shunyi Branch, Daxing Branch, Tongzhou Branch, Dongcheng Branch, Guangzhou Branch, Chongqing Branch, Hebei Xiong’an Branch, Shanghai Hengyue Information Service branch, Hubei branch, Hebei branch, Jilin branch, Inner Mongolia Autonomous Region branch, Xinjiang branch and the newly established Hoten Branch in this period.

The Company and its subsidiaries (hereinafter referred to as the “**Group**”) belong to software industry and are principally engaged in online application service and system integration. The business scope includes the provision of information source service, e-commerce service, network interconnection, computer equipment and hardware and software, technical development, technical consulting, technical service and technical training of communication hardware and software products, integration and agency of information and network system, sales of computer peripheral equipment, proprietary and agency of all kinds of goods and technologies import and export business (except for commodities and technologies managed by state-designated companies or the import and export of which are prohibited), professional contracting and sale agency of tickets. (enterprises can independently choose their own business projects and carry out business activities under the laws; for the items subject to the administrative approval, relevant approval must be obtained prior to operation; enterprises shall not carry out business activities prohibited and restricted by the city’s industrial policy.)

During the period, there are aggregately 8 accounting units consolidated into financial statements, including the Company, Capinfo (Hong Kong) Co., Ltd (hereinafter referred to as “Capinfo Hong Kong”), Capinfo Technology Development Co., Ltd (hereinafter referred to as “Capinfo Technology”), Beijing Parking Management Centre Co., Ltd (hereinafter referred to as “Parking Management”), Xiamen Rito Info Technology Co. Ltd (hereinafter referred to as “Rito Info”), Capinfo Medical United Information Technology Company Limited (hereinafter referred to as “Capinfo Medical United”), Capinfo Cloud Technology Co., Ltd. (hereinafter referred to as “Capinfo Cloud Technology”) and Beijing Digital Intelligence Technology Co., Ltd. (hereinafter referred to as “Digital Intelligence Technology”).

Digital Intelligence Technology was added to the scope of consolidated financial statements for this period.

2. PREPARATION BASIS FOR FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the “China Accounting Standards for Business Enterprises” and their application guidelines, interpretations and other relevant requirements (collectively, “CASBE”) issued by the Ministry of Finance.

The financial statements are presented on a going concern basis.

The Group’s accounting is measured on an accrual accounting basis. Except for certain financial instruments, the financial statements are measured based on historical cost. In case of asset impairment, impairment provisions shall be made accordingly under relevant regulations.

New Hong Kong Companies Ordinance took effect in 2015. The financial statements have been adjusted according to the requirements of the Hong Kong Companies Ordinance.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Changes in Significant Accounting Policies

① *Implementation of Interpretation No. 17 of the Enterprise Accounting Standards*

The Ministry of Finance issued Interpretation No. 17 of the Enterprise Accounting Standards (Accounting No. 21 [2023], hereinafter referred to as “**Interpretation No. 17**”) on 25 October 2023.

a. *Classification of Current Liabilities and Non-current Liabilities*

Interpretation No. 17 clarifies:

- If an enterprise does not have a substantive right at the balance sheet date to defer settlement of a liability for more than one year after the balance sheet date, the liability shall be classified as a current liability.
- For liabilities arising from an enterprise’s loan arrangement, the enterprise’s right to defer settlement of the liability for more than one year after the balance sheet date may depend on whether the enterprise has complied with the conditions stipulated in the loan arrangement (hereinafter referred to as the covenant conditions), and the enterprise, in determining the existence of its substantive right to defer settlement of the liability, should only consider the covenant conditions that should have been complied with on or before the balance sheet date, should not consider the covenant conditions that should have been complied with after the balance sheet date.

The discharge of a liability when classifying the liquidity of the liability is when the enterprise discharges the liability by transferring cash, other economic resources (such as goods or services) or the enterprise’s own equity instruments to the counterparty. If the terms of the liability result in the enterprise settling the liability by delivering its own equity instruments if the counterparty so chooses, and if the enterprise classifies the above option as an equity instrument and recognizes it separately as an equity component of a compound financial instrument in accordance with the provisions of Enterprise Accounting Standard No. 37 – Presentation of Financial Instruments, the terms of the liability does not affect the liquidity classification of the liability.

b. *Disclosure on Supplier Finance Arrangements*

Interpretation No. 17 requires an enterprise to make note disclosures that summarize disclosures relating to supplier finance arrangements in a manner that will assist users of the statements in assessing the impact of those arrangements on the enterprise's liabilities, cash flows, and the enterprise's exposure to liquidity risk. The impact of supplier finance arrangements should also be considered when identifying and disclosing information about liquidity risk. This disclosure requirement applies only to supplier finance arrangements. A supplier finance arrangement is a transaction that has the following characteristics: one or more finance providers provide funds to pay amount due to its suppliers on behalf of an enterprise, with an agreement that the enterprise will repay the finance providers on or after the date the payments are received by its suppliers, in accordance with the terms and conditions of the arrangement. The supplier finance arrangements extend the payment period for the enterprise or advances the collection period for the enterprise's suppliers compared to the original payment due date.

c. *Accounting treatment for sale and leaseback transactions*

Interpretation No. 17 stipulates that when a lessee subsequently measures a lease liability arising from a sale and leaseback, the manner in which it determines the lease payments or changes the amount of the subsequent lease payments shall not result in the recognition of a gain or loss related to the right to use the leased premises acquired. When an enterprise first implements this provision, it should make a retrospective adjustment for sale and leaseback transactions conducted after the date of initial implementation of Enterprise Accounting Standard No. 21, Leases.

The implementation of Interpretation No. 17 did not have a significant impact on the Company's financial position and results of operations.

(2) Changes in critical accounting estimates

Nil.

4. SEGMENT REPORTING

The Group does not have a variety of operations that have a significant impact on its operating results. At the same time, as the Group only operates in one geographical area, its revenue mainly comes from China, and its major assets are also located within China. Therefore, the Group is not required to disclose its segment data.

5. TAX

(1) Main taxes and tax rates

Taxes	Tax basis	Statutory Tax Rate %
Value-added tax	Taxable income	5、6、9、13
Urban maintenance and construction tax	Commodity turnover tax payable	7
Corporate income tax	Taxable income	25

Name of Taxpayer	Income Tax Rate %
The Company	15
Capinfo Hong Kong	
Capinfo Technology	15
Parking Management	20
Rito Info	25
Capinfo Medical United	15
Capinfo Cloud Technology	15
Digital Intelligence Technology	20

(2) Tax preference and approvals

(1) *Value-added tax*

In accordance with the requirements of the Notice of Valued-added Tax Policies for Software Products (Cai Shui [2011] No. 100) promulgated by the Ministry of Finance and the State Administration of Taxation, Rito Info sells its own-developed and produced software. After levitation of value-added tax at a rate of 13%, the part over 3% will be refundable as soon as it is imposed.

According to the requirements of the Notice of Inclusion of Railway Transportation and Post Industry into the Pilot Proposals for the Change from Business Tax to Value-added Tax (Cai Shui [2015] No. 118) promulgated by the Ministry of Finance and the State Administration of Taxation, contracts of provision of technological transfer, development and related technological consulting or technological services of Rito Info are exempt from value-added tax upon recognition by the Municipal Competent Department of Science & Technology and reported to the Competent State Administration of Taxation for file.

(2) Corporate income tax

The Company obtained its Certificate of Hi-tech Enterprise, No. GR202311002001 on 26 October 2023 and is entitled to the corporate income tax preference of 15% for a period of three years.

Capinfo Hong Kong has no payable tax profit during the current period.

Capinfo Technology obtained its Certificate of Hi-tech Enterprise, No. GR202311002117 on 26 October 2023 and is entitled to a reduced corporate income tax of 15% for a period of three years.

Capinfo Cloud Technology obtained its Certificate of Hi-tech Enterprise, No. GR202311004480 on 30 November 2023 and is entitled to a reduced corporate income tax of 15% for a period of three years.

Capinfo Medical United obtained its Certificate of Hi-tech Enterprise, No. GR202211004422 on 1 December 2022 and is entitled to a reduced corporate income tax of 15% for a period of three years.

Parking Management and Digital Intelligence Technology were entitled to the preferential income tax as national small and micro enterprises during the current period. The policies are as follows:

According to relevant provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》) (Announcement No. 13 [2022] of the MOF and the SAT), from 1 January 2022 to 31 December 2024, the portion of annual taxable income of a small low-profit enterprise which exceeds RMB1 million but does not exceed RMB3 million shall be calculated at a reduced rate of 25% as taxable income amount and shall be subject to corporate income tax at 20%.

According to relevant provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on the Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (《財政部稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》) (Announcement No. 6 [2023] of the MOF and the SAT), from 1 January 2023 to 31 December 2024, for the portion of annual taxable income of small profit-making enterprises less than RMB1 million, 25% of the amount will be reduced, and the EIT will be at the tax rate of 20%.

According to relevant provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Support of Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (《財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) (Announcement No. 12 [2023] of the MOF and the SAT), for the part of small profit-making enterprises, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The policy will continue to be implemented until 31 December 2027.

6. ACCOUNTS RECEIVABLES

(1) Accounts receivables analysed by aging

Age	2024.6.30	
	Amount	Proportion %
0-6 months (inclusive)	136,795,191.63	26.26
7 months-1 year	154,268,368.19	29.61
1-2 years	74,188,079.66	14.24
2-3 years	25,514,444.74	4.90
Over 3 years	130,188,554.01	24.99
Subtotal	<u>520,954,638.23</u>	<u>100.00</u>
Less: Provision for bad debts	<u>182,143,911.12</u>	
Total	<u><u>338,810,727.11</u></u>	
Age	2023.12.31	
	Amount	Proportion %
0-6 months (inclusive)	354,249,021.22	53.98
7 months-1 year	57,299,778.18	8.73
1-2 years	50,318,658.19	7.67
2-3 years	67,010,090.15	10.20
Over 3 years	127,428,177.87	19.42
Subtotal	<u>656,305,725.61</u>	<u>100.00</u>
Less: Provision for bad debts	<u>192,943,781.91</u>	
Total	<u><u>463,361,943.70</u></u>	

9. CONTRACT LIABILITIES

Item	2024.6.30	2023.12.31
Project receipt	<u>405,764,410.04</u>	<u>315,570,239.61</u>

10. UNALLOCATED PROFITS

Items	Amount
Unallocated profits at the end of last period before adjustment	429,068,885.33
Total amount of adjustment for unallocated profits at the beginning of period (“+” for plus; “-” for less)	
Unallocated profits at the beginning of period after adjustment	429,068,885.33
Add: Net profit attributable to shareholders during the period	-23,920,445.62
Less: Withdrawal of statutory surplus reserves	
Dividend payable on ordinary shares	
Unallocated profits at the end of period	405,148,439.71

According to the requirements of the Company’s Articles of Association, profit available for distribution to the Company’s shareholders refer to amounts in the statements prepared in accordance with the Chinese Accounting Standards and Regulations.

11. OPERATING INCOME AND OPERATING COST

Items	January – June 2024		January – June 2023	
	Income	Cost	Income	Cost
Main businesses	533,545,107.99	378,379,903.98	474,161,441.70	278,573,204.43
Other businesses	<u>4,584,810.35</u>	<u>2,074,024.12</u>	<u>8,202,850.45</u>	<u>1,810,287.36</u>

(1) Main businesses (sub-businesses)

Name of business	January – June 2024		January – June 2023	
	Operating income	Operating cost	Operating income	Operating cost
Products, software products and services	170,015,481.42	125,920,729.40	127,753,974.34	82,087,074.53
Industry solutions	49,866,056.88	42,437,649.36	63,638,020.88	52,335,908.37
Operation and maintenance service	<u>313,663,569.69</u>	<u>210,021,525.22</u>	<u>282,769,446.48</u>	<u>144,150,221.53</u>
Total	<u>533,545,107.99</u>	<u>378,379,903.98</u>	<u>474,161,441.70</u>	<u>278,573,204.43</u>

(2) Other businesses (sub-businesses)

Name of business	January – June 2024		January – June 2023	
	Operating income	Operating cost	Operating income	Operating cost
Rental income from investment property	<u>4,584,810.35</u>	<u>2,074,024.12</u>	<u>8,202,850.45</u>	<u>1,810,287.36</u>

(3) Timing of revenue recognition

Revenue recognition method	January – June 2024
At a certain point of time	86,458,207.74
Over a period of time	<u>451,671,710.60</u>
Total	<u>538,129,918.34</u>

12. INCOME TAX EXPENSE

Items	January – June 2024	January – June 2023
Current income tax calculated in accordance with the tax law and relevant provisions	6,411,830.09	2,376,891.20
Deferred income tax expense	<u>-8,693,548.96</u>	<u>2,131,626.58</u>
Total	<u>-2,281,718.87</u>	<u>4,508,517.78</u>

13. EARNINGS PER SHARE

Items	January – June 2024	January – June 2023
Consolidated net profit attributable to ordinary shareholders of the Company	-23,920,445.62	37,065,219.81
Weighted average number of ordinary shares outstanding of the Company	<u>289,808,609.00</u>	<u>289,808,609.00</u>
Basic earnings per share	<u>-0.0825</u>	<u>0.1280</u>

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

During the period, the Company's shares were consolidated and every ten existing H shares of RMB0.1 each were consolidated into one consolidated H share of RMB1 each, and every ten existing domestic shares of RMB0.1 each were consolidated into one consolidated domestic shares of RMB1 each and earnings per share for each of the periods presented was recalculated on the basis of the adjusted number of shares.

14. DIVIDENDS

The Company approved no payment of a final dividend for the year ended 31 December 2023 (before tax) at the annual general meeting convened on 18 June 2024 (final dividend for 2022 approved during 2023: RMB1.75 cents per share (before tax), totaling RMB50,716,506.59).

15. OTHER SIGNIFICANT EVENTS

On 21 July 2014, the Company entered into a share transfer agreement with Xiamen Ruitailong Investment Development Company Limited* (廈門銳泰隆投資發展有限公司) and other transferors (the "Former Shareholders") to acquire the equity interest of Rito Info. On the ground that the Former Shareholders were suspected of exaggeration of financial performance for the period under assessment, in order to protect the interests of the Company and its Shareholders, a new legal proceeding was instituted by the Company in the Beijing First Intermediate People's Court (北京市第一中級人民法院) on 3 April 2023, to seek legal action against the Former Shareholders according to law, requesting, among other things, the revocation of the share transfer agreement and the refund of the consideration paid for the share transfer. The Company applied for property preservation on 25 April 2023, and the preservation measures shall be limited to RMB335,995,436.60. The Beijing First Intermediate People's Court (北京市第一中級人民法院) made a civil judgment and imposed preservation measures on the Former Shareholders in accordance with the law. During the trial of the case, the Former Shareholders counterclaimed that the Company should continue to pay the third installment of the consideration for the share transfer in accordance with the share transfer agreement in dispute, and filed an application for property preservation. The Beijing First Intermediate People's Court (北京市第一中級人民法院) ruled to freeze the bank deposits of the Company in the amount of RMB21,428,269.54. As of 30 June 2024, the case is still in the process of hearing.

BUSINESS REVIEW

In the first half of 2024, the Group dared to rise to challenges posed by reform and deepened efforts in construction of the system and mechanism, unswervingly implementing the Company's "14th Five-Year" strategic plan and reform program, detailing the implementation of various measures and striving to achieve the annual objectives and tasks.

For the six months ended 30 June 2024, the Group recorded revenue from its principal business of RMB533.55 million, representing an increase of 12.52% as compared with the same period of last year.

During the reporting period, the Group continuously optimized and improved the business connotation of "one core, two platforms and four sectors", remained adhering to the core principle of "creating value for customers", used "Cloud Network+Digital Intelligence" as a platform and developed application services of four sectors smart government, smart people's livelihood, smart enterprise and smart health, committing to becoming a leading smart city and data industry operator.

In the realm of "Cloud Network+Digital Intelligence" infrastructure, the unified IT application innovation adaptation platform development was completed with mainstream domestic chips, operating systems, middleware and databases adaptation service capabilities. The Group also developed "Capinfo Digital Base System V1.3" products, passing Huawei's Kunpeng technical certification and being included in "the List of 100 New Technologies and Products" by the Zhongguancun Forum 2024.

In the smart government sector, based on the Capinfo Company's own software development platform CCAF (Capinfo Cloud Application Framework), the Group developed an administrative collaborative office product "Capinfo Connect Office (首信通办)". The reach of new customers was increased; the project transformation was facilitated; the contract signing for organizational work business with customers in Hebei, Inner Mongolia, Shanxi and Gansu was solidly promoted. The Group also actively participated in aiding-Xinjiang information construction works and won the bids for the Moyu cadre management system, Xinjiang.

In the smart people's livelihood sector, the Group strengthened the stable operation of important livelihood systems such as provident fund and immediate action upon complaint. The Company hosted "Digital Intelligence Driven-IT Application Innovation Escorted" digital intelligence provident fund forum and launched Capinfo's new version of housing provident fund IT application innovation core system product to society. The Group also signed contracts for Shanghai municipal housing provident fund comprehensive business services and the upgrade and transformation of the management platform, and signed contracts for Lhasa public-service hotline 12345.

In the smart enterprises sector, the Group continued to improve and enrich integrated “Cloud+Security+Application” IT application innovation solutions, and achieved on-site signing of orders for more than 20 municipal enterprises. The Group also identified the business opportunities of energy, electricity, finance industry and colleges customers, continuously promoted the cooperation with China Electricity Technology Market Association and conducted product and program communications with industrial control equipment security vendors in the electricity industry, preliminarily reaching the ideas for progress of industrial control equipment security cooperation in the electricity industry.

In the smart health sector, the medical insurance system operates stably, and the Group continuously promoted the expansion of medical insurance mobile payment. In the first half of the year, there were 38 new Jingtong pipeline hospitals, supporting a total of 151 hospitals with medical insurance mobile payments; and adding 48 new hospital-owned pipelines, supporting a total of 71 hospitals with medical insurance mobile payments. The Group strengthened drug supervision, signed a contract for the Beijing Municipal Medical Products Administration’s drug life cycle management system project with “one base, two middle platforms, and three portals” as its main content, built an online drug purchasing platform to connect with pharmacies, JD.com’s online drug purchasing platform, and Meituan’s online drug purchasing platform. Currently, 457 pilot drugstores were accessed to facilitate the citizens to use medical insurance for purchasing drugs. The Group also promoted convenient medical treatment settlement services, The Group also promoted convenient medical treatment settlement services, completed the first phase development of credit settlement platforms for smart medical insurance services in Haidian District and implemented the second phase development. The HIS transformation of Chaoyang Hospital and Shijingshan Hospital was completed.

Product Research and Development

During the Reporting Period, the Group accelerated the promotion of industry development business, focused on six business lines, namely, provident fund, immediate action upon complaint, cadre management, supervision of state-owned enterprises, medical hygiene and administrative office, strengthened product construction and regional expansion and landing and promoted business restructuring. The Group also strengthened its investment in the research and development of artificial intelligence and general technology platforms, promoted the vertical application of Hongdi Large Model in the hotline system of immediate action upon compliant and medical insurance platform.

Human Resources

As of 30 June 2024, the Group had 1,696 employees. During the period, the expense of the employees was approximately RMB231.89 million. During the reporting period, in order to implement the strategic objectives of transformation and development, the Group actively introduced high-level technical management talents in the industry, solidly promoted the reform of salary and performance appraisal, strengthened the application of appraisal results to improve employee work efficiency, and was committed to improving the level of internal management and customer service through continuous process optimization.

Looking Forward

In the second half of the year, the Group will closely focus on the strategic requirements of Beijing to build a global digital economy benchmark city, seize the opportunities of the new round of deepening and upgrading actions of state-owned enterprise reform, strengthen the power with reform and innovation, fix the fundamentals with independent research and development, use capital operation as a driving force, serve to improve people's livelihood, construct digital government, digital intelligence govern mega-city, continue to improve the core competitiveness, enhance the core functions and strive to build a first-class digitalization and platform information industry enterprise benchmark of services to the capital.

FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group recorded an operating revenue of RMB538.13 million, representing an increase of 11.56% as compared with the same period of last year; gross profit of RMB157.68 million, representing a decrease of 21.94% as compared with the same period of last year; and profit attributable to owners of the Company of RMB-23.92 million, representing a decrease of 164.54% as compared with the same period of last year.

Other income of the Group amounted to RMB4.58 million, representing a decrease of 44.11% over the corresponding period of last year, mainly attributable to the rental income from Digital Beijing Building, which accounted for 0.85% of the total operating revenue of the Group.

In respect of the Group's business model, the main businesses included products, software products and services, industry solutions, and operation and maintenance service, of which revenue from products, software products and services amounted to RMB170.02 million, representing an increase of 33.08% as compared with the corresponding period of last year and accounting for 31.59% of the total revenue of the Company; revenue from industry solutions amounted to RMB49.87 million, representing a decrease of 21.64% as compared with the corresponding period of last year and accounting for 9.27% of the total revenue of the Company; revenue from operation and maintenance service amounted to RMB313.66 million, representing an increase of 10.93% as compared with the corresponding period of last year and accounting for 58.29% of the total revenue of the Company.

In addition, in respect of the classification of industries which the clients of the Company are engaged in, government clients of the Group accounted for the largest share, with 79.51% of clients being the government clients. In respect of regions of business distribution, the operating revenue of the Group was still derived mainly from the Beijing region currently, which accounted for 98.32% of the total operating revenue.

Capital Expenditure, Liquidity and Financial Resources

As of 30 June 2024, the Group had total assets amounting to RMB2,435.93 million, representing a decrease of 2.44% as compared with the end of last year. Equity attributable to owners of the Company amounted to RMB1,201.59 million, representing a decrease of 0.10% as compared with the end of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.24, which was not a significant change as compared with that of the corresponding period of last year. For the six months ended 30 June 2024, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB681.98 million, representing a decrease of 5.35% as compared with the corresponding period of last year. There were also long-term bank large denomination certificate of deposits and interest thereon of RMB108.43 million shown under other non-current assets. As of the end of the current period, no structured bank deposits were purchased.

Equity Investments

In the first half of 2024, the Group's share of results of associates was RMB-7.70 million.

Income Tax

In the first half of 2024, the Group's income tax expenses amounted to RMB-2.28 million, representing a decrease of RMB6.79 million compared to the corresponding period of last year.

THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Having made specific enquiry with the Directors and supervisors, all the Directors and supervisors confirmed that they have complied with the required standard as set out in the Company's Code of Securities Transactions and the Model Code of the Stock Exchange throughout the six months ended 30 June 2024.

AUDIT COMMITTEE

The audit committee has discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 with the senior management of the Company. The committee is of the view that the financial statements were prepared in accordance with applicable accounting policies, the Listing Rules and other applicable legal requirements.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board of
CAPINFO COMPANY LIMITED*
YU Donghui
Chairman

Beijing, the People's Republic of China
29 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. Yu Donghui and Mr. Zhang Yiqian; the non-executive directors of the Company are Mr. Zhou Weihua, Ms. Yan Yi, Mr. Xin Shuangbai, Ms. Zhao Shujie and Mr. Jiang Wei; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Yang Xiaohui, Mr. Dong Jin and Mr. Li Jianqiang.

* *For identification purpose only*