

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.



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 2019**

FINANCIAL SUMMARY OF THE GROUP

- Revenue increased by 14.02% to RMB413.25 million was recognized during the current interim period.
- Profit attributable to owners of the Company increased by 33.12% to RMB33.38 million.
- Basic earnings per share was RMB1.15 cents.
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (same period of 2018: Nil).

The board of directors (the “Board”) of Capinfo Company Limited (the “Company”) is pleased to announce the interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2019.

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Note	30 June 2019	1 January 2019	31 December 2018
Current assets:				
Monetary fund		479,211,775.25	652,513,182.08	652,513,182.08
Held-for-trading financial assets		–	–	–
Notes receivables	6	–	124,900.00	124,900.00
Accounts receivables	7	342,190,079.94	316,238,126.66	316,238,126.66
Prepayments		73,756,355.20	63,952,905.32	65,450,220.03
Other receivables		93,968,996.37	93,208,484.60	93,208,484.60
Inventories		414,097,859.38	329,200,608.95	329,200,608.95
Contractual assets	8	64,818,315.30	43,290,594.31	43,290,594.31
Non-current assets due within one year		–	2,010,148.40	2,010,148.40
Other current assets		234,472,617.58	202,917,235.27	202,917,235.27
Total current assets		1,702,515,999.02	1,703,456,185.59	1,704,953,500.30
Non-current assets:				
Long-term equity investments		164,039,795.47	163,611,601.30	163,611,601.30
Other equity instruments investment		502,684.33	971,326.53	971,326.53
Investment properties		35,849,770.22	37,736,600.24	37,736,600.24
Fixed assets		73,494,931.61	69,183,061.72	69,183,061.72
Right-of-use assets		72,906,272.56	84,260,152.97	
Intangible assets		13,378,126.90	18,279,758.21	18,279,758.21
Development expenditure		17,212,059.46	12,572,850.26	12,572,850.26
Goodwill		135,260,623.29	135,260,623.29	135,260,623.29
Long-term deferred expenses		27,759,653.73	32,153,316.76	32,153,316.76
Deferred income tax assets		39,296,296.81	35,624,903.77	35,624,903.77
Total non-current assets		579,700,214.38	589,654,195.05	505,394,042.08
Total assets		2,282,216,213.40	2,293,110,380.64	2,210,347,542.38

Items	<i>Note</i>	30 June 2019	1 January 2019	31 December 2018
Current Liabilities:				
Accounts payables	9	121,599,916.35	172,067,991.29	172,067,991.29
Advances received		780,648.19	–	–
Contractual liabilities	10	681,050,911.00	618,798,167.14	618,798,167.14
Employee benefits payable		31,652,730.35	79,780,912.13	79,780,912.13
Taxes payable		20,796,860.78	50,906,186.82	50,906,186.82
Other payables		245,919,188.67	192,267,065.79	192,267,065.79
Incl: Interest payables		–	–	–
Dividend payables		28,111,435.08	–	–
Non-current liabilities due within one year		69,121,827.68	67,484,814.40	48,155,773.77
Total current liabilities		<u>1,170,922,083.02</u>	<u>1,181,305,137.57</u>	<u>1,161,976,096.94</u>
Non-current liabilities:				
Lease liabilities		54,656,329.65	63,433,797.63	
Deferred income		9,115,650.32	7,235,650.32	7,235,650.32
Total non-current liabilities		<u>63,771,979.97</u>	<u>70,669,447.95</u>	<u>7,235,650.32</u>
Total liabilities		<u>1,234,694,062.99</u>	<u>1,251,974,585.52</u>	<u>1,169,211,747.26</u>
Paid-in capital (share capital)				
Paid-in capital (share capital)		289,808,609.10	289,808,609.10	289,808,609.10
Capital reserves		292,833,401.46	292,833,401.46	292,833,401.46
Other comprehensive income		-7,940,482.53	-7,471,840.33	-7,471,840.33
Surplus reserves		90,317,493.60	90,317,493.60	90,317,493.60
Unallocated profits	11	346,319,616.14	341,047,586.92	341,047,586.92
Total equity attributable to owners of the parent		1,011,338,637.77	1,006,535,250.75	1,006,535,250.75
Minority interests		36,183,512.64	34,600,544.37	34,600,544.37
Total shareholders' equity (or owners' equity)		<u>1,047,522,150.41</u>	<u>1,041,135,795.12</u>	<u>1,041,135,795.12</u>
Total liabilities and shareholders' equity (or owners' equity)		<u><u>2,282,216,213.40</u></u>	<u><u>2,293,110,380.64</u></u>	<u><u>2,210,347,542.38</u></u>

CONSOLIDATED INCOME STATEMENT

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Note	Amount for current period	Amount for the same period of last year
I. Operating Income	12	413,251,783.14	362,438,937.80
Less: Operating costs	12	250,711,500.79	216,779,916.56
Business tax and surcharges		1,673,068.61	1,277,133.11
Selling expenses		46,205,075.97	44,759,773.85
Administrative expenses		29,262,642.36	27,793,997.27
R&D fee		23,307,025.94	23,269,715.57
Financial expenses		-129,136.08	-2,289,713.44
Incl: Interest expenses		1,919,155.16	-
Interest income		1,990,927.81	1,632,854.86
Add: Other income		609,478.04	704,568.71
Investment gain (loss is marked by “-”)		10,667,218.37	7,808,030.92
Incl: Gain from investment in associates and joint ventures		6,724,718.37	6,338,657.63
Impairment losses of credit (loss is marked by “-”)		-31,083,697.98	-31,949,495.68
Gain from disposal of assets (loss is marked by “-”)		906.62	69,777.65
II. Operating profit (loss is marked by “-”)		42,415,510.60	27,480,996.48
Add: Non-operating income		7,000.07	1,268,537.06
Less: Non-operating expenses		1,285,674.15	55,846.73
III. Total profit (total loss is marked by “-”)		41,136,836.52	28,693,686.81
Less: Income tax expenses	13	6,170,403.95	2,024,236.87
IV. Net profit (net loss is marked by “-”)		34,966,432.57	26,669,449.94
(I) Items classified by continued operations:			
Incl: Net profit from continued operations (net loss is marked by “-”)		34,966,432.57	26,669,449.94
Net profit from discontinued operation (net loss is marked by “-”)		-	-
(II) Items classified by attribution of ownership:			
Incl: Net profit attributable to owners of the parent (net loss is marked by “-”)		33,383,464.30	25,077,164.31

Items	<i>Note</i>	Amount for current period	Amount for the same period of last year
Minority interests (net loss is marked by “-”)		1,582,968.27	1,592,285.63
V. Other comprehensive income after taxation, net		-468,642.20	-
Other comprehensive income after taxation attributable to the owners of parent, net		-468,642.20	-
(I) Other comprehensive income not subject to reclassification to profit or loss		-468,642.20	-
1. Fair value changes of other equity instrument investments		-468,642.20	-
(II) Other comprehensive income to be reclassified to profits and loss		-	-
1. Share in the other comprehensive income to be reclassified into the profit or loss under the equity method		-	-
Other comprehensive income attributable to the minority shareholders after taxation, net		-	-
VI. Total comprehensive income		34,497,790.37	26,669,449.94
Total comprehensive income attributable to the owners of parent		32,914,822.10	25,077,164.31
Total comprehensive income attributable to the minority shareholders		1,582,968.27	1,592,285.63
VII. Earnings per share			
(I) Basic earnings per share	<i>14</i>	0.0115	0.0087
(II) Diluted earnings per share	<i>14</i>	0.0115	0.0087

1. COMPANY PROFILE

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 unified social credit code is 911100006336972074. All H shares issued by the Company have been listed for trading on Hong Kong Stock Exchange. The Company is headquartered at 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 General Meeting, Board of Directors and Supervisory Committee. Currently, we have business platforms including Social Security Segment, Private Network Segment, Housing Provident Fund Segment, and Governance Segment; management platforms including Comprehensive Management Department, Financial Management Department, Planning Management Department, Quality Management Department and Human Resources Department; technology platform, which is Capinfo Research Institute; and investment platform, which is Investment Department. We have five branches, namely Guangzhou Branch and Chongqing Branch, Yanqing Branch, Xiongan Branch and Shunyi Branch, respectively.

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.

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”), Shanghai Hengyue Computer Technology Co., Ltd (hereinafter referred to as “Shanghai Hengyue”), 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”) and Capinfo Cloud Technology Co., Ltd.* (hereinafter referred to as “Capinfo Cloud Technology”).

During the period, there were no change in accounting units consolidated into financial statements as compared with the same period of last year.

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 of the PRC (“MOF”).

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 On 30 April 2019, the MOF issued the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for the year 2019 (Cai Kuai [2019] No.6), upon which the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for the year 2018 (Cai Kuai [2018] No.15) issued on 15 June 2018 was revoked. Pursuant to the notice, the Group has made the following revision to the format of financial statements:

On balance sheet, “Notes and accounts receivables” was divided into “Notes receivables” and “Account receivables”; “Notes and accounts payables” was divided into “Notes payables” and “Account payables”.

Adjustments have been made to comparative figures for the comparable period in accordance with Cai Kuai [2019] No.6.

The revisions to the format of financial statements have no material impact on the Group’s financial position and operating results.

② *New Lease Standard*

On 7 December 2018, the Ministry of Finance of the PRC issued the revised “ASBE No. 21 – Leases” (“New Lease Standard”) in replacement of the “ASBE No. 21 – Leases”. Enterprises listed in both domestic and overseas markets were required to adopt the New Lease Standard with effect from 1 January 2019. The Group have modified their accounting policies in accordance with the provisions of the aforesaid accounting standard.

In accordance with relevant convergence provisions under the New Lease Standard, the Group has elected not to reassess whether contracts subsisting prior to 1 January 2019 are lease contracts or contracts containing leases. As a lessee, the Group has elected to recognize the cumulative effect from the date of the initial implementation of the New Lease Standard by adjusting the opening balance of relevant items, such as “right-of-use assets” and “lease liabilities”, in the financial statements as at 1 January 2019. Comparative statements for the same period last year shall not be adjusted.

In accordance with “ASBE No. 21 – Leases”, operating leases subsisting prior to the date of the initial implementation are measured as lease liabilities based on the present value of the remaining lease payment (discounted using the Company’s incremental borrowing rate) on the initial implementation date by the Group. Right-of-use assets are measured based on respective lease prepayments and other necessary adjustments.

Leases that will be completed within 12 months after the initial implementation date are accounted for as short-term leases by the Group.

For outstanding minimum lease payments for significant operating leases disclosed in the 2018 financial statements, the adjustment of the difference between the present value discounted at the incremental borrowing rate as at 1 January 2019 with the Company and its subsidiaries as the lessee and the lease liability included in the balance sheet as at 1 January 2019 is as follows:

Item	Amount
Minimum lease payments for significant operating leases as at 31 December 2018	48,760,716.83
Add: estimated amount of lease option reasonably certain to be exercised	54,565,199.61
Less: minimum lease payments subject to simplified treatment	11,974,721.84
Including: short-term lease	11,974,721.84
Minimum lease payments under the New Lease Standard as at 1 January 2019	91,351,194.60
Weighted average at incremental borrowing rate as at 1 January 2019	4.75%
Lease liability as at 1 January 2019	82,762,838.26

- ③ Adjustment made to relevant items in the financial statements at the beginning of initial adoption year resulting from the initial adoption of the new leasing standards:

Consolidated Balanced Sheet

Items	31 December 2018	1 January 2019	Amount of adjustment
Current assets:			
Monetary fund	652,513,182.08	652,513,182.08	–
Held-for-trading financial assets	–	–	–
Notes receivables	124,900.00	124,900.00	–
Account receivables	316,238,126.66	316,238,126.66	–
Prepayments	65,450,220.03	63,952,905.32	-1,497,314.71
Other receivables	93,208,484.60	93,208,484.60	–
Inventories	329,200,608.95	329,200,608.95	–
Contractual assets	43,290,594.31	43,290,594.31	–
Non-current assets due within one year	2,010,148.40	2,010,148.40	–
Other current assets	202,917,235.27	202,917,235.27	–
Total current assets	1,704,953,500.30	1,703,456,185.59	-1,497,314.71
Non-current assets:			
Long-term equity investments	163,611,601.30	163,611,601.30	–
Other equity instruments investment	971,326.53	971,326.53	–
Investment properties	37,736,600.24	37,736,600.24	–
Fixed assets	69,183,061.72	69,183,061.72	–
Right-of-use assets		84,260,152.97	84,260,152.97
Intangible assets	18,279,758.21	18,279,758.21	–
Development expenditure	12,572,850.26	12,572,850.26	–
Goodwill	135,260,623.29	135,260,623.29	–
Long-term deferred expenses	32,153,316.76	32,153,316.76	–
Deferred income tax assets	35,624,903.77	35,624,903.77	–
Total non-current assets	505,394,042.08	589,654,195.05	84,260,152.97
Total assets	2,210,347,542.38	2,293,110,380.64	82,762,838.26
Current Liabilities:			
Accounts payables	172,067,991.29	172,067,991.29	–
Advances received	–	–	–
Contractual liabilities	618,798,167.14	618,798,167.14	–
Employee benefits payable	79,780,912.13	79,780,912.13	–
Taxes payable	50,906,186.82	50,906,186.82	–
Other payables	192,267,065.79	192,267,065.79	–
Incl: Interest payables	–	–	–
Dividend payables	–	–	–
Non-current liabilities due within one year	48,155,773.77	67,484,814.40	19,329,040.63
Total current liabilities	1,161,976,096.94	1,181,305,137.57	19,329,040.63

Items	31 December 2018	1 January 2019	Amount of adjustment
Non-current liabilities:			
Lease liabilities		63,433,797.63	63,433,797.63
Deferred income	7,235,650.32	7,235,650.32	-
Other non-current liabilities	7,235,650.32	70,669,447.95	63,433,797.63
Total liabilities	1,169,211,747.26	1,251,974,585.52	82,762,838.26
Paid-in capital (share capital)	289,808,609.10	289,808,609.10	-
Capital reserves	292,833,401.46	292,833,401.46	-
Other comprehensive income	-7,471,840.33	-7,471,840.33	-
Surplus reserves	90,317,493.60	90,317,493.60	-
Unallocated profits	341,047,586.92	341,047,586.92	-
Total equity attributable to owners of the parent	1,006,535,250.75	1,006,535,250.75	-
Minority interests	34,600,544.37	34,600,544.37	-
Total shareholders' equity (or owners' equity)	1,041,135,795.12	1,041,135,795.12	-
Total liabilities and shareholders' equity (or owners' equity)	2,210,347,542.38	2,293,110,380.64	82,762,838.26

(2) Changes in 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, it's not necessary for the Group to disclose the segment data.

5. TAX

(1) Main taxes and tax rates

Taxes	Tax basis	Statutory tax rate %
Value-added tax	Taxable income	6, 9, 10, 11, 13, 16
Urban maintenance and construction tax	Commodity turnover tax payable	7
Corporate income tax	Taxable income	25

Name of Taxpayer	Income Tax Rate %
The Company	10
Capinfo Hong Kong	–
Capinfo Technology	15
Parking Management	20
Shanghai Hengyue	20
Rito Info	15
Capinfo Medical United	20
Capinfo Cloud 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, a subsidiary of the Company, 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 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

According to the requirements of the Notice of Corporate Income Tax Policies for Further Encouraging Software Industry and Integrated Circuit Development (Cai shui [2012] No. 27), key software enterprises and integrated circuit design enterprises under the state planning are entitled to 10% discount of corporate income tax if they do not enjoy tax exemption in the current year.

Capinfo Hong Kong, a subsidiary of the Company, has no payable tax profit since its incorporation.

Capinfo Technology, a subsidiary of the Company, obtained its Certificate of Hi- tech Enterprise, No. GR201711003206 on 25 October 2017 and is entitled to the corporate income tax preference of 15% for a period of 3 years.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Small Enterprises (Cai Shui [2019] No. 13), from 1 January 2019 to 31 December 2021, for micro and small enterprises with annual payable tax less than and including RMB1,000,000, their income deduction is included in payable tax amount at a discount of 50% and the corporate income tax shall be levied at a tax rate of 20%; for those with annual payable

tax more than RMB1,000,000 but less than RMB3,000,000, it is included in payable tax amount at a discount of 50% and the corporate income tax shall be levied at a tax rate of 20%. Shanghai Hengyue, Parking Management, Capinfo Medical United and Capinfo Cloud Technology, subsidiaries of the Company, meets those conditions to enjoy this tax preference.

Rito Info, a subsidiary of the Company, obtained its Certificate of Hi-tech Technological Enterprise, No. GR201835100234 on 12 October 2018 and is entitled to 15% discount of corporate income tax for a period of three years.

6. NOTES RECEIVABLES

Types	End of the period	Beginning of the period
Bankers' acceptance notes	–	124,900.00

7. ACCOUNTS RECEIVABLES

(1) Accounts receivable analysed by aging

Account receivables are recognized when the customer obtains control of goods or services and the Group has an unconditional right to consideration. The Group provides customers with an average credit period of 180 days, and the accounts receivables are non-interest bearing.

Age	End of the period	
	Amount	Percentage %
0-6 months	121,576,056.65	25.28
6 months-1 year	177,553,282.00	36.92
1-2 years	83,824,258.26	17.43
2-3 years	43,016,340.05	8.94
Over 3 years	54,956,251.73	11.43
Total original value	480,926,188.69	100.00
Less: bad debts provisions	138,736,108.75	
Total net value	342,190,079.94	

Age	Beginning of the period	
	Amount	Percentage %
0-6 months	223,347,400.68	52.27
6 months-1 year	54,057,248.15	12.65
1-2 years	61,655,803.65	14.43
2-3 years	44,786,752.90	10.48
Over 3 years	43,476,055.48	10.17
Total original value	427,323,260.86	100.00
Less: bad debts provisions	111,085,134.20	
Total net value	316,238,126.66	

8. CONTRACTUAL ASSETS

Items	End of the period	Beginning of the period
Contractual assets	71,076,175.65	46,107,731.23
Less: Provisions for the impairment of contractual assets	6,257,860.35	2,817,136.92
Subtotal	64,818,315.30	43,290,594.31
Less: Contractual assets presented under other non-current assets	–	–
Total	64,818,315.30	43,290,594.31

9. ACCOUNTS PAYABLES

(1) *Accounts payables disclosed by categories*

Items	End of the period	Beginning of the period
Payment for goods	121,599,916.35	172,067,991.29

(2) *Accounts payables disclosed by aging*

Items	End of the period	Beginning of the period
Within 1 year	26,067,208.44	115,462,745.49
1-2 years	66,599,211.31	38,409,045.73
2-3 years	11,276,682.93	5,136,045.07
Over 3 years	17,656,813.67	13,060,155.00
Total	121,599,916.35	172,067,991.29

Note: Ageing of accounts payable is presented according to the date of receipt of goods and acceptance of labour.

10. CONTRACTUAL LIABILITIES

Items	End of the period	Beginning of the period
Project receipt	<u>681,050,911.00</u>	<u>618,798,167.14</u>

Contractual liabilities at the beginning of the year of 2019 was RMB618,798,167.14, of which, RMB144,612,336.76 were recognized in January-June 2019.

11. UNDISTRIBUTED PROFITS

Items	Amount
Undistributed profits at end of last period before adjustment	341,047,586.92
Adjustment for undistributed profits at beginning of period (“+” for plus; “-” for less)	
Undistributed profits at beginning of period after adjustment	341,047,586.92
Plus: net profit attributable to shareholders during the period	33,383,464.30
Less: Withdrawal of statutory surplus reserves	
Withdrawal of discretionary surplus reserves	
Withdrawal of general risk reserves	
Dividend payable on ordinary shares	28,111,435.08
Dividends payable to other equity holders	
Ordinary shares dividends transferred to share capital	
Undistributed profits at end of period	346,319,616.14

Notes:

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

12. OPERATING INCOME AND OPERATING COST

Items	Amount for current period		Amount for last period	
	Income	Cost	Income	Cost
Main businesses	405,667,489.38	250,392,141.68	355,393,340.75	216,319,905.38
Other businesses	7,584,293.76	319,359.11	7,045,597.05	460,011.18
Total	<u>413,251,783.14</u>	<u>250,711,500.79</u>	<u>362,438,937.80</u>	<u>216,779,916.56</u>

(1) Main businesses (sub-businesses)

Name of business	Amount for current period		Amount for last period	
	Operating income	Operating cost	Operating income	Operating cost
Software development and sales	20,851,488.15	16,279,219.86	8,177,056.15	5,929,349.15
Operation and maintenance service	258,296,255.05	144,851,965.77	292,757,448.64	171,762,605.22
System integration service	126,410,312.21	89,223,220.20	53,956,752.94	38,608,529.01
Consulting service	109,433.97	37,735.85	502,083.02	19,422.00
Total	405,667,489.38	250,392,141.68	355,393,340.75	216,319,905.38

(2) Other businesses (sub-businesses)

Name of business	Amount for current period		Amount for last period	
	Operating income	Operating cost	Operating income	Operating cost
Rental from investment property	7,395,614.52	223,024.49	7,045,597.05	460,011.18
Subject fund project	188,679.24	96,334.62	–	–
Total	7,584,293.76	319,359.11	7,045,597.05	460,011.18

(3) Timing of revenue recognition

Revenue recognition method	January – June 2019
At a certain point of time	147,371,234.33
Over a period of time	258,296,255.05
Total	405,667,489.38

13. INCOME TAX EXPENSE

(1) Breakdown of income tax expense

Items	Amount for current period	Amount for last period
The current income tax calculated in accordance with the tax law and relevant provisions	9,841,796.99	11,320,900.86
Deferred income tax expense	-3,671,393.04	-9,296,663.99
Total	6,170,403.95	2,024,236.87

14. EARNINGS PER SHARE

Items	Amount for current period	Amount for last period
Consolidated net profit attributable to ordinary shareholders of the Company	33,383,464.30	25,077,164.31
Weighted average number of ordinary shares outstanding	2,898,086,091	2,898,086,091
Basic earnings per share	0.0115	0.0087
Diluted earnings per share	0.0115	0.0087

Note: From 30 June 2019 to the date of approval of the financial report, there was no change in the number of ordinary shares outstanding of the Company.

(1) Basic earnings per share

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.

(2) Diluted earnings per share

The diluted earnings per share are the same as the basic earnings per share, because the Company did not have any potential dilutive shares during the period.

15. DIVIDEND

The Company approved a final dividend of RMB0.97 cents per share for the year ended 31 December 2018 (before tax) at the annual general meeting convened on 21 June 2019. Final dividend for 2018 approved during the current year amounted to RMB28,111,435.08 (final dividend for 2017 approved during 2018: RMB1.25 cents per share (before tax), totaling RMB36,226,076.14).

16. EVENTS AFTER BALANCE SHEET DATE

The Company recently received a summons and a notice of participation to action issued by the Xiamen Intermediate People's Court of Fujian Province* (福建省廈門市中級人民法院), stating that the former shareholder of Xiamen Ritoinfo, Xiamen Ruitailong Investment Development Company Limited* (廈門銳泰隆投資發展有限公司) (hereinafter referred to as "Xiamen Ruitailong"), requested the Xiamen People's Court to order the Company to immediately pay it the consideration of RMB21,207,560, interest accrued thereon for the period of late payment, which should be calculated based on the lending interest rate as published by the People's Bank of China prevailing over the same period commencing from 1 September 2017 and up to the date of full settlement, and the case acceptance fee.

On the ground of suspected contract fraud by the former shareholders of Xiamen Ritoinfo, including Xiamen Ruitailong, in order to protect the interest of the Company and its shareholders, after the reporting period, a legal proceeding had been instituted by the Company to, and was accepted by, the People's Court of the People's Republic of China, regarding the request for the revocation of the Share Transfer Agreement entered into between the Company and the former shareholders of Xiamen Ritoinfo, including Xiamen Ruitailong, on 21 July 2014.

As of 26 August 2019, the Group has no events after balance sheet date that should be disclosed.

17. OTHER IMPORTANT MATTERS

The Company suspected that the former shareholders of an acquired company had committed contract fraud. In order to protect the interest of the Company's shareholders, the Company reported the case to the Haidian Branch of the Beijing Public Security Bureau on 5 June 2018. On 6 August 2018, the Company received the Case Filing Notice issued by the Haidian Branch of the Beijing Public Security Bureau. As of the date of approval of the report, the case was still under investigation.

BUSINESS REVIEW

In the first half of 2019, under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Group, staying true to its original aspiration and having its mission always in mind, actively served the overall strategic interest of the capital city, actively participated in the construction of Beijing sub-center, the coordinated development of Beijing-Tianjin-Hebei, the information construction of the Winter Olympics and so on. During the reporting period, the Group continued to optimize its three basic platforms, enhanced the fundamental driving force for development, and further promoted technological innovation and market development in five major areas. The Group made progress in its businesses.

For the six months ended 30 June 2019, the main operating revenue of the Group amounted to RMB413.25 million, representing an increase of 14.02% as compared with the same period of last year; profit attributable to owners of the Company arrived at RMB33.38 million, representing an increase of 33.12% as compared with the same period of last year.

Smart Infrastructure Service

During the Reporting Period, the Group's integrated network platform of government affairs operated smoothly. The Group succeeded in fulfilling the mission in network security protection on the Second Belt and Road Forum for International Cooperation, Asian civilizations dialogue conference, World Horticultural Exhibitions, National and Beijing Two Sessions and other important national affairs. The business of trusted cloud platform was launched successfully. Capinfo government cloud platform, with IaaS "enhanced" level security capability, passed the network security review by the Office of the Central Cyberspace Affairs, and is the first service provider in Beijing municipal government cloud data center passed the cloud computing service network security review. Big data platform and business monitoring system for medical insurance were established. Open source components were applied in the establishment of monitoring system of big data system platform as well as Beijing Medical Insurance and 12345 public service hotline projects.

Smart Government Affair Service

During the Reporting Period, the Group continued to strengthen its leading position in smart government affair services. Beijing-China Website (首都之窗) and sub-sites bureaus and commissions operated in a safe and reliable manner. The Group effectively protected the construction, operation and maintenance of www.bj148.org (首都政法綜合網), Beijing Economic and Technological Development Zone, Beijing Municipal Administration of Industry and Commerce and other larger-scale website clusters. The development of project of upgrade and transformation of online reservation processing of exit-entry documents of exit-entry administration information system of Beijing Municipal Public Security Bureau successfully completed. The website of Ministry of Veterans Affairs and online Beijing government service center successively docked with national government affair service platform. Shunyi District Government Service Hall undertaken by the Group has become the most comprehensive government service entity hall with the most complete business and the most extensive field in Beijing. In the first half of the year, the Group successfully won the bid for “Upgrade and Renovation of the Website of Beijing Municipal Public Complaints Office”, “Upgrade and Renovation of the Website Clusters of Shijingshan District of Beijing Shijingshan District Economic, Information Technology Committee” and “Information Construction of the Administrative Service Area of Chaoyang District” and other projects. The public credit information service platform of Beijing officially passed the acceptance procedures, which promoted the modernization of the government governance system and governance capacity to a new level.

Smart City Management

During the Reporting Period, the Group continued to expand its smart city management business. The “Changping Sharp Eyes” project under construction is expected to be completed within the year. The first phase of “Skynet” project in Neiqiu County, Hebei Province, was completed and 24-hour digital monitoring of Neiqiu County was implemented, facilitating the digital transformation of local infrastructure. The “113 Video surveillance system of Miyun district branch of Beijing Public Security Bureau” project was completed and officially launched. The Group successfully won the bid for “Traffic Command Center Information System Platform Project of Miyun district branch of Beijing Public Security Bureau”, which laid a solid foundation for further consolidating and expanding the information system construction of district-level traffic command center in Beijing. Final inspection for the motor vehicle emission management platform construction project was completed. The motor vehicle law enforcement APP provided services for 160,000 person-time staff inspections in the past year, with a total of 2.64 million heavy-duty diesel vehicles inspected, and received favorable comments from users.

Smart Medical and Health Service

During the Reporting Period, the Group continued to play its role in benefiting people through smart medical and health services. In accordance with the theme educational requirements of “staying true to its original aspiration and having its mission always in mind”, the Group dedicated more efforts towards service of people’s livelihood system. The Medical Insurance Information System and the social security card system effectively supported and met the actual needs of real-time medical settlement of 23 million cardholders. The important task of “medicines centralized procurement and use of national institutions” was successfully accomplished. The “Comprehensive reform of medical consumption linkage” was launched in a stable manner. The “Basic Medical Insurance Upgrading and Renovation Project for Urban and Rural Residents” organized and undertaken by the Group passed final acceptance, and about 2.4 million new rural cooperative insurance participants have been included in the scope of Beijing’s basic medical insurance services, ensuring the fair entitlement to basic medical insurance rights of urban and rural residents. The number of existing accounts of “Beijing Hospital Medical” has exceeded 19 million, and the proportion of hospitals which accepted registration and settlement through “Beijing Hospital Medical” has reached one-third of the total number of hospitals in Beijing. “e-Window” and the social security online declaration system of Beijing have been seamlessly connected, and the network access between the medical insurance network and the government external network has been opened up. The number of newly established enterprises which completed the social security insurance registration through “e-Window” has exceeded 5,000, of which small-scale enterprises accounted for more than 90%. The construction of commercial insurance settlement platform was carried forward in an orderly manner, and the technical docking with the information system of Shanghai Insurance Exchange was completed.

Smart Livelihood Service

During the Reporting Period, the Group continued to enhance the influence of smart livelihood service. A launching ceremony of the Internet online platform of Shanghai municipal housing provident fund comprehensive management system undertaken by the Group was held at the Shanghai Provident Fund Management Center. The online self-service commercial loan withdrawal system of Nanning Housing Provident Fund Management Center achieved “zero errands”, “zero material” and “zero input” in terms of repayment of loans. “Chongqing Housing Provident Fund Information Engineering Application Software Construction Project” consisted of 16 systems, among which, 13 systems had been launched online. The Group became a supplier of “electronic archives management system procurement” of housing provident fund of Chongzuo City, “construction of housing provident fund data platform”, “office, network and computer room equipment operation and maintenance service” of Beijing Housing Provident Fund Management Center and other projects, and successfully won the bid for the Beijing 12345 public service hotline upgrade project.

Smart Enterprise Innovation

During the Reporting Period, the Group continued to further promote the innovative business of smart enterprises. Taking the construction of smart venues for the Winter Olympics as an opportunity, the Group developed a venue alliance APP, focusing on the three main venues, namely the Bird's Nest, Water Cube and Speed Skating Hall Olympic Center Area. The Group further expanded its customer base of enterprise cloud platform, and more than 10 state-owned enterprises have operated smoothly on the enterprise cloud. The Group won the bid for "Beijing Mobile Government ICT Business Integration Support Project" and will be committed to establishing a mutually beneficial and win-win ICT industry partnership, jointly launch the government-enterprise ICT business, explore new government-enterprise information business model based on industry information interaction, and strive to open up markets for enterprise communications such as IDC and enterprise convergence communications.

Product Research and Development

During the Reporting Period, the Group continued to carry forward and vigorously promote the construction of independent development enterprise architecture (CAPINFO EA) within the company. Up to now, all the core systems of Shanghai Provident Fund have been developed by CAPINFO EA, and achieved desirable results. EA development framework has also been widely applied in many projects such as the project of "points system for household". The underlying structure of the independent-developed Capinfo government affairs and livelihood big data platform was officially completed and the platform entered the front-end development stage.

Human Resources

As of 30 June 2019, the Group had 1,766 employees. During the Period, the expense of the employees was approximately RMB163.86 million. During the Reporting Period, the Group continued to implement reform of performance pay system, and carried out a flexible and dynamic talent team training mechanism to provide talent power for innovation, development, transformation and upgrading.

Looking Forward

In the second half of the year, the Group will fully fulfill the responsibilities and missions as a state-owned enterprise, do a good job in the information security of the 70th anniversary celebration of the National Day, and continue to contribute to the construction of Beijing Sub-center, the coordinated development of Beijing, Tianjin and Hebei and the information construction of the Winter Olympic Games etc. The Group will also continuously improve the level of commercialization and delivery capacity of the industry, promote technological innovation, product innovation and market innovation, and strive to achieve high-quality development of the Group's business.

FINANCIAL REVIEW

For the six months ended 30 June 2019, the Group recorded an operating revenue of RMB413.25 million, representing an increase of 14.02% as compared with the same period of last year; gross profit of RMB162.54 million, representing an increase of 11.59% as compared with the same period of last year; and profit attributable to owners of the Company of RMB33.38 million, representing an increase of 33.12% as compared with the same period of last year.

For the six months ended 30 June 2019, the core business of the Group accumulated an operating revenue of RMB132.05 million, representing an increase of 2.95% compared with the corresponding period of last year, accounting for 31.95% of the total operating revenue of the Group; cost of core business was RMB106.16 million, representing an increase of 5.90% as compared with the corresponding period of last year, accounting for 42.34% of the total cost of the Group. The core businesses of the Group mainly include government projects for smart infrastructure service businesses constructed on the basis of various government projects, the E-Governance network and the Internet of Things platform, the smart medical health businesses such as the Beijing Medical Insurance Information System and projects such as the Beijing Social Security Card System as well as the Beijing-China website clusters and community service information system. In addition, an operating revenue derived from the new businesses for market expansion amounted to RMB263.39 million, representing an increase of 20.14% over the corresponding period of last year, accounting for 63.74% of the total operating revenue of the Group. As of 30 June 2019, revenue of other principal businesses of the Group amounted to RMB10.22 million, representing an increase of 29.76% as compared with the corresponding period of last year, accounting for 2.47% of the total operating revenue of the Group; costs of other principal businesses was RMB10.95 million, representing an increase of 23.25% over the corresponding period of last year, accounting for 4.37% of the total costs of the Group, which was mainly attributable to Rito Info.

Other income of the Group amounted to RMB7.58 million, representing an increase of 7.65% over the corresponding period of last year, mainly attributable to the rental income of Digital Beijing Building, which accounted for 1.84% of the total operating revenue of the Group.

In respect of the Group's business model, the main businesses included operation and maintenance, system integration, software development, IT consultancy and sales of goods, of which revenue from operation and maintenance amounted to RMB258.29 million, representing a decrease of 11.77% as compared with the corresponding period of last year and accounting for 62.50% of the total operating revenue of the Group; revenue from system integration amounted to RMB126.41 million, representing an increase of 134.28% as compared with the corresponding period of last year and accounting for 30.59% of the total operating revenue of the Group; revenue from software development amounted to RMB20.85 million, representing an increase of 155% as compared with the corresponding period of last year and accounting for 5.05% of the total operating revenue of the Group; revenue from IT consultancy and sales of goods totaled RMB0.11 million, representing a decrease of 78.20% as compared with the corresponding period of last year and accounting for 0.03% of the total operating revenue of the Group.

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 80.15% 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 94.32% of the total operating revenue.

Capital Expenditure, Liquidity and Financial Resources

As of 30 June 2019, the Group had total assets amounting to RMB2,282.22 million, representing an increase of 5.90% as compared with the corresponding period of last year. Equity attributable to owners of the Company amounted to RMB1,011.34 million, representing an increase of 4.23% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.45, maintaining stable as compared with the corresponding period of last year. For the six months ended 30 June 2019, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB479.21 million, representing an increase of 20.81% as compared with the corresponding period of last year. As of the end of the current period, the balance of fixed-rate bank structured deposits purchased amounted to RMB230 million.

Equity Investments

In the first half of 2019, the Group's share of results of associates was RMB6.72 million, representing an increase of 6.09% as compared with the corresponding period of last year, which was mainly due to the contribution from BJCA.

Income Tax

In the first half of 2019, the Group's income tax expenses amounted to RMB6.17 million, representing an increase of RMB4.15 million compared to the corresponding period of last year, mainly attributable to the increase in the operating profit during the current period.

COMPLIANCE WITH 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 10 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 2019.

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 2019 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 14 to the Listing Rules throughout the six months ended 30 June 2019.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
CAPINFO COMPANY LIMITED*
LIN Yankun
Chairman

Beijing, the People's Republic of China, 26 August 2019

As of the date of this announcement, the executive directors of the Company are Ms. Lin Yankun, Mr. Yu Donghui and Mr. Zong Zhaoxing; the non-executive directors of the Company are Mr. Zhou Weihua, Mr. Shan Yuhu, Mr. Cao Huaizhi, Mr. Ma Linxiang and Mr. Feng Jianxun; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Li He and Mr. Yang Xiaohui.