

# CAPINFO

Capinfo Company Limited



首都信息

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

(於中華人民共和國註冊成立之股份有限公司)

(Stock Code 股份代號：1075)

## 新時代 新征程

Interim Report  
中期報告 2019

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# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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

# MANAGEMENT DISCUSSION AND ANALYSIS

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 become 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE CODE

Good corporate governance serves as a foundation for the Company to improve its management. The Company pursues sound corporate governance and believes that good corporate governance is in the best interest of the Company, shareholders and stakeholders. The Company considers excellent corporate governance as an important goal. With an aim to continuously improve its corporate governance level, the Company constantly improves its corporate governance practices and procedures, with a standardized and improved corporate governance structure. It also strictly complies with the state laws and regulations, relevant regulatory requirements and Listing Rules as well as closely observes trends in regulatory changes in China and abroad to improve the corporate governance level.

During the Reporting Period, the Company has established a set of regulated and transparent management system and has been in strict compliance with the code provisions of the corporate governance code as set out in Appendix 14 to the Listing Rules.

## CORPORATE GOVERNANCE FRAMEWORK

In accordance with the relevant provisions of the laws and regulations including the Companies Law and the Listing Rules as well as the Articles of Association, and with reference to the status of the Company, the Company constantly developed, improved and effectively implemented work systems and related work processes for the Board and its various specialized committees. The Company has established an effective corporate governance system with general meeting as the organ of highest authority, the Party Committee as the leading organ, the Board as the decision-making organ, the Board of Supervisors as the supervisory organ and the management as the implementation organ. During the Reporting Period, through the co-ordination and checks and balances among the general meeting, the Party Committee, the Board and its specialized committees, the Board of Supervisors and the management together with the effective operations of the internal control systems, the internal management operations of the Company have been further standardised and the level of its corporate governance has been continually enhanced.

# CORPORATE GOVERNANCE

## BOARD OF DIRECTORS

The Board is responsible for managing the overall businesses of the Company. In accordance with Articles of Association and Rules of Procedures of the Board of Directors, the Board takes a conscientious and effective approach in leading and supervising the Company. All Directors are responsible for promoting the continuous business development of the Company in good faith and in the best interest of the Company. As an important part of good corporate governance, the Company established several specialized committees under the Board, including the audit committee, the remuneration and appraisal committee, the nomination committee and the strategy committee, which are delegated to perform certain function of the Board so as to improve efficiency of the Board.

The Company's Board of Directors comprises twelve Directors, including three Executive (Ms. Lin Yankun (chairman), Mr. Yu Donghui and Mr. Zong Zhaoxing), five Non-executive Directors (Mr. Zhou Weihua, Mr. Shan Yuhu, Mr. Cao Huaizhi, Mr. Ma Linxiang and Mr. Feng Jianxun) and four Independent Non-executive Directors (Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Li He and Mr. Yang Xiaohui). The Company's Directors are professionals in finance, law, commerce and information services with extensive experience and expertise in various areas. In terms of the composition of the Board, the comprehensive professional backgrounds and the strong independent element of the Directors demonstrate significant importance in corporate governance. The Company has entered into service contracts with the Directors for a term expiring on 18 June 2021 and subject to re-election.

During the Reporting Period, the Board held two on-the-spot meetings, and signed one meeting document in the form of circulation. To enable the Directors to have a comprehensive knowledge of the Company's businesses, in addition to work report at the regular meetings of the Board and timely report of significant events at the special meetings of the Board, the Company also submits "Monthly Report to Directors" to the Directors every month, which contains information on the major trades and financial affairs of the Company, updating them on the business performance of the Company.

# CORPORATE GOVERNANCE

The secretary of the Board and the Company Secretary assisted the Board to perform its responsibilities to the shareholders in accordance with the Listing Rules and provide professional advice to the Board regarding corporate governance, so as to maintain smooth information communication among the members of the Board, arrange induction training and professional development for the Directors, ensure the compliance of the procedures of the Board and improve the efficiency of the Board. The secretary of the Board and the Company Secretary will provide introduction materials on the operation of the major businesses of the Company as well as the duties and responsibilities of the Directors as conferred by the laws, regulations and the Listing Rules to the Directors at the time of their appointment. In addition, relevant seminars, courses and training programmes will be provided to the Directors to assist them to achieve continuous professional development.

During the Reporting Period, all Directors have participated in various forms of training programmes to improve their knowledge and skills so as to ensure that their contribution into the Board remains informed and relevant. Directors should also ensure that they have enough time to handle the business of the Company. Liability insurance for Directors is maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties, so as to mitigate the liabilities of the Directors and enhance the effectiveness of decision-making.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Code of Securities Transactions regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirm that they have complied with the required standard of dealings and the Company's Code of Securities Transactions regarding securities transactions by the Directors for the six months ended 30 June 2019. The senior managements and employees, who may have access to un-published inside information because of their duties, have been requested to comply with the required standard of dealings.

# CORPORATE GOVERNANCE

## AUDIT COMMITTEE

The audit committee usually holds four meetings every year, and is responsible for monitoring the financial, accounting policies and practices of the Company and assessing the effectiveness of the internal control and risk management systems. The Company established the audit committee in accordance with Rule 3.21 of the Listing Rules, and formulated the Articles of Audit Committee to specify its written terms of reference, so as to regulate the operation of the audit committee. The audit committee of the Company comprises four members, including Mr. Yang Xiaohui (chairman), Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell and Mr. Li He.

During the Reporting Period, the audit committee held two on-the-spot meetings, and signed one meeting document in the form of circulation. The committee reviewed the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018, appointment of Grant Thornton Hong Kong Limited as the auditor of the Company for the year 2019, the overview report of the audit for the fourth quarter of 2018 of the Company, the overview report on audit for the year 2018 and the plan on audit for the year 2019 of the Company, the operating performance and financial analysis of the Company and its subsidiaries for the first quarter ended 31 March 2019, changes in accounting policies, the Company's overview report of the audit for the first quarter of 2019 and other proposals.

# CORPORATE GOVERNANCE

## REMUNERATION AND APPRAISAL COMMITTEE

The remuneration and appraisal committee holds at least one meeting every year to review remuneration and other matters. The Company established the remuneration and appraisal committee in accordance with Rule 3.25 of the Listing Rules, and formulated the Articles of Remuneration and Appraisal Committee to specify its written terms of reference, so as to regulate the operation of the remuneration and appraisal committee. The remuneration and appraisal committee of the Company comprises three members, including Mr. Gong Zhiqiang (chairman), Mr. Yang Xiaohui and Mr. Cao Huanzhi.

During the Reporting Period, the remuneration and appraisal committee signed one meeting document in the form of circulation to confirm the overall implementation of remuneration of the employees of the Company in 2018, and review the proposal on distribution of bonus of 2018 as well as the basic annual salary scheme to the senior management in 2019 of the Company.

## NOMINATION COMMITTEE

The nomination committee holds at least one meeting every year, and is responsible for nominating and recommending candidates to fill the vacancies of members of the Board. The Company established the nomination committee in accordance with Rule A.5.1 of Appendix 14 to the Listing Rules, and formulated the Articles of Nomination Committee in accordance with the requirements of Rule A.5.2 of Appendix 14 to the Listing Rules to specify its written terms of reference, so as to regulate the operation of the nomination committee. The nomination committee of the Company comprises three members, including Ms. Lin Yankun (chairman), Mr. Gong Zhiqiang and Mr. Cheung, Wai Hung Boswell.

# CORPORATE GOVERNANCE

## STRATEGY COMMITTEE

The strategy committee holds at least one meeting every year, and is responsible for making recommendations on the Company's long-term development strategies, major investment and financing plans, capital operations and other matters to the Board and supervising on the implementation of the said matters. The Company established the strategy committee and formulated the Articles of Strategy Committee to specify its written terms of reference, so as to regulate the operation of the strategy committee. The strategy committee of the Company comprises three members, including Ms. Lin Yankun (chairman), Mr. Yu Donghui and Mr. Li He.

## BOARD OF SUPERVISORS

The Board of Supervisors holds at least two meetings every year, and is responsible for examining the financial affairs of the Company and supervising the legality and legitimacy of the performance of duties by the Directors and senior management and the decision-making procedures of the Company's meetings as well as the implementation of the solutions of the meetings. The Company established the Board of Supervisors in accordance with Article 117 of the Companies Law, and formulated the Rules of Procedures of the Board of Supervisors to specify its written terms of reference, so as to regulate the operation of the Board of Supervisors. The Board of Supervisors of the Company comprises three members, including Mr. Zhu Jie (chairman), Mr. Lei Yiping and Mr. Zhao Kewen.

During the Reporting Period, the Board of Supervisors signed one meeting document in the form of circulation to review the Audit Report for the year of 2018, the continuing connected transaction report and the Report of the Board of Supervisors.



# CORPORATE GOVERNANCE

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board of the Company conducts review on the effectiveness of the internal control and risk management systems of the Company regularly to ensure the relevant systems are effectively and adequately followed. The internal control and risk management systems are risk control procedure provided by the Board, management and the persons concerned to enhance operating effectiveness and efficiency and the reliability of financial reporting, covering management on internal environment, risk assessment, control activities, information communication and supervision procedures, so as to identify and assess the risks to which the Company is exposed and allocate resources to control these risks based on their severity, with an aim to improve operating results.

## INTERNAL CONTROL ACTIVITIES

The Company established the audit department, which is under the guidance of the audit committee and assumes the important responsibilities of supervising the internal governance of the Company. The audit department is responsible for carrying out independent internal audit on operations, management and major economic events of the Company in accordance with the principle of independence, objectivity and authority of internal audit, and for giving advice and suggestions on operations and internal control and management so as to promote the development of the Company's business. The audit committee assessed the effectiveness of the internal control and risk management systems of the Company on behalf of the Board, covering the operating effectiveness and efficiency, the reliability of financial reporting and other matters. The audit committee is of the opinion that, as of 30 June 2019, adequate and effective internal control and risk management systems were maintained to safeguard the investments of the shareholders and the assets of the Company.

# CORPORATE GOVERNANCE

## CONTINUOUS DISCLOSURE OBLIGATIONS REGARDING INSIDE INFORMATION

The Company has developed a system with established policies, process and procedure across all relevant divisions and departments for complying with the disclosure obligations regarding inside information. The Company will further improve the mechanism based on the operation and development of business and the new rules and regulations. During the Reporting Period, there was no divulgence of inside information, and none of the Directors, supervisors or senior management of the Company made use of any inside information to deal with the shares of the Company. No investigation or rectification was conducted or required by the regulatory authorities in this regard.

## INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 30 June 2019, none of the Directors, supervisors and chief executive of the Company had any interest and short position in shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") (Cap. 571 of the Laws of Hong Kong)) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred in Appendix 10 of the Listing Rules.

# CORPORATE GOVERNANCE

## INTEREST OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, the Directors are not aware of any other interests and short positions in shares and underlying shares of the Company of any person (other than Directors, Supervisors or chief executive of the Company) as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2019:

| Name of shareholder                             | Number of shares              | Nature of interests | Approximate percentage to the issued share capital |
|---|-------------------------------|---------------------|--|
| Beijing State-owned Assets Management Co., Ltd. | 1,834,541,756 domestic shares | Beneficial owner    | 63.31%   |

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

During the six months ended 30 June 2019, the Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

# INFORMATION FOR INVESTORS

## Financial Calendar

|  |                   |
|--|-------------------|
| Announcement of interim results            | 26 August 2019    |
| Dispatch of interim report to shareholders | 20 September 2019 |

## Interim Report

The Chinese and English versions of the interim report will be posted on the website of the Company ([www.capinfo.com.cn](http://www.capinfo.com.cn)) on 19 September 2019

## SHARE REGISTRAR AND TRANSFER OFFICE

**Domestic shares**  
**China Securities Depository and Clearing Corporation Limited**

Address: No. 17 Taipingqiao Street,  
Xicheng District, Beijing

Post Code: 100033  
Tel: (8610) 5937 8888  
Fax: (8610) 5859 8977

**H shares**  
**Hong Kong Registrars Limited**

Address: Rooms 1712-1716, 17/F,  
Hopewell Centre, 183 Queen's Road  
East, Wanchai, Hong Kong

Tel: (852) 2862 8523  
Fax: (852) 2865 0990

## CONTACTS

### Principal Place of Business in the PRC

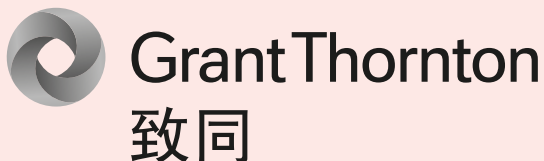
Address: 5/F, Longfu Tower, No. 95  
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Tel: (8610) 8851 1155  
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### Contact Place in Hong Kong

Address: Unit B, 1st Floor,  
Neich Tower,  
128 Gloucester Road,  
Wanchai, Hong Kong  
Tel: (852) 2820 0700  
Fax: (852) 2827 4836

# Review Report



Zhi Tong Zhuan Zi (2019) No.110ZA6220

All Shareholders of Capinfo Company Limited,

We have reviewed the accompanied financial statements of Capinfo Company Limited (“Capinfo”) which comprise the consolidated balance sheet as at 30 June 2019, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for January to June 2019, and notes to the financial statements. The management of the Capinfo is responsible for the preparation of these financial statements. Our responsibility is to issue our review report on these financial statements based on our review.

We conducted our review in accordance with the Review Standard for Chinese Certified Public Accountants No. 2101 Review of Financial Statements. The standard requires us to plan and conduct a review to obtain limited assurance as to whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and performing analytical procedures on the data. A review provides less assurance than an audit. We have not performed an audit. Accordingly, we do not express an audit opinion.

Based on our review, we did not notice any matter that causes us to believe that the interim financial information is not prepared in accordance with Accounting Standards for Business Enterprises, failure to fairly reflect the consolidated financial position as at 30 June 2019 and consolidated operating results and consolidated cash flow for January to June 2019 of the reviewed units in all material aspects.

# Review Report

We remind the users of the financial statements to pay attention. As mentioned in Note IX. Other Significant Events and Note VIII. Events After Balance Sheet Date to the Financial Statement, the Company suspected that the former shareholders of an acquired company, Xiamen Ritoinfo Technology Company Limited, had committed contract fraud, and 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 the review report, it is in the stage of filing investigation. After the Reporting Period, a legal proceeding had been instituted by Capinfo 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 Capinfo and the former shareholders of Xiamen Ritoinfo on 21 July 2014. The future impact of this case on the Company is uncertain. This paragraph shall not affect the published review conclusion.

Grant Thornton LLP  
(Special General Partnership)

Certified Public Accountant of China:  
Ren Yiyou

Certified Public Accountant of China:  
Liang Yinan

Beijing, China

26 August 2019

# Consolidated Balance Sheet

30 June 2019

Prepared by: Capinfo Company Limited

Unit: RMB

| Items                                  | Note | 30 June 2019            | 1 January 2019          | 31 December 2018        |
|--|------|-------------------------|-------------------------|-------------------------|
| <b>Current assets:</b>                 |      |                         |                         |                         |
| Monetary fund                          | V.1  | 479,211,775.25          | 652,513,182.08          | 652,513,182.08          |
| Held-for-trading financial assets      |      | -                       | -                       | -                       |
| Notes receivables                      | V.2  | -                       | 124,900.00              | 124,900.00              |
| Accounts receivables                   | V.3  | 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                      | V.4  | 93,968,996.37           | 93,208,484.60           | 93,208,484.60           |
| Inventories                            | V.5  | 414,097,859.38          | 329,200,608.95          | 329,200,608.95          |
| Contractual assets                     | V.6  | 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                   | V.7  | 234,472,617.58          | 202,917,235.27          | 202,917,235.27          |
| <b>Total current assets</b>            |      | <b>1,702,515,999.02</b> | <b>1,703,456,185.59</b> | <b>1,704,953,500.30</b> |
| <b>Non-current assets:</b>             |      |                         |                         |                         |
| Long-term equity investments           | V.8  | 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                  | V.9  | 35,849,770.22           | 37,736,600.24           | 37,736,600.24           |
| Fixed assets                           | V.10 | 73,494,931.61           | 69,183,061.72           | 69,183,061.72           |
| Right-of-use assets                    | V.11 | 72,906,272.56           | 84,260,152.97           |                         |
| Intangible assets                      | V.12 | 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           |
| <b>Total non-current assets</b>        |      | <b>579,700,214.38</b>   | <b>589,654,195.05</b>   | <b>505,394,042.08</b>   |
| <b>Total assets</b>                    |      | <b>2,282,216,213.40</b> | <b>2,293,110,380.64</b> | <b>2,210,347,542.38</b> |

# Consolidated Balance Sheet

30 June 2019

| Items                                       | Note | 30 June 2019            | 1 January 2019          | 31 December 2018        |
|---|------|-------------------------|-------------------------|-------------------------|
| <b>Current Liabilities:</b>                 |      |                         |                         |                         |
| Accounts payables                           | V.13 | 121,599,916.35          | 172,067,991.29          | 172,067,991.29          |
| Advances received                           |      | 780,648.19              | –                       | –                       |
| Contractual liabilities                     | V.14 | 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                              | V.15 | 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 | V.16 | 69,121,827.68           | 67,484,814.40           | 48,155,773.77           |
| <b>Total current liabilities</b>            |      | <b>1,170,922,083.02</b> | <b>1,181,305,137.57</b> | <b>1,161,976,096.94</b> |
| <b>Non-current liabilities:</b>             |      |                         |                         |                         |
| Lease liabilities                           | V.17 | 54,656,329.65           | 63,433,797.63           | –                       |
| Deferred income                             |      | 9,115,650.32            | 7,235,650.32            | 7,235,650.32            |
| <b>Total non-current liabilities</b>        |      | <b>63,771,979.97</b>    | <b>70,669,447.95</b>    | <b>7,235,650.32</b>     |
| <b>Total liabilities</b>                    |      | <b>1,234,694,062.99</b> | <b>1,251,974,585.52</b> | <b>1,169,211,747.26</b> |



# Consolidated Balance Sheet

30 June 2019

| Items   | Note | 30 June 2019            | 1 January 2019          | 31 December 2018        |
|---|------|-------------------------|-------------------------|-------------------------|
| Share capital   | V.18 | 289,808,609.10          | 289,808,609.10          | 289,808,609.10          |
| Capital reserves  | V.19 | 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   | V.20 | 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           |
| <b>Total shareholders' equity (or owners' equity)</b>                 |      | <b>1,047,522,150.41</b> | <b>1,041,135,795.12</b> | <b>1,041,135,795.12</b> |
| <b>Total liabilities and shareholders' equity (or owners' equity)</b> |      | <b>2,282,216,213.40</b> | <b>2,293,110,380.64</b> | <b>2,210,347,542.38</b> |

Legal representative of the Company:  
Lin Yankun

Person in charge of accounting of the Company:  
Du Xiaoling

Person in charge of the accounting department of the Company:  
Tan Xiangwu

# Consolidated Income Statement

January to June 2019

Prepared by: Capinfo Company Limited

Unit: RMB

| Items   | Note | Amount for current period | Amount for the same period of last year |
|---|------|---------------------------|---|
| <b>I. Operating Income</b>                                  | V.21 | <b>413,251,783.14</b>     | <b>362,438,937.80</b>                   |
| Less: Operating costs                                       | V.21 | 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                               |
| <b>II. Operating profit (loss is marked by "-")</b>         |      | <b>42,415,510.60</b>      | <b>27,480,996.48</b>                    |
| Add: Non-operating income                                   |      | 7,000.07                  | 1,268,537.06                            |
| Less: Non-operating expenses                                |      | 1,285,674.15              | 55,846.73                               |
| <b>III. Total profit (total loss is marked by "-")</b>      |      | <b>41,136,836.52</b>      | <b>28,693,686.81</b>                    |
| Less: Income tax expenses                                   | V.22 | 6,170,403.95              | 2,024,236.87                            |

# Consolidated Income Statement

January to June 2019

| Items   | Note | Amount for current period | Amount for the same period of last year |
|---|------|---------------------------|---|
| <b>IV. Net profit (net loss is marked by "-")</b>   |      | <b>34,966,432.57</b>      | <b>26,669,449.94</b>                    |
| (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                           |
| Minority interests (net loss is marked by "-")  |      | 1,582,968.27              | 1,592,285.63                            |
| <b>V. Other comprehensive income after taxation, net</b>  |      | <b>-468,642.20</b>        | <b>-</b>                                |
| Other comprehensive income after taxation attributable to the shareholders 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                      |      | -                         | -                                       |

# Consolidated Income Statement

January to June 2019

| Items   | Note | Amount for current period | Amount for the same period of last year |
|---|------|---------------------------|---|
| <b>VI. Total comprehensive income</b>                                 |      | <b>34,497,790.37</b>      | <b>26,669,449.94</b>                    |
| Total comprehensive income attributable to the shareholders 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                            |
| <b>VII. Earnings per share</b>  |      |                           |   |
| (I) Basic earnings per share  |      | 0.0115                    | 0.0087                                  |
| (II) Diluted earnings per share                                       |      | 0.0115                    | 0.0087                                  |

Legal representative of the Company:  
Lin Yankun

Person in charge of accounting of the Company:  
Du Xiaoling

Person in charge of the accounting department of the Company:  
Tan Xiangwu

# Consolidated Cash Flow Statement

January to June 2019

Prepared by: Capinfo Company Limited

Unit: RMB

| Items   | Note | Amount for current period | Amount for the same period of last year |
|---|------|---------------------------|---|
| <b>I. Cash flows from operating activities:</b>   |      |                           |   |
| Cash received from sales of goods and provision of labor services                             |      | 451,502,167.04            | 452,399,603.83                          |
| Tax refunds received  |      | -                         | -                                       |
| Cash received relating to other operating activities  |      | 3,877,927.88              | 1,973,105.77                            |
| Sub-total of cash inflows from operating activities   |      | 455,380,094.92            | 454,372,709.60                          |
| Cash paid for purchase of goods and engagement of labor services                              |      | 326,896,898.79            | 337,174,708.89                          |
| Cash paid to and on behalf of employees   |      | 183,143,339.19            | 176,588,353.93                          |
| Payments of all types of taxes  |      | 35,260,782.45             | 32,118,232.12                           |
| Cash paid relating to other operating activities  |      | 23,313,573.90             | 25,728,253.24                           |
| Sub-total of cash outflows from operating activities  |      | 568,614,594.33            | 571,609,548.18                          |
| <b>Sub-total of cash outflows from operating activities</b>                                   |      | <b>-113,234,499.41</b>    | <b>-117,236,838.58</b>                  |
| <b>II. Cash flows from investing activities:</b>  |      |                           |   |
| Cash received from return of investment   |      | -                         | -                                       |
| Cash received from investment gain  |      | 10,239,024.20             | 14,062,421.69                           |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets |      | 18,482.76                 | 68,278.66                               |
| Net cash received from disposal of subsidiaries and other operating units                     |      | -                         | -                                       |
| Cash received relating to other investing activities  |      | 400,000,000.00            | 340,000,000.00                          |
| Sub-total of cash inflows from investing activities   |      | 410,257,506.96            | 354,130,700.35                          |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets       |      | 29,951,527.74             | 14,497,078.79                           |
| Cash paid for investment  |      | -                         | -                                       |
| Net cash paid for acquisition of subsidiaries and other operating units                       |      | -                         | -                                       |
| Cash paid relating to other investing activities  |      | 430,000,000.00            | 520,000,000.00                          |
| Sub-total of cash outflows from investing activities  |      | 459,951,527.74            | 534,497,078.79                          |
| <b>Net cash flows from investing activities</b>   |      | <b>-49,694,020.78</b>     | <b>-180,366,378.44</b>                  |

# Consolidated Cash Flow Statement

January to June 2019

| Items   | Note | Amount for current period | Amount for the same period of last year |
|---|------|---------------------------|---|
| <b>III. Cash flows from financing activities:</b>   |      |                           |   |
| Cash received from investors  |      | -                         | -                                       |
| Including: Cash received from absorbing minority shareholders' investment by subsidiaries |      | -                         | -                                       |
| Cash received from obtaining borrowings   |      | -                         | -                                       |
| Cash received from issuing bonds  |      | -                         | -                                       |
| Cash received relating to other financing activities                                      |      | -                         | 12,000,000.00                           |
| Sub-total of cash inflows from financing activities                                       |      | -                         | 12,000,000.00                           |
| Cash paid for repayment of debts  |      | -                         | -                                       |
| Cash paid for distribution of dividends, profits or payment of interests                  |      | -                         | -                                       |
| Including: Dividend paid to minority shareholders by subsidiaries                         |      | -                         | -                                       |
| Cash paid relating to other financing activities  |      | 10,138,971.09             | -                                       |
| Including: Cash paid to minority shareholders by capital reduction of subsidiaries        |      | -                         | -                                       |
| Sub-total of cash outflows from financing activities                                      |      | 10,138,971.09             | -                                       |
| Net cash flows from financing activities  |      | -10,138,971.09            | 12,000,000.00                           |
| <b>IV. Effect of changes in exchange rate on cash and cash equivalents</b>                |      |                           |   |
|   |      | -57,363.43                | -706,704.44                             |
| <b>V. Net increase in cash and cash equivalents</b>                                       |      |                           |   |
|   |      | -173,124,854.71           | -286,309,921.46                         |
| Add: Cash and cash equivalents at beginning of period                                     |      | 627,190,473.40            | 652,586,184.64                          |
| <b>VI. Cash and cash equivalents at end of period</b>                                     |      |                           |   |
|   |      | 454,065,618.69            | 366,276,263.18                          |

Legal representative of the Company:  
Lin Yankun

Person in charge of accounting of the Company:  
Du Xiaoling

Person in charge of the accounting department of the Company:  
Tan Xiangwu

# Consolidated Statement of Changes in Equity

January to June 2019

Prepared by: Capinfo Company Limited

Unit: RMB

| Items  | Amount for current period                         |                  |                            |                  |                     |                    | Total shareholders' equity (or owners equity) |
|--|---|------------------|----------------------------|------------------|---------------------|--------------------|---|
|  | Equity attributable to shareholders of the parent |                  |                            |                  |                     |                    |   |
|  | Share capital                                     | Capital reserves | Other comprehensive income | Surplus reserves | Unallocated profits | Minority interests |   |
| I. Closing balance of last year                            | 289,808,609.10                                    | 292,833,401.46   | -7,471,840.33              | 90,317,493.60    | 341,047,586.92      | 34,600,544.37      | 1,041,135,795.12                              |
| Add: Changes in accounting policies                        |   |                  |                            |                  |                     |                    | -   |
| II. Opening balance of current year                        | 289,808,609.10                                    | 292,833,401.46   | -7,471,840.33              | 90,317,493.60    | 341,047,586.92      | 34,600,544.37      | 1,041,135,795.12                              |
| III. Increase/decrease for current year ("-" for decrease) | -   | -                | -468,642.20                | -                | 5,272,029.22        | 1,582,968.27       | 6,386,355.29                                  |
| (I) Total comprehensive income                             |   |                  | -468,642.20                |                  | 33,383,464.30       | 1,582,968.27       | 34,497,790.37                                 |
| (II) Profits distribution                                  | -   | -                | -                          | -                | -28,111,435.08      | -                  | -28,111,435.08                                |
| 1. Distributions to shareholders                           |   |                  |                            |                  | -28,111,435.08      |                    | -28,111,435.08                                |
| IV. Closing balance of current year                        | 289,808,609.10                                    | 292,833,401.46   | -7,940,482.53              | 90,317,493.60    | 346,319,616.14      | 36,183,512.64      | 1,047,522,150.41                              |

# Consolidated Statement of Changes in Equity

January to June 2019

| Items  | Amount for the same period of last year           |                  |                            |                  |                     |                    |                  | Total shareholders' equity (or owners' equity) |
|--|---|------------------|----------------------------|------------------|---------------------|--------------------|------------------|--|
|  | Equity attributable to shareholders of the parent |                  |                            |                  |                     |                    |                  |  |
|  | Share capital                                     | Capital reserves | Other comprehensive income | Surplus reserves | Unallocated profits | Minority interests |                  |  |
| I. Closing balance of last year                            | 289,808,609.10                                    | 291,670,666.40   |                            | 81,662,603.60    | 363,118,724.87      | 35,623,005.89      | 1,061,883,609.86 |  |
| Add: Changes in accounting policies                        |   |                  |                            | -3,348,338.47    | -41,431,569.36      | -5,496,534.08      | -50,276,441.91   |  |
| II. Opening balance of current year                        | 289,808,609.10                                    | 291,670,666.40   | -                          | 78,314,265.13    | 321,687,155.51      | 30,126,471.81      | 1,011,607,167.95 |  |
| III. Increase/decrease for current year ("-" for decrease) | -   | -                | -                          | -                | -11,148,911.83      | 1,592,285.63       | -9,556,626.20    |  |
| (I) Total comprehensive income                             |   |                  |                            |                  | 25,077,164.31       | 1,592,285.63       | 26,669,449.94    |  |
| (II) Profits distribution                                  | -   | -                | -                          | -                | -36,226,076.14      | -                  | -36,226,076.14   |  |
| 1. Distributions to shareholders                           |   |                  |                            |                  | -36,226,076.14      |                    | -36,226,076.14   |  |
| IV. Closing balance of current year                        | 289,808,609.10                                    | 291,670,666.40   | -                          | 78,314,265.13    | 310,538,243.68      | 31,718,757.44      | 1,002,050,541.75 |  |

Legal representative of the Company:  
Lin Yankun

Person in charge of accounting of the Company:  
Du Xiaoling

Person in charge of the accounting department of the Company:  
Tan Xiangwu



# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## I. COMPANY GENERAL INFORMATION

### 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.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## I. COMPANY GENERAL INFORMATION (CONTINUED)

### 1. Company Profile (Continued)

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, technical development, technical consulting, technical service and technical training of inter-networking, computer equipment and hardware and software, 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 (excluding those restricted or prohibited by the state from import and export), professional contracting and sale agency of entrance tickets. (Enterprises can independently choose their own business projects and carry out business activities under the laws; for the above 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.)

The financial statements and notes to the financial statements have been approved on 26 August 2019 at the 13th meeting of the seventh session of board of directors of the Company.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## I. COMPANY GENERAL INFORMATION (CONTINUED)

### 2. Scope of consolidation of the financial statements

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.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## II. 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.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The consolidated financial statements as of 30 June 2019 have been prepared by the Group in accordance with the same accounting policies adopted in the Group's financial statements for the year ended 31 December 2018, except for those for leases.

### 1. Lease

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

#### (1) The Group as lessor

The Group divides the lease into finance leases and operating leases at the lease commencement date. A finance lease is a lease that transfers substantially all of the risks and rewards associated with the ownership of a leased asset. Other leases (other than finance leases) are operating leases.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 1. Lease (Continued)

#### (1) The Group as lessor (Continued)

In finance leases, at the beginning date of lease period, the Group will recognise the sum of minimum lease collection and initial direct costs as the recorded value of finance leases receivable and meanwhile the unguaranteed residual value is recorded; the difference between the sum of minimum lease collection, initial direct costs and unguaranteed residual value and their present value is recorded as unrecognised financing income. Unrecognised financing income is measured at amortized cost using the effective interest method in the periods of leasing and recognised in financing income for the current period.

Rental from operating leases is recognised in profit or loss on a straight-line basis over the lease term. The initial direct costs incurred are recognised in profit or loss for the current period.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 1. Lease (Continued)

#### (2) The Group as lessee

##### ① Initial recognition of the lease

The Group recognises the leases as right-to-use assets and lease liabilities on the commencement date of the lease term, except for short-term leases and low-value asset leases. A short-term lease refers to the lease with a lease term of no more than 12 months from the commencement date of the lease term. A lease that includes a purchase option is not a short-term lease. A low-value asset lease refers to a lease with a lower value when the single leased asset is a new asset.

The Group initially measures right-of-use assets at cost at the lease commencement date, which comprises: the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date of the lease term (less lease incentives received), initial direct costs incurred by the Group and an estimate of costs to be incurred by the Group in dismantling and removing the leased asset, restoring the site on which it is located or restoring the leased asset to the condition required by the terms and conditions of the lease.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 1. Lease (Continued)

#### (2) The Group as lessee (Continued)

##### ① Initial recognition of the lease (Continued)

The Group initially measures lease liabilities at the present value of the outstanding lease payments at the commencement date of the lease term. The lease payment refers to the amount paid by the Group to the lessor in relation to the right to use the leased asset during the lease term, including: the fixed payment and the substantial fixed payment (less lease incentive amount), the variable lease payments depending on the index or ratio, the exercise price of the purchase option that is reasonably determined by the Group, the amount payable to exercise the option to terminate a lease by the Group during the lease term, the amount payable based on the residual value of the security provided by the Group.

The Group adopts interest rate implicit in lease as discount rate; if it is impossible to determine the interest rate implicit in lease, the incremental borrowing rate of the Group shall be adopted as the discount rate.



# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 1. Lease (Continued)

#### (2) The Group as lessee (Continued)

##### ② Subsequent measurement of the lease

The Group adopts equal annual instalments method to depreciate the right-of-use assets after the commencement date of the lease term. If it is reasonable to determine the ownership of the leased asset can be acquired at the expiration of the lease term, the Group will depreciate the remaining useful life of the leased asset. If it is not reasonable to determine the ownership of the leased asset can be acquired at the expiration of the lease term, the Group will depreciate during the shorter period between the lease term and the remaining useful life of the leased asset.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 1. Lease (Continued)

#### (2) The Group as lessee (Continued)

##### ② Subsequent measurement of the lease (Continued)

The Group assesses whether an indication of impairment exists at the balance sheet date, and performed impairment test on estimation of the right-of-use asset's recoverable amount if such indications exist. A right-of-use asset's recoverable amount is calculated as the higher of the right-of-use asset's fair value less disposal expenses and the present value of estimated future cash flows of the assets. The recoverable amount is calculated for an individual right-of-use asset unless it is not applicable, in which case the recoverable amount is determined for the asset groups to which the asset belongs. An asset group is recognised based on whether the cash inflows generated by the asset group are largely independent to those of other assets or asset groups. When the recoverable amount of a right-of-use asset or its asset group is less than its carrying amount, the Group will reduce its carrying amount to the recoverable amount. The reduction amount is charged to profit or loss and an impairment allowance is provided to the underlying right-of-use asset. Recognised impairment losses of asset cannot be reversed in subsequent accounting periods.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 1. Lease (Continued)

#### (2) The Group as lessee (Continued)

##### ② Subsequent measurement of the lease (Continued)

After the commencement date of the lease term, as the assessment results of the renewal of the option, the termination of the lease option and the purchase option have changed, the Group redetermines the lease payments based on the new assessment results, and remeasures the lease liabilities in accordance with the present value of the lease payments after changes and the revised discount rate. If the payables that are estimated according to the guaranteed residual value changes, or if the future lease payment changes due to the changes in index or ratio applied to determine lease payment, the Group remeasures the lease liabilities in accordance with the present value of the lease payment after changes. The Group adjusts the carrying value of the right-of-use asset accordingly when remeasuring the lease liability. If the carrying value of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Group accounts for the remaining amount in the profit or loss for the current period.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 1. Lease (Continued)

#### (2) The Group as lessee (Continued)

##### ② Subsequent measurement of the lease (Continued)

If the lease changes and meets the following conditions, the Group will account for the lease change as a separate lease:

- The lease change expands the lease scope by increasing the right to use one or more leased assets;
- And the increased consideration and the individual price of the enlarged portion of the lease are equivalent to the amount adjusted for the contract.

The variable lease payments that are not included in the measurement of the lease liabilities are recognised in the profit or loss for the current period when incurred.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 1. Lease (Continued)

#### (2) The Group as lessee (Continued)

##### ② Subsequent measurement of the lease (Continued)

The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and charged in the profit or loss for the current period.

The Group will charge the lease payments on short-term leases and low-value asset leases as relevant asset cost or profit or loss for the current period for each period on a straight-line basis over the lease term.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. 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 information 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.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. Changes in Significant Accounting Policies and Accounting Estimates (Continued)

#### (1) Changes in Significant Accounting Policies (Continued)

##### 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 recognise 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.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. Changes in Significant Accounting Policies and Accounting Estimates (Continued)

#### (1) Changes in Significant Accounting Policies (Continued)

##### ② New Lease Standard (Continued)

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.



# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. Changes in Significant Accounting Policies and Accounting Estimates (Continued)

#### (1) Changes in Significant Accounting Policies (Continued)

##### ② New Lease Standard (Continued)

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:

| Items  | 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 |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. Changes in Significant Accounting Policies and Accounting Estimates (Continued)

#### (1) Changes in Significant Accounting Policies (Continued)

- 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 Balance Sheet                |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
| Items                                     | 31 December<br>2018     | 1 January<br>2019       | Amount of<br>adjustment |
| <b>Current assets:</b>                    |                         |                         |                         |
| Monetary fund                             | 652,513,182.08          | 652,513,182.08          | -                       |
| Held-for-trading<br>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<br>one year | 2,010,148.40            | 2,010,148.40            | -                       |
| Other current assets                      | 202,917,235.27          | 202,917,235.27          | -                       |
| <b>Total current assets</b>               | <b>1,704,953,500.30</b> | <b>1,703,456,185.59</b> | <b>-1,497,314.71</b>    |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. Changes in Significant Accounting Policies and Accounting Estimates (Continued)

#### (1) Changes in Significant Accounting Policies (Continued)

##### ③ (Continued)

| Consolidated Balance Sheet             |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| Items                                  | 31 December<br>2018     | 1 January<br>2019       | Amount of<br>adjustment |
| <b>Non-current assets:</b>             |                         |                         | -                       |
| Long-term equity investments           | 163,611,601.30          | 163,611,601.30          | -                       |
| Other equity instruments<br>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           | -                       |
| <b>Total non-current assets</b>        | <b>505,394,042.08</b>   | <b>589,654,195.05</b>   | <b>84,260,152.97</b>    |
| <b>Total assets</b>                    | <b>2,210,347,542.38</b> | <b>2,293,110,380.64</b> | <b>82,762,838.26</b>    |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. Changes in Significant Accounting Policies and Accounting Estimates (Continued)

#### (1) Changes in Significant Accounting Policies (Continued)

##### ③ (Continued)

| Consolidated Balance Sheet                     |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| Items  | 31 December<br>2018     | 1 January<br>2019       | Amount of<br>adjustment |
| <b>Current Liabilities:</b>                    |                         |                         | –                       |
| Account 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<br>within one year | 48,155,773.77           | 67,484,814.40           | 19,329,040.63           |
| <b>Total current liabilities</b>               | <b>1,161,976,096.94</b> | <b>1,181,305,137.57</b> | <b>19,329,040.63</b>    |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. Changes in Significant Accounting Policies and Accounting Estimates (Continued)

#### (1) Changes in Significant Accounting Policies (Continued)

##### ③ (Continued)

| Consolidated Balance Sheet  |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
| Items   | 31 December<br>2018     | 1 January<br>2019       | Amount of<br>adjustment |
| <b>Non-current liabilities:</b>                                       |                         |                         | -                       |
| Lease liabilities   | -                       | 63,433,797.63           | 63,433,797.63           |
| Deferred income   | 7,235,650.32            | 7,235,650.32            | -                       |
| <b>Total non-current liabilities</b>                                  | <b>7,235,650.32</b>     | <b>70,669,447.95</b>    | <b>63,433,797.63</b>    |
| <b>Total liabilities</b>  | <b>1,169,211,747.26</b> | <b>1,251,974,585.52</b> | <b>82,762,838.26</b>    |
| 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           | -                       |
| <b>Total shareholders' equity (or owners' equity)</b>                 | <b>1,041,135,795.12</b> | <b>1,041,135,795.12</b> | <b>-</b>                |
| <b>Total liabilities and shareholders' equity (or owners' equity)</b> | <b>2,210,347,542.38</b> | <b>2,293,110,380.64</b> | <b>82,762,838.26</b>    |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 2. Changes in Significant Accounting Policies and Accounting Estimates (Continued)

#### (2) Changes in Accounting Estimates

Nil.

## IV. 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                |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## IV. TAX (CONTINUED)

### 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.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## IV. TAX (CONTINUED)

### 2. Tax preference and approvals (Continued)

#### (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.



# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## IV. TAX (CONTINUED)

### 2. Tax preference and approvals (Continued)

#### (2) Corporate income tax (Continued)

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 3 years.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS

### 1. Monetary fund

| Items                         | End of the period          |               |                       | Beginning of the period    |               |                       |
|-------------------------------|----------------------------|---------------|-----------------------|----------------------------|---------------|-----------------------|
|                               | Amount in foreign currency | Discount rate | Amount in RMB         | Amount in foreign currency | Discount rate | Amount in RMB         |
| Cash on hand:                 | -                          | -             | 114,208.36            | -                          | -             | 119,216.61            |
| RMB                           | -                          | -             | 82,435.04             | -                          | -             | 87,223.22             |
| USD                           | 4,601.01                   | 6.8747        | 31,630.56             | 4,601.01                   | 6.8632        | 31,911.23             |
| EUR                           | 10.17                      | 7.187         | 73.09                 | 1.30                       | 7.8473        | 10.17                 |
| HKD                           | 79.20                      | 0.8797        | 69.67                 | 79.20                      | 0.8762        | 71.99                 |
| Bank deposits:                | -                          | -             | 441,328,491.78        | -                          | -             | 620,758,241.70        |
| RMB                           | -                          | -             | 379,209,567.29        | -                          | -             | 558,752,273.40        |
| USD                           | 8,335,175.39               | 6.8747        | 57,301,830.25         | 8,334,758.11               | 6.8632        | 57,203,379.74         |
| HKD                           | 5,476,086.48               | 0.8797        | 4,817,094.24          | 5,476,189.25               | 0.8762        | 4,802,588.56          |
| Other monetary fund:          | -                          | -             | 37,769,075.11         | -                          | -             | 31,635,723.77         |
| RMB                           | -                          | -             | 37,769,075.11         | -                          | -             | 31,635,723.77         |
| <b>Total</b>                  | <b>-</b>                   | <b>-</b>      | <b>459,211,775.25</b> | <b>-</b>                   | <b>-</b>      | <b>652,513,182.08</b> |
| Incl: total overseas deposits |                            |               | 61,732,452.78         |                            |               | 61,616,292.10         |

Note: Other monetary fund is mainly the amount deposited in the performance guarantees account and the stock dividend amount deposited in the stock investment account by the Company.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 2. Notes receivables

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

### 3. Account receivables

#### (1) Account receivables analysed by aging

Account receivables are recognised 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    |              |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 3. Account receivables (Continued)

#### (1) Account receivables analysed by aging (Continued)

| 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         |
| <b>Total original value</b>       | <b>427,323,260.86</b>   | <b>100.00</b> |
| <b>Less: bad debts provisions</b> | <b>111,085,134.20</b>   |               |
| <b>Total net value</b>            | <b>316,238,126.66</b>   |               |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 4. Other receivables

| Items                 | End of the period    | Beginning of the period |
|-----------------------|----------------------|-------------------------|
| Dividends receivables | –                    | –                       |
| Other receivables     | 93,968,996.37        | 93,208,484.60           |
| <b>Total</b>          | <b>93,968,996.37</b> | <b>93,208,484.60</b>    |

#### (1) Other receivables

##### 1) Other receivables analysed by aging

| Age                        | End of the period |              |
|----------------------------|-------------------|--------------|
|                            | Amount            | Percentage % |
| Within 1 year              | 15,082,861.10     | 15.91        |
| 1-2 years                  | 20,057,632.40     | 21.16        |
| 2-3 years                  | 14,909,548.23     | 15.73        |
| Over 3 years               | 44,749,846.35     | 47.20        |
| Total original value       | 94,799,888.08     | 100.00       |
| Less: bad debts provisions | 830,891.71        |              |
| Total net value            | 93,968,996.37     |              |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 4. Other receivables (Continued)

#### (1) Other receivables (Continued)

##### 1) Other receivables analysed by aging (Continued)

| Age                               | Beginning of the period |               |
|-----------------------------------|-------------------------|---------------|
|                                   | Amount                  | Percentage %  |
| Within 1 year                     | 25,500,395.34           | 27.11         |
| 1-2 years                         | 20,811,857.22           | 22.13         |
| 2-3 years                         | 23,313,517.54           | 24.79         |
| Over 3 years                      | 24,421,606.21           | 25.97         |
| <b>Total original value</b>       | <b>94,047,376.31</b>    | <b>100.00</b> |
| <b>Less: bad debts provisions</b> | <b>838,891.71</b>       |               |
| <b>Total net value</b>            | <b>93,208,484.60</b>    |               |

##### 2) Other receivables disclosed by nature of payment

| Items                       | End of the period    | Beginning of the period |
|-----------------------------|----------------------|-------------------------|
| Margin                      | 74,626,405.75        | 74,413,057.90           |
| Contingency provision       | 2,844,926.04         | 3,055,161.73            |
| Current accounts and others | 17,328,556.29        | 16,579,156.68           |
| <b>Total</b>                | <b>94,799,888.08</b> | <b>94,047,376.31</b>    |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 5. Inventories

#### (1) Classification of inventories

| Types of inventories         | End of the period     |                          |                       | Beginning of the period |                          |                       |
|------------------------------|-----------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|
|                              | Book balance          | Provision for impairment | Carrying amount       | Book balance            | Provision for impairment | Carrying amount       |
| Cost of contract performance | 406,215,564.98        | -                        | 406,215,564.98        | 316,320,575.69          | -                        | 316,320,575.69        |
| Finished products            | 30,144,408.59         | 22,262,114.19            | 7,882,294.40          | 35,142,147.45           | 22,262,114.19            | 12,880,033.26         |
| <b>Total</b>                 | <b>436,359,973.57</b> | <b>22,262,114.19</b>     | <b>414,097,859.38</b> | <b>351,462,723.14</b>   | <b>22,262,114.19</b>     | <b>329,200,608.95</b> |

#### (2) Provision for impairment of inventories

| Type of inventories | Increase during the period |           |        | Decrease during the period |        | End of the period |
|---------------------|----------------------------|-----------|--------|----------------------------|--------|-------------------|
|                     | Beginning of the period    | Provision | Others | Reversals or Transfer      | Others |                   |
| Finished goods      | 22,262,114.19              | -         | -      | -                          | -      | 22,262,114.19     |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 6. 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            |
| <b>Subtotal</b>   | <b>64,818,315.30</b> | <b>43,290,594.31</b>    |
| Less: Contractual assets presented under other non-current assets | –                    | –                       |
| <b>Total</b>  | <b>64,818,315.30</b> | <b>43,290,594.31</b>    |

### 7. Other current assets

| Items                                | End of the period     | Beginning of the period |
|--------------------------------------|-----------------------|-------------------------|
| Input value-added tax to be deducted | 4,472,617.58          | 2,917,235.27            |
| Structural deposits                  | 230,000,000.00        | 200,000,000.00          |
| <b>Total</b>                         | <b>234,472,617.58</b> | <b>202,917,235.27</b>   |

Note: Structural deposit is the deposit products of the Group purchased in Wukesong sub-branch of China Everbright Bank (Beijing Branch) in January to June 2019, closing balance is RMB230,000,000.00.



# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 8. Long-term equity investments

| Investee  | Opening balance       | Increase in investment | Decrease in investment | Increase/decrease during the period                    |  |                        |                                  |                          |          | Closing balance       | Closing balance of impairment provisions |
|---|-----------------------|------------------------|------------------------|--|--|------------------------|----------------------------------|--------------------------|----------|-----------------------|--|
|   |                       |                        |                        | Investment gain or loss recognised under equity method | Adjustment to other comprehensive income | Change in other equity | Cash dividend or profit declared | Provision for impairment | Others   |                       |  |
| Associates  |                       |                        |                        |  |  |                        |                                  |                          |          |                       |  |
| Beijing Certificate Authority Co., Ltd                                |                       |                        |                        |  |  |                        |                                  |                          |          |                       |  |
|   | 160,643,940.73        | -                      | -                      | 7,025,346.19   | -  | -                      | 6,296,524.20                     | -                        | -        | 161,372,762.72        | -  |
| Beijing Culture and Sports Technology Co., Ltd.<br>(北京文化體育科技有限公司)     |                       |                        |                        |  |  |                        |                                  |                          |          |                       |  |
|   | 2,967,660.57          | -                      | -                      | -300,627.82  | -  | -                      | -                                | -                        | -        | 2,667,032.75          | -  |
| Chongqing Hongxin Haoyu Network Technology Co., Ltd. (重慶宏信瀚宇網絡技術有限公司) |                       |                        |                        |  |  |                        |                                  |                          |          |                       |  |
|   | 3,862,753.24          | -                      | -                      | -  | -  | -                      | -                                | -                        | -        | 3,862,753.24          | 3,862,753.24                             |
| <b>Total</b>  | <b>167,474,354.54</b> | <b>-</b>               | <b>-</b>               | <b>6,724,718.37</b>                                    | <b>-</b>                                 | <b>-</b>               | <b>6,296,524.20</b>              | <b>-</b>                 | <b>-</b> | <b>167,902,548.71</b> | <b>3,862,753.24</b>                      |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 9. Investment properties

| Items   | Buildings and structures |
|---|--------------------------|
| I. Original book value                                    |                          |
| 1. Opening balance  | 74,320,626.80            |
| 2. Increment for the period                               | –                        |
| (1) Purchase  | –                        |
| (2) Transferred from fixed assets                         | –                        |
| (3) Increase from business combinations                   | –                        |
| 3. Decrement for the Period                               | –                        |
| (1) Disposal  | –                        |
| (2) Other transfer  | –                        |
| 4. Closing balance  | 74,320,626.80            |
| II. Accumulated depreciation and accumulated amortisation |                          |
| 1. Opening balance  | 36,584,026.56            |
| 2. Increment for the period                               | 1,886,830.02             |
| (1) Provision or amortisation                             | 1,886,830.02             |
| (2) Increase from business combinations                   | –                        |
| (3) Other increment                                       | –                        |
| 3. Decrement for the period                               | –                        |
| (1) Disposal  | –                        |
| (2) Other transfer  | –                        |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 9. Investment properties (Continued)

| Items                                | Buildings and structures |
|--------------------------------------|--------------------------|
| 4. Closing balance                   | 38,470,856.58            |
| III. Provision for impairment        |                          |
| 1. Opening balance                   | –                        |
| 2. Increment for the period          | –                        |
| (1) Provision                        | –                        |
| (2) Other increment                  | –                        |
| 3. Decrement for the period          | –                        |
| (1) Disposal                         | –                        |
| (2) Other transfer                   | –                        |
| 4. Closing balance                   | –                        |
| IV. Book value                       |                          |
| 1. Book value at end of period       | 35,849,770.22            |
| 2. Book value at beginning of period | 37,736,600.24            |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 9. Investment properties (Continued)

Note:

Details of certificate of title to be obtained

| <u>Item</u>              | <u>Carrying amount</u> | <u>Reason for no certificate of title</u> |
|--------------------------|------------------------|---|
| Digital Beijing Building | 35,849,770.22          | Yet to be obtained                        |

The above investment properties depreciation is calculated on the straight-line basis at an annual rate of 5%.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 10. Fixed assets

| Item         | End of the period    | Beginning of the period |
|--------------|----------------------|-------------------------|
| Fixed assets | <b>73,494,931.61</b> | 69,183,061.72           |

#### Details of fixed assets

| Items   | Machinery & equipment | Transporting equipment | Others       | Total          |
|---|-----------------------|------------------------|--------------|----------------|
| I. Original book value                        |                       |                        |              |                |
| 1. Opening balance                            | 543,819,474.31        | 510,085.57             | 3,924,295.56 | 548,253,855.44 |
| 2. Increment for the period                   | 24,117,858.12         | -                      | 840,106.35   | 24,957,964.47  |
| (1) Purchase                                  | 24,117,858.12         | -                      | 840,106.35   | 24,957,964.47  |
| (2) Transferred from construction in progress | -                     | -                      | -            | -              |
| 3. Decrement for the period                   | 284,982.31            | -                      | -            | 284,982.31     |
| (1) Disposal or write-off                     | 284,982.31            | -                      | -            | 284,982.31     |
| (2) Other decrement                           | -                     | -                      | -            | -              |
| 4. Closing balance                            | 567,652,350.12        | 510,085.57             | 4,764,401.91 | 572,926,837.60 |
| II. Accumulated depreciation                  |                       |                        |              |                |
| 1. Opening balance                            | 475,847,941.56        | 510,085.57             | 2,712,766.59 | 479,070,793.72 |
| 2. Increment for the period                   | 20,250,450.98         | -                      | 378,067.46   | 20,628,518.44  |
| (1) Provision                                 | 20,250,450.98         | -                      | 378,067.46   | 20,628,518.44  |
| (2) Other increment                           | -                     | -                      | -            | -              |
| 3. Decrement for the period                   | 267,406.17            | -                      | -            | 267,406.17     |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 10. Fixed assets (Continued)

#### Details of fixed assets (Continued)

| Items                                | Machinery & equipment | Transporting equipment | Others       | Total          |
|--------------------------------------|-----------------------|------------------------|--------------|----------------|
| (1) Disposal or write-off            | 267,406.17            | -                      | -            | 267,406.17     |
| (2) Other decrement                  | -                     | -                      | -            | -              |
| 4. Closing balance                   | 495,830,986.37        | 510,085.57             | 3,090,834.05 | 499,431,905.99 |
| III. Provision for impairment        |                       |                        |              |                |
| 1. Opening balance                   | -                     | -                      | -            | -              |
| 2. Increment for the period          | -                     | -                      | -            | -              |
| (1) Provision                        | -                     | -                      | -            | -              |
| (2) Other increment                  | -                     | -                      | -            | -              |
| 3. Decrement for the period          | -                     | -                      | -            | -              |
| (1) Disposal or write-off            | -                     | -                      | -            | -              |
| (2) Other decrement                  | -                     | -                      | -            | -              |
| 4. Closing balance                   | -                     | -                      | -            | -              |
| IV. Book value                       |                       |                        |              |                |
| 1. Book value at end of period       | 71,821,363.75         | -                      | 1,673,567.86 | 73,494,931.61  |
| 2. Book value at beginning of period | 67,971,532.75         | -                      | 1,211,528.97 | 69,183,061.72  |

Note: The Group has no fixed assets which have been pledged or secured during the period.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 11. Right-of-use assets

| Items                        | Buildings and structures | Total         |
|------------------------------|--------------------------|---------------|
| I. Original book value       |                          |               |
| 1. Opening balance           | 84,260,152.97            | 84,260,152.97 |
| 2. Increment for the period  | –                        | –             |
| (1) Additional lease         | –                        | –             |
| (2) Remeasurement            | –                        | –             |
| (3) Other increment          | –                        | –             |
| 3. Decrement for the period  | –                        | –             |
| (1) Lease termination        | –                        | –             |
| (2) Remeasurement            | –                        | –             |
| (3) Other decrement          | –                        | –             |
| 4. Closing balance           | 84,260,152.97            | 84,260,152.97 |
| II. Accumulated depreciation |                          |               |
| 1. Opening balance           | –                        | –             |
| 2. Increment for the period  | 11,353,880.41            | 11,353,880.41 |
| (1) Provision                | 11,353,880.41            | 11,353,880.41 |
| (2) Other increment          | –                        | –             |
| 3. Decrement for the period  |                          |               |
| (1) Lease termination        | –                        | –             |
| (2) Other decrement          | –                        | –             |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 11. Right-of-use assets (Continued)

| Items                                | Buildings and structures | Total         |
|--------------------------------------|--------------------------|---------------|
| 4. Closing balance                   | 11,353,880.41            | 11,353,880.41 |
| III. Provision for impairment        |                          |               |
| 1. Opening balance                   | –                        | –             |
| 2. Increment for the period          | –                        | –             |
| (1) Provision                        | –                        | –             |
| (2) Other increment                  | –                        | –             |
| 3. Decrement for the period          | –                        | –             |
| (1) Lease termination                | –                        | –             |
| (2) Other decrement                  | –                        | –             |
| 4. Closing balance                   | –                        | –             |
| IV. Book value                       |                          |               |
| 1. Book value at end of period       | 72,906,272.56            | 72,906,272.56 |
| 2. Book value at beginning of period | 84,260,152.97            | 84,260,152.97 |

- (1) The Group adopted a simplified method for the lease of short-term leased assets, and the amount of RMB7,390,950.09 was charged into the profit and loss for the current period.
- (2) The total cash outflow in relation to the lease for the period was RMB20,036,528.45.



# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 12. Intangible assets

| Items   | Software       | Customer relationship | Total          |
|---|----------------|-----------------------|----------------|
| I. Original book value                        |                |                       |                |
| 1. Opening balance                            | 162,384,859.45 | 2,328,003.18          | 164,712,862.63 |
| 2. Increment for the period                   | 639,336.38     | –                     | 639,336.38     |
| (1) Purchase                                  | 639,336.38     | –                     | 639,336.38     |
| (2) Internal R & D                            | –              | –                     | –              |
| (3) Increase from business combination        | –              | –                     | –              |
| (4) Transferred from construction in progress | –              | –                     | –              |
| 3. Decrement for the period                   |                |                       |                |
| (1) Disposal                                  | –              | –                     | –              |
| (2) Other decrement                           | –              | –                     | –              |
| 4. Closing balance                            | 163,024,195.83 | 2,328,003.18          | 165,352,199.01 |
| II. Accumulated amortization                  |                |                       |                |
| 1. Opening balance                            | 144,105,101.24 | 2,328,003.18          | 146,433,104.42 |
| 2. Increment for the period                   | 5,540,967.69   | –                     | 5,540,967.69   |
| (1) Provision                                 | 5,540,967.69   | –                     | 5,540,967.69   |
| (2) Other increment                           | –              | –                     | –              |
| 3. Decrement for the period                   |                |                       |                |
| (1) Disposal                                  | –              | –                     | –              |
| (2) Other decrement                           | –              | –                     | –              |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 12. Intangible assets (Continued)

| Items                                | Software       | Customer relationship | Total          |
|--------------------------------------|----------------|-----------------------|----------------|
| 4. Closing balance                   | 149,646,068.93 | 2,328,003.18          | 151,974,072.11 |
| III. Provision for impairment        |                |                       |                |
| 1. Opening balance                   | –              | –                     | –              |
| 2. Increment for the period          | –              | –                     | –              |
| (1) Provision                        | –              | –                     | –              |
| (2) Other increment                  | –              | –                     | –              |
| 3. Decrement for the period          | –              | –                     | –              |
| (1) Disposal                         | –              | –                     | –              |
| (2) Other decrement                  | –              | –                     | –              |
| 4. Closing balance                   | –              | –                     | –              |
| IV. Book value                       |                |                       |                |
| 1. Book value at end of period       | 13,378,126.90  | –                     | 13,378,126.90  |
| 2. Book value at beginning of period | 18,279,758.21  | –                     | 18,279,758.21  |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 13. Account payables

#### (1) Account 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) Account 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           |
| <b>Total</b>  | <b>121,599,916.35</b> | <b>172,067,991.29</b>   |

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

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 14. Contractual liabilities

| Items           | End of the period | Beginning of the period |
|-----------------|-------------------|-------------------------|
| Project receipt | 681,050,911.00    | 618,798,167.14          |

Note: Contractual liabilities at the beginning of the year of 2019 was RMB618,798,167.14, of which, RMB144,612,336.76 were recognised in January to June 2019.

### 15. Other payables

| Items             | End of the period     | Beginning of the period |
|-------------------|-----------------------|-------------------------|
| Dividend payables | 28,111,435.08         | –                       |
| Other payables    | 217,807,753.59        | 192,267,065.79          |
| <b>Total</b>      | <b>245,919,188.67</b> | <b>192,267,065.79</b>   |

#### (1) Dividend payables

| Items                         | End of the period    | Beginning of the period |
|-------------------------------|----------------------|-------------------------|
| Dividends for ordinary shares | 28,111,435.08        | –                       |
| <b>Total</b>                  | <b>28,111,435.08</b> | <b>–</b>                |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 15. Other payables (Continued)

#### (2) Other payables

| Items   | End of the period     | Beginning of the period |
|---|-----------------------|-------------------------|
| Margin and deposits, quality guarantee deposit    | 8,965,677.68          | 4,758,001.99            |
| Current account                                   | 20,261,484.89         | 18,727,144.26           |
| Project notes payable                             | 175,584,776.12        | 155,837,232.32          |
| Non-operating current accounts of related parties | 12,000,000.00         | 12,000,000.00           |
| Others  | 995,814.90            | 944,687.22              |
| <b>Total</b>                                      | <b>217,807,753.59</b> | <b>192,267,065.79</b>   |

Of which, important other payables aged over 1 year

| Items   | Amount               | Reasons for not settled or not transferred |
|---|----------------------|--|
| Beijing State-owned Assets Management Co., Ltd.   | 12,000,000.00        | Not required to return                     |
| GDS Holdings Ltd  | 2,565,088.89         | Settlement conditions are unsatisfied      |
| Beijing Chinese Cultural Development – Culture Investment and Management Company Limited<br>(北京中文發文化投資管理有限公司) | 2,340,000.00         | Settlement conditions are unsatisfied      |
| AVIC Wang Xin Beijing Science and Technology Co., Ltd.<br>(中航網信(北京)科技有限公司)                                    | 1,121,400.00         | Settlement conditions are unsatisfied      |
| <b>Total</b>  | <b>18,026,488.89</b> | <b>–</b>                                   |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 16. Non-current liabilities due within one year

| Items                                  | End of the period    | Beginning of the period |
|--|----------------------|-------------------------|
| Lease liabilities due within one year  | 19,886,692.68        | 19,329,040.63           |
| Long-term payables due within one year | 49,235,135.00        | 48,155,773.77           |
| <b>Total</b>                           | <b>69,121,827.68</b> | <b>67,484,814.40</b>    |

#### (1) Lease liabilities due within one year

| Items             | End of the period | Beginning of the period |
|-------------------|-------------------|-------------------------|
| Lease liabilities | 19,886,692.68     | 19,329,040.63           |

#### (2) Long-term payables due within one year

| Items                                 | End of the period | Beginning of the period |
|---------------------------------------|-------------------|-------------------------|
| Contingent consideration of Rito Info | 49,235,135.00     | 48,155,773.77           |

## Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

### V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

#### 17. Lease liabilities

| Items  | End of the period    | Beginning of the period |
|--|----------------------|-------------------------|
| Original value of lease payables             | 81,212,223.51        | 91,351,194.60           |
| Interest adjustment for lease payments       | 6,669,201.18         | 8,588,356.34            |
| Net value of lease payables                  | 74,543,022.33        | 82,762,838.26           |
| Less: Long-term payables due within one year | 19,886,692.68        | 19,329,040.63           |
| <b>Total</b>                                 | <b>54,656,329.65</b> | <b>63,433,797.63</b>    |

The Group adopted incremental borrowing rate as discount rate when calculating the present value of the lease payments. The incremental borrowing rate determined by the Group was 4.75% per annum. The interest expenses of lease liabilities for the current period was RMB1,919,155.16.

#### 18. Share capital (unit: ten thousand shares)

| Item         | Beginning of the period | New shares issued | Increment/Decrement (+/-) |                   |        |   | Sub total  | End of the period |
|--------------|-------------------------|-------------------|---------------------------|-------------------|--------|---|------------|-------------------|
|              |                         |                   | Stock dividend            | Reserve to shares | Others |   |            |                   |
| Total shares | 289,808.61              | -                 | -                         | -                 | -      | - | 289,808.61 |                   |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 19. Capital reserves

| Item                   | Beginning of the period | Increase for the period | Decrease for the period | End of the period     |
|------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Share capital premium  | 253,785,082.20          | -                       | -                       | 253,785,082.20        |
| Other capital reserves | 39,048,319.26           | -                       | -                       | 39,048,319.26         |
| <b>Total</b>           | <b>292,833,401.46</b>   | <b>-</b>                | <b>-</b>                | <b>292,833,401.46</b> |

### 20. 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 to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 20. Undistributed Profits (Continued)

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.

### 21. 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            |
| <b>Total</b>     | <b>413,251,783.14</b>     | <b>250,711,500.79</b> | <b>362,438,937.80</b>  | <b>216,779,916.56</b> |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 21. Operating Income and Operating Cost (Continued)

#### (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             |
| <b>Total</b>                      | <b>405,667,489.38</b>     | <b>250,392,141.68</b> | <b>355,393,340.75</b>  | <b>216,319,905.38</b> |

#### (2) Other businesses (sub-businesses)

| Name of business                | Amount of 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         | -                      | -                 |
| <b>Total</b>                    | <b>7,584,293.76</b>      | <b>319,359.11</b> | <b>7,045,597.05</b>    | <b>460,011.18</b> |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

### 21. Operating Income and Operating Cost (Continued)

#### (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        |
| <b>Total</b>               | <b>405,667,489.38</b> |

### 22. 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          |
| <b>Total</b>   | <b>6,170,403.95</b>       | <b>2,024,236.87</b>    |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS

### 1. Information on the parent company of the Company

| Name of parent company  | Place of registration | Nature of business    | Registered capital (RMB ten thousand) | Parent company's shareholding percentage to the Company % | Parent company's percentage of voting rights to the Company % |
|---|-----------------------|-----------------------|---------------------------------------|---|---|
| Beijing State-owned Assets Management Corporation Limited (hereinafter referred to as BSAM) | Beijing               | Investment Management | 1,000,000.00                          | 63.31   | 63.31   |

The ultimate controlling party of the Company is: the People's Government of Beijing Municipality.

### 2. Information on the joint ventures and affiliates of the Group

Set out below are other joint ventures or affiliates which were involved in connected transactions with the Group during the period, or for which balances were formed due to their involvement in connected transactions with the Group during previous periods:

| Name of joint ventures or affiliates   | Relationship with the group |
|--|-----------------------------|
| Beijing Certificate Authority Co., Ltd. (hereinafter referred to as BJCA, BJCA and its subsidiaries) | associates                  |
| Beijing Culture & Sports Technology Co., Ltd. (hereinafter referred to as BST)                       | associates                  |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 3. Information on other related parties of the Group

| Name of related parties   | Relations with the Group                                   |
|---|--|
| Beijing Aiyuhua Hospital for Children and Women Co., Ltd.<br>(hereinafter referred to as Aiyuhua Company)   | The same ultimate controlling party                        |
| Beijing Anxintianxing Science Co., Ltd.<br>(hereinafter referred to as Anxintianxing, BJCA and its subsidiaries)                                      | A subsidiary of BJCA, which is an affiliate of the Company |
| China Beijing Equity Exchange Limited (hereinafter referred to as Beijing Equity Exchange)  | The same ultimate controlling party                        |
| Beijing Chenghejing Investment Co., Ltd.<br>(hereinafter referred to as Chenghejing Investment)   | The same ultimate controlling party                        |
| Beijing Chenghejing Elderly Caring Service Co., Ltd. (hereinafter referred to as Chenghejing Elderly Caring)  | The same ultimate controlling party                        |
| Beijing Industrial Development Investment Management Co., Ltd. (hereinafter referred to as Industrial Development)                                    | The same ultimate controlling party                        |
| Beijing National Swimming Centre Co., Ltd.<br>(hereinafter referred to as National Swimming Centre)   | The same ultimate controlling party                        |
| Beijing Huayu Energy Technology Holdings Co., Ltd. (hereinafter referred to as Beijing Huayu Energy Technology)                                       | The same ultimate controlling party                        |
| Beijing Huimin Traditional Chinese Medicine Children's Hospital Co., Ltd.<br>(hereinafter referred to as Huimin Chinese Medicine Children's Hospital) | The same ultimate controlling party                        |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 3. Information on other related parties of the Group (Continued)

| Name of related parties  | Relations with the Group            |
|--|-------------------------------------|
| Beijing IC Design Park Co., Ltd (hereinafter referred to as BIDP)  | The same ultimate controlling party |
| Beijing QYT Pay Sci-tech Co., Ltd. (hereinafter referred to as QYT Pay)  | The same ultimate controlling party |
| Beijing Petroleum Exchange (hereinafter referred to as Beijing Petroleum Exchange)                                   | The same ultimate controlling party |
| Beijing Urban Drainage Monitoring Station Co., Ltd. (hereinafter referred to as Beijing Drainage Monitoring Station) | The same ultimate controlling party |
| Capnet Company Limited (hereinafter referred to as Capnet)   | The same ultimate controlling party |
| Beijing Crystal Digital Co., Ltd. (hereinafter referred to as Beijing Crystal Digital)                               | The same ultimate controlling party |
| Beijing Culture and Sports Technology Co., Ltd. (hereinafter referred to as Beijing Sports Technology)               | The same ultimate controlling party |
| Beijing Xinlongfu Culture Investment Co., Ltd. (hereinafter referred to as Xinlongfu Culture)                        | The same ultimate controlling party |
| Beijing SME Credit Re-guarantee Co., Ltd. (hereinafter referred to as Beijing SME Credit Re-guarantee)               | The same ultimate controlling party |
| National Sport Stadium Co., Ltd. (hereinafter referred to as National Stadium)                                       | The same ultimate controlling party |
| Capital Healthcare Industry Group Co., Ltd. (hereinafter referred to as the Capital Medical Health Industry)         | The same ultimate controlling party |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 3. Information on other related parties of the Group (Continued)

| Name of related parties   | Relations with the Group            |
|---|-------------------------------------|
| Yingzhi Recovery Investment Management Limited (hereinafter referred to as Yingzhi Recovery Hospital)                               | The same ultimate controlling party |
| Beijing Science Park Development (Group) Co., Ltd. (hereinafter referred to as Beijing Science Development)                         | The same ultimate controlling party |
| Beijing Guorongchuangyin Investment Management Co., Ltd. (hereinafter referred to as Guorong Chuangyin)                             | The same ultimate controlling party |
| Beijing Guotong Asset Management Co., Ltd. (hereinafter referred to as Beijing Guotong)   | The same ultimate controlling party |
| Beijing State-owned Financial Leasing Co., Ltd. (北京國資融資租賃股份有限公司) (hereinafter referred to as Beijing State-owned Financial Leasing) | The same ultimate controlling party |
| Beijing Artists Management Corp., Ltd. (hereinafter referred to as Artists Corporation)   | The same ultimate controlling party |
| Beijing Meiruishan Yanglao Service Company Limited (北京美瑞山養老服務有限公司) (hereinafter referred to as Meiruishan Yanglao)                  | The same ultimate controlling party |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 4. Information on connected transactions

#### (1) Information on connected purchases and sales

##### ① Purchase of goods and receipt of labor service

| Related parties             | Subjects of connected transactions                                 | Amount incurred for the current period (RMB ten thousand) | Amount incurred for the previous period (RMB ten thousand) |
|-----------------------------|--|---|--|
| BJCA and its subsidiaries   | Purchase of network security system and relevant technical service | 180.51  | –  |
| Beijing Guotong             | Purchase of hardware and relevant service                          | 0.24  |  |
| Capital Healthcare Industry | Purchase of hardware and relevant service                          | 0.33  |  |



# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 4. Information on connected transactions (Continued)

#### (1) Information on connected purchases and sales (Continued)

##### ② Sale of goods and provision of labor service

| Related parties                              | Subjects of connected transactions   | Amount incurred for the current period (RMB ten thousand) | Amount incurred for the previous period (RMB ten thousand) |
|--|--|---|--|
| Beijing Urban Drainage Monitoring            | Provision of network system and relevant technical service                         | 2.64  | -  |
| Industrial Development                       | Provision of network system and relevant technical service                         | 5.47  | -  |
| Guotong Assets Company (國通資產公司)              | Provision of network system and relevant technical service                         | 3.55  | -  |
| Guoyuan Sports Culture Investment (國苑體育文化投資) | Provision of network system and relevant technical service                         | 2.56  | -  |
| Beijing Science Development                  | Provision of network system and relevant technical service                         | 4.75  | -  |
| Capnet                                       | Purchase of network security system and relevant operation and maintenance service | 505.50  | 505.50   |
| Beijing Equity Exchange                      | Purchase of network security system and service                                    | 22.70   | -  |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 4. Information on connected transactions (Continued)

#### (1) Information on connected purchases and sales (Continued)

##### ② Sale of goods and provision of labor service (Continued)

| Related parties                 | Subjects of connected transactions   | Amount incurred for the current period (RMB ten thousand) | Amount incurred for the previous period (RMB ten thousand) |
|---------------------------------|--|---|--|
| BJCA and its subsidiaries       | Purchase of network security system and relevant operation and maintenance service | 1.01  | 147.96   |
| BSAM                            | Provision of network system and relevant technical service                         | 123.24  | –  |
| Beijing Huayu Energy Technology | Provision of network system and relevant technical service                         | 5.95  | –  |
| Chenghejing Investment          | Provision of network system and relevant technical service                         | 0.16  | –  |
| National Swimming Centre        | Provision of network system and relevant technical service                         | 2.64  | –  |
| Capital Healthcare Industry     | Provision of network system and relevant technical service                         | 14.93   | –  |
| Aiyuhua Company                 | Purchase of network security system and service                                    | –   | 8.49   |
| BIDP                            | Provision of network system and relevant technical service                         | 2.48  | –  |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 4. Information on connected transactions (Continued)

#### (1) Information on connected purchases and sales (Continued)

#### ② Sale of goods and provision of labor service (Continued)

| Related parties                       | Subjects of connected transactions                         | Amount incurred for the current period (RMB ten thousand) | Amount incurred for the previous period (RMB ten thousand) |
|---------------------------------------|--|---|--|
| Artists Corporation                   | Provision of network system and relevant technical service | 3.65  | -  |
| Beijing State-owned Financial Leasing | Provision of network system and relevant technical service | 7.89  | -  |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 4. Information on connected transactions (Continued)

#### (2) Other connected transactions

##### A. Leasing

| Lessor            | Subjects of connected transactions | Method of pricing and procedure for decision-making in respect of connected transactions | Amount incurring for the current period<br>(RMB ten thousand) | Amount incurred for the previous period<br>(RMB ten thousand) |
|-------------------|------------------------------------|--|---|---|
| BIDP              | Leasing of office                  | Based on prevailing market price   | 384.24  | 581.48  |
| Xinlongfu Culture | Leasing of office                  | Based on prevailing market price   | 544.95  | –   |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 4. Information on connected transactions (Continued)

#### (2) Other connected transactions (Continued)

##### B. Joint research and development

On 28 July 2017, the Company entered into a project cooperation agreement with BJCA, Anxintianxing and six other independent third parties. The Company agreed that BJCA shall act as the leading party while the Company, Anxintianxing and other six independent third parties as the participants, to jointly cooperate on the project of "key technology for service certification and certification based on domestic cryptographic algorithms". The project will complete the research and development of five topics, among which the Company will participate in the research and development of three under the cooperation project. This project received a total of RMB21,860,000.00 from the central government budget, and the self-raised research funding of RMB10,000,000.00 from BJCA, RMB12,000,000 from the Company and RMB1,000,000.00 from one of the independent project participants and RMB2,000,000.00 from Anxintianxing. During the implementation of the project, all parties shall take timely measures of intellectual property protection in regard to scientific and technological achievements, and shall determine their ownership in accordance with the relevant provisions of the National Science and Technology Plan for Intellectual Property

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 4. Information on connected transactions (Continued)

#### (2) Other connected transactions (Continued)

##### B. Joint research and development (Continued)

Management. Regardless of the exclusive or shared intellectual property rights, the parties to the project shall have priority in the assignment under the same conditions. During the Reporting Period, a grant of RMB0 was received (an amount of RMB500,000.00 for January to June 2018).

#### (3) Compensation of key management personnel

The short-term benefits paid or payable by the Group to the Directors of the Company and other key management personnel for the six months ended 30 June 2019 are approximately RMB1,991,751.40 (for the six months ended 30 June 2018: approximately RMB1,688,740.08).

The retirement benefits paid or payable by the Group to the Directors of the Company and other key management personnel for the six months ended 30 June 2019 are approximately RMB172,726.56 (for the six months ended 30 June 2018: approximately RMB158,127.12).

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 4. Information on connected transactions (Continued)

- (4) Loans to directors, legal entities controlled by these directors or entities connected to these directors

As at 30 June 2019, the Company did not provide loans to directors, legal entities controlled by these directors, or entities connected to such directors (As at 30 June 2018: 0).

### 5. Amounts receivable from and payable to related parties

- (1) Amounts receivable from related parties

| Names of subjects   | Related parties                              | Closing amount         |                         | Opening amount         |                          |
|---------------------|--|------------------------|-------------------------|------------------------|--------------------------|
|                     |  | Balance in the account | Provision for bad debts | Balance in the account | Provision of Avbad debts |
| Accounts receivable | BSAM   | 1,139,642.45           | 11,396.42               | 228,000.00             | 2,280.00                 |
| Accounts receivable | Beijing Urban Drainage Monitoring            | -                      | -                       | 39,312.00              | 393.12                   |
| Accounts receivable | Chenghejing Investment                       | 543,912.60             | 271,956.30              | 543,912.60             | 135,978.15               |
| Accounts receivable | National Swimming Centre                     | 87,950.00              | 6,275.00                | 59,950.00              | 599.50                   |
| Accounts receivable | Guotong Assets Company (國通資產公司)              | 10,328.40              | 1,032.84                | 70,278.40              | 10,927.90                |
| Accounts receivable | Guoyuan Sports Culture Investment (國苑體育文化投資) | 19,656.00              | 1,965.60                | 40,848.79              | 408.49                   |
| Accounts receivable | BIDP   | -                      | -                       | 59,950.00              | 599.50                   |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 5. Amounts receivable from and payable to related parties (Continued)

#### (1) Amounts receivable from related parties (Continued)

| Names of subjects   | Related parties                          | Closing amount         |                         | Opening amount         |                          |
|---------------------|--|------------------------|-------------------------|------------------------|--------------------------|
|                     |  | Balance in the account | Provision for bad debts | Balance in the account | Provision of Avbad debts |
| Accounts receivable | Financial Assets Exchange<br>(金融資產交易所)   | 67,500.00              | 67,500.00               | 67,500.00              | 67,500.00                |
| Accounts receivable | Capital Healthcare Industry              | 59,950.00              | 5,995.00                | 104,750.00             | 1,047.50                 |
| Accounts receivable | Aiyuhua Company                          | -                      | -                       | 8,893,389.16           | 4,064,475.50             |
| Accounts receivable | Capnet                                   | 5,233,333.00           | 335,833.33              | 11,300,000.00          | 349,250.00               |
| Accounts receivable | Industrial Development                   | 12,843.60              | 12,843.60               | 12,843.60              | 12,843.60                |
| Accounts receivable | BJCA and its subsidiaries                | 729,346.00             | 72,934.60               | 729,346.00             | 7,293.46                 |
| Accounts receivable | Beijing State-owned<br>Financial Leasing | 88,800.00              | 888.00                  | -                      | -                        |
| Accounts receivable | Beijing Equity Exchange                  | 46,150.00              | 461.50                  | -                      | -                        |
| Accounts receivable | Anxintianxing                            | -                      | -                       | 729,346.00             | 7,293.46                 |
| Accounts receivable | Chenghejing Investment                   | -                      | -                       | -                      | -                        |
| Accounts receivable | QYT Pay                                  | 113,850.00             | 56,925.00               | 113,850.00             | 28,462.50                |
| Accounts receivable | Beijing Science<br>Development           | 50,400.00              | 504.00                  | -                      | -                        |
| Contractual assets  | Beijing Huayu Energy<br>Technology       | 66,462.00              | 6,646.20                | 633.96                 | 6.34                     |
| Other receivables   | Capnet                                   | 4,433,314.29           | -                       | 9,462,767.69           | -                        |
| Other receivables   | Culture and Sports                       | 190,178.06             | -                       | 190,780.86             | -                        |



# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 5. Amounts receivable from and payable to related parties (Continued)

#### (1) Amounts receivable from related parties (Continued)

| Names of subjects                                    | Related parties                       | Closing amount         |                         | Opening amount         |                          |
|--|---------------------------------------|------------------------|-------------------------|------------------------|--------------------------|
|  |                                       | Balance in the account | Provision for bad debts | Balance in the account | Provision of Avbad debts |
| Other receivables                                    | Xinlongfu Property<br>(新隆福物業)         | -                      | -                       | 300,000.00             | -                        |
| Other receivables                                    | Xinlongfu Investments<br>(新隆福投資)      | -                      | -                       | 4,512,039.00           | -                        |
| Other receivables                                    | Beijing Sports Technology<br>(北京體育科技) | 602.80                 | -                       | -                      | -                        |
| Other receivables                                    | BSAM                                  | 100,000.00             | -                       | 100,000.00             | -                        |
| Other receivables                                    | BIDP                                  | 1,249,327.00           | -                       | 532,080.00             | -                        |
| Amount paid in advance BJCA and its subsidiaries     |                                       | 11,535,324.00          | -                       | 11,435,604.00          | -                        |
| Amount paid in advance Xinlongfu Property<br>(新隆福物業) |                                       | 136,957.54             | -                       | 136,957.54             | -                        |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 5. Amounts receivable from and payable to related parties (Continued)

#### (2) Amounts payable to related parties

| Names of Items          | Related parties  | Closing amount | Opening amount |
|-------------------------|--|----------------|----------------|
| Amount payables         | BJCA and its subsidiaries                              | 1,393,340.00   | 4,323,330.00   |
| Amount payables         | BIDP   | 695,865.55     | 695,865.55     |
| Amount payables         | Capnet   | 202,559.09     | 202,559.09     |
| Amount payables         | Software and Information Service Exchange (軟件和信息服務交易所) | 24,000.00      | 24,000.00      |
| Amount payables         | Crystal Digital Image Company                          | -              | 210,000.00     |
| Other payables          | Science Park Construction Company (科技園建設公司)            | 84,000.00      | 84,000.00      |
| Other payables          | Culture and Sports                                     | 2,240.00       | 2,240.00       |
| Other payables          | Capnet   | 2,150.15       | 2,150.15       |
| Other payables          | BSAM   | 12,000,000.00  | 12,000,000.00  |
| Contractual liabilities | Beiao Group (北奧集團)                                     | 22,641.51      | 22,641.51      |
| Contractual liabilities | Beijing Equity Exchange                                | 16,894.81      | 163,687.26     |
| Contractual liabilities | Beijing Huayu Energy Technology                        | 10,566.04      | 10,566.04      |
| Contractual liabilities | Beijing Urban Drainage Monitoring                      | 12,603.78      | 12,603.78      |
| Contractual liabilities | Artists Corporation                                    | 24,337.74      | 16,035.85      |
| Contractual liabilities | Beijing Crystal Digital                                | 9,243.40       | 9,243.40       |
| Contractual liabilities | Beijing SME Credit Re-guarantee                        | 51,603.78      | 51,603.78      |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

### 5. Amounts receivable from and payable to related parties (Continued)

#### (2) Amounts payable to related parties (Continued)

| Names of Items          | Related parties  | Closing amount | Opening amount |
|-------------------------|--|----------------|----------------|
| Contractual liabilities | Chenghe JingYangLao (誠和敬養老)  | 39,009.44      | 39,009.44      |
| Contractual liabilities | Chenghejing Elderly Caring   | 14,528.30      | 14,528.30      |
| Contractual liabilities | Industrial Development   | 27,185.85      | 28,301.89      |
| Contractual liabilities | National Swimming Centre   | 3,622.64       | 3,622.64       |
| Contractual liabilities | Guotong Assets Company<br>(國通資產公司)                                       | 13,771.70      | 4,528.30       |
| Contractual liabilities | BIDP   | 18,762.26      | 18,762.26      |
| Contractual liabilities | Science Park Construction Company<br>(科技園建設公司)                           | 16,894.81      | 71,585.38      |
| Contractual liabilities | QYT Pay  | -              | 105,188.68     |
| Contractual liabilities | Capital Healthcare Industry  | 159,749.44     | 253,694.62     |
| Contractual liabilities | Xinlongfu Culture  | 10,206.13      | 36,320.75      |
| Contractual liabilities | Capnet   | 405,660.38     | -              |
| Contractual liabilities | BSAM   | 1,273,693.31   | -              |
| Contractual liabilities | Beijing Science Development  | 54,690.57      | -              |
| Contractual liabilities | Beijing Meiruishan Yanglao Service<br>Company Limited<br>(北京美瑞山養老服務有限公司) | 37,059.02      | -              |

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VII. COMMITMENTS AND CONTINGENCIES

### 1. Principal commitments

#### (1) Capital commitments

| Capital commitments<br>contracted but not yet<br>confirmed in the financial<br>statements | End of<br>the period | Beginning of<br>the period |
|---|----------------------|----------------------------|
| Commitment to acquisition<br>and construction of<br>long-term assets                      |                      |                            |
| – Contracted but not<br>executed  | 11,272,781.72        | 7,964,421.00               |
| – Authorized but not<br>contracted  | 78,091,681.85        | 56,758,495.79              |
| <b>Total</b>  | <b>89,364,463.57</b> | <b>64,722,916.79</b>       |

#### (2) Other commitments

As of 30 June 2019, the Group had no other discloseable commitments.

### 2. Contingencies

As of 30 June 2019, the Group has no pending lawsuits, external guarantees and other contingencies that should be disclosed.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## VIII. 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 Ritoinifo, 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 Ritoinifo, 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 Ritoinifo, including Xiamen Ruitailong, on 21 July 2014.

As of 26 August 2019, the Group did not have other discloseable post-balance sheet date events.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## IX. OTHER SIGNIFICANT EVENTS

### 1. 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.

### 2. Progress of the case

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.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## X. SUPPLEMENTARY INFORMATION

### 1. Earnings per share

| Items  | Amount for<br>current period | Amount for<br>last period |
|--|------------------------------|---------------------------|
| Consolidated net profit<br>attributable to ordinary<br>shareholders of the Company | 33,383,464.30                | 25,077,164.31             |
| Weighted average number of<br>ordinary shares outstanding of<br>the Company        | 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: As of 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 ordinary shares during the period.

# Notes to the Interim Financial Statements

For January to June 2019 (All amounts in RMB unless otherwise stated)

## X. SUPPLEMENTARY INFORMATION (CONTINUED)

### 2. Dividends

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 2018 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).

Capinfo Company Limited

26 August 2019



## DEFINITION

| Abbreviation                     | Full Name  |
|----------------------------------|--|
| Group                            | the Company and its subsidiaries   |
| Capinfo/the Company              | Capinfo Company Limited  |
| Capinfo Hong Kong                | Capinfo (Hong Kong) Co., Ltd.  |
| Capinfo Technology               | Capinfo Technology Development Co., Ltd.   |
| Rito Info                        | Xiamen Rito Info Technology Co. Ltd.   |
| BST                              | Beijing Culture & Sports Technology Co., Ltd.  |
| BJCA                             | Beijing Certificate Authority Co., Ltd.  |
| Beijing Anxintianxing            | Beijing Anxintianxing Science. Co., Ltd.*<br>(北京安信天行科技有限公司)                              |
| BSAM                             | Beijing State-owned Assets Management Co., Ltd.  |
| Capnet                           | Capnet Company Limited   |
| BIDP                             | Beijing IC Design Park Co., Ltd.   |
| Hong Kong Registrars             | Hong Kong Registrars Limited   |
| CSDCC                            | China Securities Depository and Clearing Corporation Limited                             |
| Grant Thornton                   | Grant Thornton LLP (special general partnership)   |
| Companies Law                    | the Companies Law of the People's Republic of China                                      |
| Articles of Association          | the Articles of Association of Capinfo Company Limited                                   |
| Listing Rules                    | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| Securities and Futures Ordinance | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)                 |
| Stock Exchange                   | the Stock Exchange of Hong Kong Limited  |
| IND                              | the independent non-executive directors  |
| Reporting Period                 | the period 1 January 2019 to 30 June 2019  |



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