

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



**CAPINFO COMPANY LIMITED\***

**首都信息發展股份有限公司**

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

**(Stock Code: 1075)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**FINANCIAL SUMMARY OF THE GROUP**

- Revenue increased by 1.81% to RMB420.73 million was recognized during the current interim period.
- Profit attributable to owners of the Company decreased by 13.08% to RMB29.02 million. The decrease was mainly attributable to a decrease of RMB10.78 million in investment gain as compared with the same period of last year as a result of loss of associates. Excluding the impact of associates, profit attributable to owners of the Company amounted to approximately RMB33.07 million, representing a year-on-year increase of 24.04%.
- Basic earnings per share was RMB1.00 cents.
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (same period of 2019: Nil).

The board of directors (the “**Board**”) of Capinfo Company Limited (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2020.

\* For identification purpose only

# CONSOLIDATED BALANCE SHEET

30 June 2020

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	30 June 2020	31 December 2019
Current assets:			
Monetary fund		636,256,493.81	875,733,125.24
Held-for-trading financial assets		240,000,000.00	–
Accounts receivables	6	295,384,214.87	295,511,738.33
Prepayments		86,454,734.67	69,113,538.77
Other receivables		94,774,549.15	94,224,901.82
Inventories		421,490,197.23	327,227,019.14
Contractual assets	7	57,984,911.06	67,252,630.51
Other current assets		<u>11,114,214.17</u>	<u>6,436,835.24</u>
<b>Total current assets</b>		<b><u>1,843,459,314.96</u></b>	<b><u>1,735,499,789.05</u></b>
Non-current assets:			
Long-term equity investments		175,141,407.00	183,915,796.12
Other equity instruments investment		97,362.87	97,362.87
Other non-current financial assets		2,000,000.00	2,000,000.00
Investment properties		32,076,110.18	33,962,940.20
Fixed assets		67,727,349.32	74,466,214.01
Right-of-use assets		48,717,198.31	61,799,277.72
Intangible assets		13,386,217.78	19,047,230.32
Development expenditure		12,037,403.95	6,940,486.60
Goodwill		121,752,359.52	121,752,359.52
Long-term deferred expenses		20,866,346.79	24,410,974.86
Deferred income tax assets		<u>52,867,575.50</u>	<u>50,688,989.63</u>
<b>Total non-current assets</b>		<b><u>546,669,331.22</u></b>	<b><u>579,081,631.85</u></b>
<b>Total assets</b>		<b><u>2,390,128,646.18</u></b>	<b><u>2,314,581,420.90</u></b>

<b>Items</b>	<i>Notes</i>	<b>30 June 2020</b>	31 December 2019
Current Liabilities:			
Accounts payables	8	<b>135,266,035.45</b>	198,578,272.64
Contractual liabilities	9	<b>605,801,463.35</b>	465,215,366.56
Employee benefits payable		<b>36,713,484.16</b>	69,748,156.03
Taxes payable		<b>30,590,786.69</b>	42,192,125.90
Other payables		<b>342,999,698.81</b>	263,666,806.55
Incl: Interest payables		–	–
Dividend payables		<b>57,382,104.60</b>	–
Non-current liabilities due within one year		<b><u>68,561,157.59</u></b>	<u>72,077,690.46</u>
<b>Total current liabilities</b>		<b><u>1,219,932,626.05</u></b>	<u>1,111,478,418.14</u>
Non-current liabilities:			
Lease liabilities		<b>32,787,145.28</b>	39,286,340.49
Deferred income		<b>9,915,466.56</b>	8,745,466.56
Deferred income tax liabilities		<b><u>5,432,002.44</u></b>	<u>6,675,273.19</u>
<b>Total non-current liabilities</b>		<b><u>48,134,614.28</u></b>	<u>54,707,080.24</u>
<b>Total liabilities</b>		<b><u>1,268,067,240.33</u></b>	<u>1,166,185,498.38</u>
Shareholders' equity:			
Share capital		<b>289,808,609.10</b>	289,808,609.10
Capital reserves		<b>293,275,785.92</b>	293,275,785.92
Other comprehensive income		<b>-8,345,803.99</b>	-8,345,803.99
Surplus reserves		<b>99,672,109.66</b>	99,672,109.66
Unallocated profits	10	<b>402,863,365.87</b>	431,229,319.27
Total equity attributable to owners of the parent		<b>1,077,274,066.56</b>	1,105,640,019.96
Minority interests		<b><u>44,787,339.29</u></b>	<u>42,755,902.56</u>
<b>Total shareholders' equity</b>		<b><u>1,122,061,405.85</u></b>	<u>1,148,395,922.52</u>
<b>Total liabilities and shareholders' equity</b>		<b><u>2,390,128,646.18</u></b>	<u>2,314,581,420.90</u>

## CONSOLIDATED INCOME STATEMENT

January-June 2020

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	Amount for current period	Amount for last period
<b>I. Total operating income</b>	11	<b>420,727,978.28</b>	413,251,783.14
Less: Operating costs	11	<b>255,473,232.76</b>	250,711,500.79
Business tax and surcharges		<b>2,833,535.36</b>	1,673,068.61
Selling expenses		<b>49,187,978.81</b>	46,205,075.97
Administrative expenses		<b>31,292,922.36</b>	29,262,642.36
R&D expenses		<b>25,601,082.24</b>	23,307,025.94
Financial expenses		<b>-4,613,673.59</b>	-129,136.08
Incl: Interest expenses		<b>1,367,678.35</b>	1,919,155.16
Interest income		<b>5,067,181.69</b>	1,990,927.81
Add: Other income		<b>728,093.52</b>	609,478.04
Investment gain (loss is marked by “-”)		<b>-736,379.05</b>	10,667,218.37
Incl: Gain from investment in associates and joint ventures		<b>-4,051,996.02</b>	6,724,718.37
Impairment losses of credit (loss is marked by “-”)		<b>-22,520,208.00</b>	-31,083,697.98
Gain from disposal of assets (loss is marked by “-”)		<b>-</b>	906.62
<b>II. Operating profit (loss is marked by “-”)</b>		<b>38,424,406.81</b>	42,415,510.60
Add: Non-operating income		<b>816,630.63</b>	7,000.07
Less: Non-operating expenses		<b>1,079,361.23</b>	1,285,674.15
<b>III. Total profit (total loss is marked by “-”)</b>		<b>38,161,676.21</b>	41,136,836.52
Less: Income tax expenses	12	<b>7,114,088.28</b>	6,170,403.95
<b>IV. Net profit (net loss is marked by “-”)</b>		<b>31,047,587.93</b>	34,966,432.57
(I) Items classified by attribution of ownership			
1. Net profit attributable to owners of the parent		<b>29,016,151.20</b>	33,383,464.30
2. Minority interests		<b>2,031,436.73</b>	1,582,968.27
(II) Items classified by continued operations:			
1. Net profit from continued operations (net loss is marked by “-”)		<b>31,047,587.93</b>	34,966,432.57
2. Net profit from discontinued operation (net loss is marked by “-”)			

Items	<i>Notes</i>	Amount for current period	Amount for last period
<b>V. Other comprehensive income after taxation, net</b>		-	-468,642.20
Other comprehensive income after taxation attributable to the owners of parent		-	-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		-	-
<b>VI. Total comprehensive income</b>		<b>31,047,587.93</b>	34,497,790.37
Total comprehensive income attributable to the owners of parent		<b>29,016,151.20</b>	32,914,822.10
Total comprehensive income attributable to the minority shareholders		<b>2,031,436.73</b>	1,582,968.27
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share	<i>13</i>	<b>0.0100</b>	0.0115
(II) Diluted earnings per share	<i>13</i>	<b>0.0100</b>	0.0115

## 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 nine branches namely Guangzhou Branch, Chongqing Branch, Yanqing Branch, Xiongan Branch and Shunyi Branch and Shanghai Branch, Tongzhou Branch, Daxing Branch and Hubei Branch.

The Company and its subsidiaries (hereinafter referred to as the “Group”) belong to software industry and are principally engaged in online application service and system integration.

During the period, there are aggregately 7 accounting units consolidated into financial statements, including the Company, Capinfo (Hong Kong) Co., Ltd (hereinafter referred to as “Capinfo Hong Kong”), Capinfo Technology Development Co., Ltd (hereinafter referred to as “Capinfo Technology”), Beijing Parking Management Centre Co., Ltd (hereinafter referred to as “Parking Management”), Xiamen Rito Info Technology Co. Ltd (hereinafter referred to as “Rito Info”), Capinfo Medical United Information Technology Company Limited\* (hereinafter referred to as “Capinfo Medical United”) 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 end of last year.

## 2. PREPARATION BASIS FOR FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

The consolidated financial statements as of 30 June 2020 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 2019.

#### (2) Changes in Accounting Estimates

Nil.

### 4. SEGMENT REPORTING

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

### 5. TAX

#### (1) Main taxes and tax rates

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

  

<b>Name of Taxpayer</b>	<b>Income Tax Rate %</b>
The Company	10
Capinfo Hong Kong	-
Capinfo Technology	15
Parking Management	20
Rito Info	15
Capinfo Medical United	20
Capinfo Cloud Technology	25

## (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 provided by Rito Info, a subsidiary of the Company, are exempt from value-added tax upon recognition by the Municipal Competent Department of Science & Technology and reported to the Competent State Administration of Taxation for file.

### ② *Corporate income tax*

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

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

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

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



## 6. ACCOUNTS RECEIVABLES

### (1) Accounts 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	135,343,574.21	30.1
6 months – 1 year	130,429,671.17	29.01
1 – 2 years	35,102,815.35	7.81
2 – 3 years	74,766,415.16	16.63
Over 3 years	73,942,460.04	16.45
<b>Total original value</b>	<b><u>449,584,935.93</u></b>	<b><u>100.00</u></b>
<b>Less: Bad debts provisions</b>	<b><u>154,200,721.06</u></b>	
<b>Total net value</b>	<b><u>295,384,214.87</u></b>	

Age	Beginning of the period	
	Amount	Percentage%
0 – 6 months	212,876,454.57	49.87
6 months – 1 year	26,319,512.77	6.16
1 – 2 years	74,184,563.71	17.38
2 – 3 years	39,553,195.46	9.27
Over 3 years	73,931,963.56	17.32
<b>Total original value</b>	<b><u>426,865,690.07</u></b>	<b><u>100.00</u></b>
<b>Less: Bad debts provisions</b>	<b><u>131,353,951.74</u></b>	
<b>Total net value</b>	<b><u>295,511,738.33</u></b>	

## 7. CONTRACTUAL ASSETS

Items	End of the period	Beginning of the period
Contractual assets	59,630,280.94	69,224,561.71
Less: Provisions for the impairment of contractual assets	<u>1,645,369.88</u>	<u>1,971,931.20</u>
<b>Subtotal</b>	<b>57,984,911.06</b>	<b>67,252,630.51</b>
Less: Contractual assets presented under other non-current assets	<u>—</u>	<u>—</u>
<b>Total</b>	<b><u>57,984,911.06</u></b>	<b><u>67,252,630.51</u></b>

## 8. ACCOUNTS PAYABLES

### (1) Accounts payables disclosed by types

Items	End of the period	Beginning of the period
Loans	<u>135,266,035.45</u>	<u>198,578,272.64</u>

### (2) Accounts payables disclosed by aging

Items	End of the period	Beginning of the period
Within 1 year	60,786,757.81	137,334,692.24
1 – 2 years	25,951,595.10	40,472,735.69
2 – 3 years	29,158,305.18	8,220,792.32
Over 3 years	<u>19,369,377.36</u>	<u>12,550,052.39</u>
<b>Total</b>	<b><u>135,266,035.45</u></b>	<b><u>198,578,272.64</u></b>

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

## 9. CONTRACTUAL LIABILITIES

Items	End of the period	Beginning of the period
Project receipt	<u>605,801,463.35</u>	<u>465,215,366.56</u>

Note: Contractual liabilities at the beginning of the year of 2020 was RMB465,215,366.56, of which, RMB175,393,171.53 were recognised in January to June 2020.

## 10. UNALLOCATED PROFITS

Items	Amount
Unallocated profits at the end of last period before adjustment	431,229,319.27
Total amount of adjustment for unallocated profits at the beginning of period (“+” for plus; “-“for less)	
Unallocated profits at the beginning of period after adjustment	431,229,319.27
Add: Net profit attributable to shareholders during the period	29,016,151.20
Less: Withdrawal of statutory surplus reserves	
Withdrawal of discretionary surplus reserve	
Withdrawal of general risk reserves	
Dividend payable on ordinary shares	57,382,104.60
Dividends payable to other equity holders	
Ordinary shares dividends transferred to share capital	
Unallocated profits at the end of period	402,863,365.87

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.

## 11. OPERATING INCOME AND OPERATING COST

Items	Amount for current period		Amount for last period	
	Income	Cost	Income	Cost
Main businesses	413,239,821.06	253,297,198.53	405,667,489.38	250,392,141.68
Other business	7,488,157.22	2,176,034.23	7,584,293.76	319,359.11
Total	<u>420,727,978.28</u>	<u>255,473,232.76</u>	<u>413,251,783.14</u>	<u>250,711,500.79</u>

### (1) Main businesses (sub-businesses)

Name of business	Amount for current period		Amount for last period	
	Operating income	Operating cost	Operating income	Operating cost
Software development and service	179,568,719.47	99,403,720.98	140,455,127.04	76,785,339.43
System integration	97,121,746.04	70,775,582.80	126,410,312.21	89,223,220.20
Data processing service	130,372,407.73	80,229,878.72	132,046,776.34	81,162,323.84
Information professional service	6,176,947.82	2,888,016.03	6,755,273.79	3,221,258.21
Total	<u>413,239,821.06</u>	<u>253,297,198.53</u>	<u>405,667,489.38</u>	<u>250,392,141.68</u>

(2) Other businesses (sub-businesses)

Name of business	Amount for current period		Amount for last period	
	Operating income	Operating cost	Operating income	Operating cost
Rental from investment property	7,488,157.22	2,176,034.23	7,395,614.52	223,024.49
Subject fund project	<u>-</u>	<u>-</u>	<u>188,679.24</u>	<u>96,334.62</u>
<b>Total</b>	<b><u>7,488,157.22</u></b>	<b><u>2,176,034.23</u></b>	<b><u>7,584,293.76</u></b>	<b><u>319,359.11</u></b>

(3) Timing of revenue recognition

Revenue recognition method	January – June 2020
At a certain point of time	103,058,637.64
Over a period of time	<u>310,181,183.42</u>
<b>Total</b>	<b><u>413,239,821.06</u></b>

12. INCOME TAX EXPENSE

(1) Breakdown of income tax expense

Items	Amount for current period	Amount for last period
Current income tax calculated in accordance with the tax law and relevant provisions	8,961,063.15	9,841,796.99
Deferred income tax expense	<u>-1,846,974.87</u>	<u>-3,671,393.04</u>
<b>Total</b>	<b><u>7,114,088.28</u></b>	<b><u>6,170,403.95</u></b>

### 13. EARNINGS PER SHARE

Items	Amount for current period	Amount for last period
Consolidated net profit attributable to ordinary shareholders of the Company	29,016,151.20	33,383,464.30
Weighted average number of ordinary shares outstanding	<u>2,898,086,091</u>	<u>2,898,086,091</u>
Basic earnings per share	<u>0.0100</u>	<u>0.0115</u>
Diluted earnings per share	<u>0.0100</u>	<u>0.0115</u>

Note: As of 30 June 2020 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.

### 14. DIVIDEND

The Company approved a final dividend of RMB1.98 cents per share for the year ended 31 December 2019 (before tax) at the annual general meeting convened on 19 June 2020. Final dividend for 2019 approved during the year amounted to RMB57,382,104.60 (final dividend for 2018 approved during 2019: RMB0.97 cents per share (before tax), totaling RMB28,111,435.08).

### 15. OTHER IMPORTANT MATTERS

The Company suspected that the former shareholders of an acquired company had committed contract fraud. In order to protect the interest of the Company's shareholders, the Company reported the case to the Haidian Branch of the Beijing Public Security Bureau on 5 June 2018. On 6 August 2018, the Company received the Case Filing Notice issued by the Haidian Branch of the Beijing Public Security Bureau. On 24 August 2018, an announcement was published by the Company in this regard. As of the date of approval of the report, the case is still under investigation.

The Company 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 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 19 July 2019, an announcement was published by the Company in this regard. As of the date of approval of the report, the Intermediate People's Court of Xiamen City, Fujian Province (福建省廈門市中級人民法院) rejected the lawsuit brought by Xiamen Ruitailong on 26 March 2020. Xiamen Ruitailong refused to accept the first-instance ruling of the Intermediate People's Court of Xiamen City (廈門市中級人民法院) and appealed to the Fujian Provincial People's High Court (福建省高級人民法院) on 17 April 2020. Currently, the case has entered the second-instance stage of the Fujian Provincial People's High Court (福建省高級人民法院). The case is still ongoing.

On the ground of suspected contract fraud by the former shareholders of Xiamen Ritoinfo, in order to protect the interest of the Company and its shareholders, a legal proceeding had been instituted by the Company to, and was accepted by, Beijing No. 1 Intermediate People's Court, regarding the request for the revocation of the Share Transfer Agreement entered into between the Company and the former shareholders of Xiamen Ritoinfo, on 21 July 2014. On 23 August 2019, an announcement was published by the Company in this regard. As the defendant brought a jurisdiction objection, the Beijing First Intermediate People's Court (北京市第一中級人民法院) issued the (2019) Jing 01 Min Chu No. 341 Civil Ruling after the trial, ruling that the case was transferred to the Intermediate People's Court of Xiamen City, Fujian Province (福建省廈門市中級人民法院). In response to the ruling, the Company has filed an appeal to the Beijing People's High Court (北京市高級人民法院). As of the date of approval of the financial statements, the session for the second instance trial has not been heard.

The Company received several summonses and notices of participation to action issued by the People's Court of Siming District, Xiamen City, Fujian Province (福建省廈門市思明區人民法院) and People's Court of Huli District, Xiamen City, Fujian Province (福建省廈門市湖里區人民法院), respectively, stating that several former natural person shareholders of Rito Company (hereinafter referred to as the "Parties") instituted proceedings to the People's Court individually, requesting the People's Court to order (i) the Share Transfer Agreement entered into between the Company and former shareholders of Rito Company on 21 July 2014 continued to be performed; (ii) the Company to pay the Parties the consideration for the share transfer of approximately RMB22,201,510.82 in total and (iii) 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 and same type commencing from 1 September 2017 (50% of the aforementioned consideration for the share transfer), 1 September 2018 (50% of the aforementioned consideration for the share transfer), respectively, and up to the date of full settlement, and the case acceptance fee. On 25 October 2019, an announcement was published by the Company in this regard. On 29 April 2020, the Company announced that: The details of the legal proceeding at the People's Court of Siming District mentioned in the announcement dated 25 October 2019 are as follows: The People's Court of Siming District, at first instance, rejected the lawsuit brought by all the natural person shareholders and transferred such case to the public security authority for investigation. The natural person shareholders refused to accept the first-instance civil ruling and appealed to the Intermediate People's Court of Xiamen City, Fujian Province (福建省廈門市中級人民法院), which, at the second instance, ruled that the appeal lodged by the natural person shareholders be dismissed and the original ruling be upheld. The details of the legal proceeding at the People's Court of Huli District mentioned in the announcement dated 25 October 2019 are as follows: The natural person shareholders applied to the People's Court of Huli District for withdrawal of the lawsuit and the court ruled that the lawsuit be withdrawn.

## **BUSINESS REVIEW**

In first half of 2020, the novel coronavirus pneumonia epidemic impacted on domestic economic and social development. Under the strong leadership of the Party Central Committee with comrade Xi Jinping at the core, the whole country tided over the hardship and made concerted efforts to fight against the epidemic. Significant strategic achievements have been made in epidemic prevention and control. The Group fully fulfilled the social responsibilities of a state-owned enterprise and focused on both business development and epidemic prevention and control. In the past six months, Beijing e-governance system, urban sub-center information infrastructure, government cloud, medical insurance system, provident fund system and other key systems all maintained stable operation. The Group also promoted the orderly development of the “three platforms and five business sectors”, and contributed to the epidemic prevention and control work of the capital.

For the six months ended 30 June 2020, the Group recorded an operating revenue of RMB420.73 million, representing an increase of 1.81% as compared with the same period of last year; and profit attributable to owners of the Company of RMB29.02 million, representing a decrease of 13.08% as compared with the same period of last year. The decrease was mainly attributable to a decrease of RMB10.78 million in investment gain as compared with the same period of last year as a result of loss of associates. Excluding the impact of associates, profit attributable to owners of the Company amounted to approximately RMB33.07 million, representing a year-on-year increase of 24.04%.

### **Smart Infrastructure**

During the Reporting Period, the “three platforms” played a supporting role. Big data platform is taking shape. In cooperation with Alibaba Cloud, the Group won the bid for the city brain pilot project of Beijing. Big data technology begun to take effect, and was applied to medical insurance system, government affairs system, 12345 hotline and smart venue projects. The network platform operated stably, with an availability of 99.9%. Construction of base stations in the main urban area of the Internet of Things data network of government affairs (1.4GHz broadband cluster dedicated network) was completed. The cloud platform provided services for hundreds of government agencies and systems. During the period of “Two Sessions”, and the number of visits to the cloud platform reached 3.875 billion times. The platform operated in a safe and stable manner.

## **Smart Government Affair Service**

The network and video conferencing system and weak current system applied in the city sub-center information and weak current infrastructure operated smoothly. The “Urban Sub-center Staff Dormitory Management Information System” was developed and put into use for the management of dormitory of cadres and employees. Intensification of Beijing municipal government websites, upgrade and renovation of point system for household, and final inspection of the government service center hall of Shunyi District were completed. Beijing municipal service flagship store of the national government service platform was revised and launched. The Group also continued to expand markets outside Beijing and won the bid for the construction project of Hebei provincial government affairs management service platform and the top-level design of the third-phase framework of new smart city of Tangshan, and successfully completed the checkup and provided protection for national civil servants data collection for 2020.

## **Smart City Management**

The Group continued to provide technical services for the Winter Olympics and won the bid for the 2020-2022 email service project of the Winter Olympics Organizing Committee. The Group also passed the expert review of the smart venue design of the National Speed Skating Hall and commenced the construction of intelligent security system of underground parking garage on the west side of National Speed Skating Hall. Networking and connection of the “Sharp Eyes” project in Changping with the data platform of Ministry of Public Security was completed. Preliminary inspection of the “Sharp Eyes” project in Yanqing and the police project of security video of Dongcheng District Public Security Bureau were completed. Construction and launch of macroeconomic big data application platform in Xicheng District were also completed.

## **Smart Medical and Health Service**

The medical insurance and social insurance card systems operated stably and supported 24 million insurance participants for immediate settlement for medical treatment. The medical insurance system underwent a series of upgrades and transformations to provide technical support for five major reforms, including the combination of maternity insurance and basic medical insurance, price adjustment for pilot medicine of the new round of volume-based purchase, direct settlement of cross-provincial medical treatment in Beijing-Tianjin-Hebei, the inclusion of military personnel and immediate settlement by card in the medical insurance system, and internet hospital medical insurance settlement.



## **Smart Livelihood Service**

Service was provided for the operation of Beijing municipal provident fund comprehensive information system for 2020. The mobile terminal of housing provident fund of Guangzhou went online for trial operation. The Group won the bids for connection of provident fund service and bank in Baise, Nanning, Beihai in Guangxi, Guangzhou, Jiangmen, Qingyuan, Shaoguan in Guangdong and other places. In accordance with the requirements of the Ministry of Housing and Urban-Rural Development, Ministry of Finance, and People's Bank of China on Properly Responding to the Novel Coronavirus Pneumonia Epidemic and Implementing Phased Support Policies for Housing Provident Funds, the Group actively cooperated with provident fund centers in various regions to adjust the provident fund system under contract to add functions including the reduction of ratio, postponement and suspension of loan payment of provident fund lenders for the reason of the epidemic.

## **Smart Enterprise Innovation**

The Group won the bid for the DICT project of medical insurance of China Mobile. In cooperation with Beijing Mobile, the Group won the bid for the 5G smart platform software development project for the reconstruction of the commercial street of Gucheng South Road, Shijingshan. Tobacco and corporate fund management business lines have advanced steadily.

## **Product Research and Development**

During the Reporting Period, the Group continued to promote the application of the unified development platform, Capinfo EA, strengthen the research and development of core technologies, and focused on the development of big data supporting systems, micro-service platforms, instant messaging systems and APP development base platforms based on open source codes. The research and development of application products was strengthened, with focuses on the research and development of an integrated platform for handling a complaint upon receipt, hospital medical insurance business statistical analysis system, personnel management information system, easy and safe park epidemic prevention and control system, hospital information system (HIS), integrated comprehensive operation and maintenance management platform, provident fund block chain information sharing platform and other industry products.

## **Epidemic Prevention and Control**

During the Reporting Period, the Group provided all-round epidemic prevention and control services to government departments. The Group urgently developed the “Epidemic Map System” and “Epidemic Information Reporting System” for Beijing to provide support for government decision-making with accurate data analysis. Deployment and optimization were made to the 1.4GHz broadband cluster private network. The Group provided real-time video transmission and cluster scheduling services to serve the prevention and control work of designated hospitals, Yuetan Street, and key epidemic communities, provided emergency information services for hospitals, constructed an intelligent security system in the area of 300 emergency strategic beds in Ditan Hospital, which was commended by the Beijing Emergency Engineering Headquarters for the Prevention and Control of Novel Coronavirus Pneumonia, developed and transformed the medical insurance system, supported the construction of internet medical system, and materialized “Internet+” medical insurance reimbursement channel. The Group provided timely office system services under the epidemic. Capinfo office platform was launched, including cloud video, cloud office, cloud mailbox, cloud research and other systems. Among them, on the Capinfo Cloud video conferencing system, over new 500 user units registered, over 50,000 meetings were held and over 150,000 people participated, with a total duration of over 110,000, and the system also supported 162 live broadcasts. The development of easy and safe park epidemic prevention and control and access system was completed, which was linked with Health Kit, enabling the entry to office buildings through face scanning.

## **Human Resources**

As of 30 June 2020, the Group had 1,765 employees. During the Period, the expense of the employees was approximately RMB167.57 million. During the Reporting Period, the Group further implemented the remuneration system, adjusted the appraisal mechanism, distinguished performance, and realized the market performance-oriented mechanism that “staff could get in and out, positions could go up and down and compensation could increase and decrease”, forming a corporate culture where everyone of the Group strives.

## **Looking Forward**

In the second half of the year, the Group will consolidate the “three platforms” business, accelerate the construction of new infrastructure, cultivate new drivers of sustainable development such as big data platforms, ensure the stable operation of integrated network platforms, and build a trusted brand of Capinfo Cloud platform service, continue to develop the “five sectors” industry market, strive to enhance its core competitiveness, overcome the adverse effects of the epidemic, and successfully complete the “13th Five-Year Plan” goals of the Group.

## FINANCIAL REVIEW

For the six months ended 30 June 2020, the Group recorded an operating revenue of RMB420.73 million, representing an increase of 1.81% as compared with the same period of last year; gross profit of RMB165.25 million, representing an increase of 1.67% as compared with the same period of last year; and profit attributable to owners of the Company of RMB29.02 million, representing a decrease of 13.08% as compared with the same period of last year. The decrease was mainly attributable to a decrease of RMB10.78 million in investment gain as compared with the same period of last year as a result of loss of associates. Excluding the impact of associates, profit attributable to owners of the Company amounted to approximately RMB33.07 million, representing a year-on-year increase of 24.04%.

Other income of the Group amounted to RMB7.49 million, representing a decrease of 1.27% over the corresponding period of last year, mainly attributable to the rental income of Digital Beijing Building, which accounted for 1.78% of the total operating revenue of the Group.

In respect of the Group's business model, the main businesses included software development and service, data processing service, system integration and information professional service, of which revenue from software development and service amounted to RMB179.57 million, representing an increase of 27.85% as compared with the corresponding period of last year and accounting for 42.68% of the total operating revenue of the Group; revenue from data processing service amounted to RMB130.37 million, representing a decrease of 1.27% as compared with the corresponding period of last year and accounting for 30.99% of the total operating revenue of the Group; revenue from system integration amounted to RMB97.12 million, representing a decrease of 23.17% as compared with the corresponding period of last year and accounting for 23.08% of the total operating revenue of the Group; revenue from information professional service amounted to RMB6.18 million, representing a decrease of 8.56% as compared with the corresponding period of last year and accounting for 1.47% 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 82.35% 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 94.77% of the total operating revenue.

### Capital Expenditure, Liquidity and Financial Resources

As of 30 June 2020, the Group had total assets amounting to RMB2,390.13 million, representing an increase of 4.73% as compared with the corresponding period of last year. Equity attributable to owners of the Company amounted to RMB1,077.27 million, representing an increase of 6.52% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.50, maintaining stable as compared with the corresponding period of last year. For the six months ended 30 June 2020, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB636.26 million, representing a decrease of 5.91% as compared with the corresponding period of last year. As of the end of the current period, the balance of structured deposits purchased amounted to RMB240 million.

### **Equity Investments**

In the first half of 2020, the Group's share of results of associates was RMB-4.05 million, which was due to certain adverse impact of novel coronavirus epidemic on the operating results of associates in the current period.

### **Income Tax**

In the first half of 2020, the Group's income tax expenses amounted to RMB7.11 million, representing an increase of RMB0.94 million compared to the corresponding period of last year, mainly attributable to the increase in the operating profit during the current period.

### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Having made specific enquiry with the Directors and supervisors, all the Directors and supervisors confirmed that they have complied with the required standard as set out in the Company's Code of Securities Transactions and the Model Code of the Stock Exchange throughout the six months ended 30 June 2020.

### **AUDIT COMMITTEE**

The audit committee has discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 with the senior management of the Company. The committee is of the view that the financial statements were prepared in accordance with applicable accounting policies, the Listing Rules and other applicable legal requirements.

### **CORPORATE GOVERNANCE**

The Company has complied with the code provisions as contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Beijing, the People's Republic of China  
28 August 2020

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