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**CAPINFO COMPANY LIMITED\***

**首都信息發展股份有限公司**

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

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**FINANCIAL SUMMARY OF THE GROUP**

- Revenue increased by 9.44% to RMB362.44 million was recognized during the current interim period.
- Profit attributable to owners of the Company increased by 28.22% to RMB25.08 million.
- Basic earnings per share was RMB0.87 cents.
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (same period of 2017: 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 2018.

\* For identification purpose only

# CONSOLIDATED BALANCE SHEET

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Note	30 June 2018	31 December 2017
Current assets:			
Monetary fund		396,679,025.96	676,515,880.90
Tradable financial assets		190,000,000.00	10,000,000.00
Notes receivables and accounts receivables	6	186,722,862.60	203,884,708.09
Prepayments		39,780,229.78	37,548,374.84
Other receivables		89,826,543.92	91,273,931.59
Inventories		489,052,084.10	292,453,624.51
Contractual assets	7	179,376,997.78	62,608,019.48
Non-current assets due within one year		24,650,878.70	26,237,343.74
Other current assets		7,881,368.46	944,826.34
<b>Total current assets</b>		<b>1,603,969,991.30</b>	<b>1,401,466,709.49</b>
Non-current assets:			
Long-term receivables		–	3,947,515.56
Long-term equity investments		146,083,294.11	146,041,160.68
Other equity instruments investment		971,326.53	971,326.53
Investment properties		39,623,430.26	41,510,260.28
Fixed assets		75,891,752.50	90,603,551.49
Intangible assets		26,894,063.19	33,768,634.98
Development expenditure		11,352,572.70	6,780,034.80
Goodwill		177,975,650.76	177,975,650.76
Long-term deferred expenses		37,364,721.34	42,749,741.57
Deferred income tax assets		35,010,777.43	24,116,604.34
<b>Total non-current assets</b>		<b>551,167,588.82</b>	<b>568,464,480.99</b>
<b>Total assets</b>		<b>2,155,137,580.12</b>	<b>1,969,931,190.48</b>

<b>Items</b>	<i>Note</i>	<b>30 June 2018</b>	31 December 2017
Current Liabilities:			
Notes payables and accounts payables	8	<b>136,376,063.85</b>	154,040,442.83
Contractual liabilities	9	<b>644,268,007.25</b>	468,985,671.80
Employee benefits payable		<b>34,592,430.71</b>	69,169,720.93
Taxes payable		<b>40,098,879.40</b>	48,507,732.42
Other payables		<b>229,179,980.24</b>	151,088,777.63
Non-current liabilities due within one year		<b>45,997,051.31</b>	46,897,051.31
<b>Total current liabilities</b>		<b><u>1,130,512,412.76</u></b>	<u>938,689,396.92</u>
Non-current liabilities:			
Deferred income		<b>4,122,171.81</b>	4,122,171.81
Other non-current liabilities		<b>18,452,453.80</b>	15,512,453.80
<b>Total non-current liabilities</b>		<b><u>22,574,625.61</u></b>	<u>19,634,625.61</u>
<b>Total liabilities</b>		<b><u>1,153,087,038.37</u></b>	<u>958,324,022.53</u>
Owners' equity (or shareholders' equity):			
Paid-in capital (share capital)		<b>289,808,609.10</b>	289,808,609.10
Capital reserves		<b>291,670,666.40</b>	291,670,666.40
Surplus reserves		<b>78,314,265.13</b>	78,314,265.13
Unallocated profits	10	<b>310,538,243.68</b>	321,687,155.51
Total equity attributable to owners of the parent		<b>970,331,784.31</b>	981,480,696.14
Minority interests		<b>31,718,757.44</b>	30,126,471.81
<b>Total owners' equity (or shareholders' equity)</b>		<b><u>1,002,050,541.75</u></b>	<u>1,011,607,167.95</u>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<b><u><u>2,155,137,580.12</u></u></b>	<u><u>1,969,931,190.48</u></u>

## CONSOLIDATED INCOME STATEMENT

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Note	January to June 2018	January to June 2017
<b>I. Operating Income</b>	<i>11</i>	<b>362,438,937.80</b>	331,180,640.77
Less: Operating costs		<b>216,779,916.56</b>	217,485,659.07
Business tax and surcharges		<b>1,277,133.11</b>	956,114.68
Selling expenses		<b>44,759,773.85</b>	32,407,190.33
Administrative expenses		<b>27,793,997.27</b>	35,540,369.23
R&D fee		<b>23,269,715.57</b>	19,550,477.08
Financial expenses		<b>-2,289,713.44</b>	2,427,617.27
Incl: Interest expenses		–	2,864,995.92
Interest income		<b>-1,632,854.86</b>	-1,938,663.70
Impairment losses of assets		<b>31,949,495.68</b>	19,088,834.61
Add: Other income		<b>704,568.71</b>	9,530,111.09
Investment gain (loss is marked by “-”)		<b>7,808,030.92</b>	8,637,376.89
Incl: Gain from investment in associates and joint ventures		<b>6,338,657.63</b>	8,637,376.89
Gain on changes in fair value (loss is marked by “-”)		–	-3,413,645.88
Gain from disposal of assets (loss is marked by “-”)		<b>69,777.65</b>	9,742.52
<b>II. Operating profit (loss is marked by “-”)</b>		<b>27,480,996.48</b>	18,487,963.12
Add: Non-operating income		<b>1,268,537.06</b>	28,347.85
Less: Non-operating expenses		<b>55,846.73</b>	64,347.65
<b>III. Profit (total loss is marked by “-”)</b>		<b>28,693,686.81</b>	18,451,963.32
Less: Income tax expenses	<i>12</i>	<b>2,024,236.87</b>	-1,359,788.97
<b>IV. Net profit (net loss in marked by “-”)</b>		<b>26,669,449.94</b>	19,811,752.29
(I) Items classified by continued operations: Including: Net profit from continued operations (net loss is marked by “-”)		<b>26,669,449.94</b>	19,811,752.29
(II) Items classified by attribution of ownership: Including: Minority interests (net loss is marked by “-”)		<b>1,592,285.63</b>	253,776.06
Net profit attributable to owners of the parent (net loss is marked by “-”)		<b>25,077,164.31</b>	19,557,976.23

Items	<i>Note</i>	<b>January to June 2018</b>	January to June 2017
<b>V. Total comprehensive income</b>		<b>26,669,449.94</b>	19,811,752.29
Total comprehensive income attributable to the owners of parent		<b>25,077,164.31</b>	19,557,976.23
Total comprehensive income attributable to the minority shareholders		<b>1,592,285.63</b>	253,776.06
<b>VI. Earnings per share</b>			
(I) Basic earnings per share	<i>13</i>	<b>0.0087</b>	0.0067
(II) Diluted earnings per share	<i>13</i>	<b>0.0087</b>	0.0067

## 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’s registered capital is RMB289,808,609.10 and the total share capital is 2,898,086,091.00 shares, of which, 2,123,588,091.00 are domestic shares and 774,498,000.00 are overseas listed foreign invested shares. The par value is RMB0.10 per share.

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 eight 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”).

## 2. PREPARATION BASIS FOR FINANCIAL STATEMENTS

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

Last year financial reports of the Group disclosed on the Main Board of The Stock Exchange of Hong Kong Limited were prepared in accordance with Hong Kong Financial Reporting Standards. According to the resolution approved by the Group’s Board of Directors on 24 November 2017, the Group has implemented the ASBE since 1 January 2017.

The financial statements are presented on a going concern basis.

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

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

### 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

- ① Pursuant to the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for the year 2018 (Cai Kuai [2018] No.15) promulgated by the MOF, the Group has made the following revision to the format of financial statements:

##### A. *Balance Sheet*

“Bills receivables” and “Accounts receivables” are consolidated into “Notes and accounts receivables”;

“Interest receivables” and “Dividend receivables” are included into “Other receivables”;

“Disposal of fixed assets” is included into “Fixed assets”;

“Construction materials” is included into “Construction in progress”;

“Bills payables” and “Account payables” are consolidated into “Bills and account payables”;

“Interest payables” and “Dividend payables” are included into “Other payables”;

“Specific payables” is included into “Long-term payables”.

“Held-for-trading financial assets”, “Contractual assets”, “Debt investments”, “Other debt investments”, “Other equity instrument investments”, “Other non-current financial assets” “Held-for-trading financial liabilities” and “Contractual liabilities” are added.

##### B. *Income Statement*

“R&D expenses” is splitted from “Administrative expenses”;

“Interest expenses” and “Interest income” are added as sub-items under “Financial expenses”;

“Changes in net indebtedness or net assets after remeasurement of defined benefit plans” is changed to “Changes arising on remeasurement of defined benefit plans”; “Share in the other comprehensive income not to be reclassified into the profit or loss by the investee under the equity method” is changed to “Share of other comprehensive income of investees accounted for under the equity method (non-recycling)”; “Share in the other comprehensive income to be reclassified into the profit or loss by the investee under the equity method” is changed to “Share of other comprehensive income of investees accounted for under the equity method (recycling)”;

“Credit risk losses” and “Net gains on hedging exposure” are added.

“Fair value changes of other equity instrument investments”, “Fair value changes of credit risks of the enterprise”, “Fair value changes of other debt investments”, “Amount of financial assets reclassified into other comprehensive income”, “Provision for the credit impairment of other debt investments” and “Effective portion of cash flow hedges” are added.

**C. *Statement of changes in shareholder’s equity***

Under “Internal transfer of shareholder’s equities”, “Carryover of changes in net liabilities or net assets arising on remeasurement of defined benefit plans” is changed to “Changes in defined benefit plans transferred to retained earnings”.

“Other comprehensive income transferred to retained earnings” is added.

Adjustments have been made to comparative figures for the comparable period in accordance with Cai Kuai [2018] No.15.

The revisions to the format of financial statements did not affect the Group’s total assets, total liabilities, net profits, other comprehensive income etc.

- ② The MOF issued the Accounting Standards for Business Enterprises No.14 – Revenue (amended) in 2017. The Group adopted this standard from 1 January 2018 and has accordingly made some adjustments to its accounting policies.

The new revenue standard has replaced the Accounting Standards for Business Enterprises No. 14—Revenue and Accounting Standards for Business Enterprises No. 15—Construction Contracts issued by MOF in 2006 (collectively the “Original Revenue Standard”).

Under the Original Revenue Standard, the Group regards the risk-and-reward approach as the criteria for the time of revenue recognition. Revenue from sales of goods of the Group is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer, the amount of revenue and related costs can be measured reliably, related economic benefits are likely to flow into the Group and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from rendering of services and from construction contracts shall be recognised using percentage of completion method as at the balance sheet date.

Under the New Revenue Standard, the Group regards the transfer of control as the criteria for the time of revenue recognition:



For performance obligations being satisfied, revenue is recognised by the Group when the customer obtains control of the relevant goods or services. When certain conditions are met, the Group perform its performance obligations within a certain period of time, and otherwise, at a certain point in time. Where two or more performance obligations are included in a contract, at the commencement date of the contract, the Group will allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised, and measure revenue based on the transaction price being allocated to each performance obligation. Transaction price represents the amount of consideration that the Group is expected to receive for the transfer of goods or services to customers, and does not include payments received on behalf of third parties. The transaction price recognised by the Group shall not exceed the amounts that are most unlikely to have significant reversal for accumulated recognised income when the relevant uncertainties are eliminated. Where there is a significant financing component in the contract, the Group determines the transaction price based on the amount payable in cash, assuming that the customer is in control of the goods or services. The difference between the transaction price and the contract consideration is amortized using the effective interest method during the contract period.

The Group has made adjustment to relevant accounting policies in accordance with the specific requirements of the New Revenue Standards on specific matters or transactions.

Under the New Revenue Standard, contract assets or contract liabilities are presented on the balance sheet based on the correlation between the performance of obligations and customer payments. New Revenue Standard has also provided for additional specific requirements for the disclosure of information relating to revenue, such as relevant accounting policies, significant judgements (measurement of variable consideration, the method for allocating transaction prices to individual obligations, assumptions adopted in the estimation of individual prices of individual obligations), information relating to customer contracts (recognition of current revenue, contract balance and performance obligations, etc), and asset information relating to contract costs.

Impacts of the adoption of Accounting Standards for Business Enterprises No.14 – Revenue (amended) on the important items of consolidated balance sheet as at 1 January 2018 are summarized as follows:

	Carrying amount as at 1 January 2018 before adjustment	The Group		Carrying amount as at 1 January 2018 after adjustment
		Reclassification	Remeasurement	
<b>Assets:</b>				
Inventories	95,562,424.08	–	196,891,200.43	292,453,624.51
Bills receivable and accounts receivable	310,931,313.68	– 62,608,019.48	-44,438,586.11	203,884,708.09
Contractual assets	–	62,608,019.48	–	62,608,019.48
<b>Liabilities:</b>				
Advances received	266,544,654.84	-266,544,654.84	–	–
Contractual liabilities	–	266,544,654.84	202,441,016.96	468,985,671.80
<b>Owners' equity (or Shareholders' equity):</b>				
Surplus reserves	81,662,603.60	–	-3,348,338.47	78,314,265.13
Unallocated profits	363,118,724.87	–	-41,431,569.36	321,687,155.51
Minority interests	35,623,005.89	–	-5,496,534.08	30,126,471.81

The cumulative impact of the above accounting policies is as follows:

Affected items	Amount
Net assets at the beginning of period	-50,276,441.91
Incl: Retained earnings	-44,779,907.83
Net profit	-3,348,356.08
Capital reserve	–
Other comprehensive income	–
Specific reserve	–
Net assets at the end of period	-53,624,797.99
Incl: Retained earnings	-48,128,263.91

- ③ In 2017, the MOF issued the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (amended), the Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Instruments (amended), the Accounting Standards for Business Enterprises No. 24 — Hedging accounting (amended) and the Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments (amended) (collectively the “New Financial Instruments Standards”). The Group adopted the new financial instruments standards from 1 January 2018 and has accordingly made some adjustments to its accounting policies.

The New Financial Instruments Standards contain three measurement categories for financial assets: (1) amortised cost, (2) fair value through other comprehensive income (FVTOCI) and (3) fair value through profit or loss (FVTPL). Under the New Financial Instruments Standards, the classification for financial assets is determined based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the asset. The New Financial Instruments Standards have abrogated three classification categories stipulated in the Original Financial Instruments Standards: held-to-maturity investments, loans and receivables and available-for-sale financial assets. According to the New Financial Instruments Standards, embedded derivatives will no longer be separated from a host contract of financial assets. Instead, hybrid financial instruments as a whole will be subject to the relevant provisions on the classification of financial assets.

Except for financial guarantee contract liabilities, the adoption of the New Financial Instruments Standards has no material impact on the Group's accounting policy for financial liabilities.

The Group did not designate or de-designate any financial asset or financial liability at fair value through profit and loss as at 1 January 2018.

The New Financial Instruments Standards have replaced the "incurred loss" impairment model under the Original Financial Instruments Standards with an "expected credit losses" model. "Expected credit loss" ("ECL") model requires continuous assessment of credit risk of financial assets. The New Financial Instruments Standards result in earlier recognition of credit losses as compared with the Original Financial Instruments Standards.

"Expected credit loss" model is applied to the following items:

- Financial assets measured at amortised cost;
- Contractual assets;
- Debt investments measured at fair value through other comprehensive income;
- Lease receivables;
- Financial guarantee contracts not at fair value through profit and loss.

"Expected credit loss" model is not applied to equity securities.

Impacts of the adoption of the New Financial Instruments Standards on the important items of consolidated balance sheet as at 1 January 2018 are summarized as follows:

	The Group			Book value as at 1 January 2018 after adjustment
	Book value as at 1 January 2018 before adjustment	Reclassification	Remeasurement	
<b>Assets:</b>				
Held-for-trading financial assets	–	10,000,000.00	–	10,000,000.00
Other current assets	10,944,826.34	-10,000,000.00	–	944,826.34
Available-for-sale financial assets	971,326.53	-971,326.53	–	–
Other equity instruments investments	–	971,326.53	–	971,326.53

The Group assessed the expected credit losses of accounts receivables and contractual assets as at 1 January 2018. There was no significant change in the loss allowance for these financial assets of the Group as at 1 January 2018.

## (2) Changes in Accounting Estimates

Nil.

## 4. SEGMENT REPORTING

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

## 5. TAX

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

Taxes	Tax basis	Tax rate%
Value-added Tax	Taxable income	6, 10, 11, 16, 17
Urban maintenance and construction tax	Commodity turnover tax payable	7
Corporate income tax	Taxable income	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 MOF 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 17%, 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 MOF and the State Administration of Taxation, Rito Info, a subsidiary of the Company, has obtained exemption from value-added tax for its contracts of provision of technological transfer, development and related technological consulting or technological services 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 three years.

## 6. BILLS RECEIVABLE AND ACCOUNTS RECEIVABLE

Item	30 June 2018	31 December 2017
Bills receivable	–	281,000.00
Accounts receivable	<b>186,722,862.60</b>	<b>203,603,708.09</b>
Total	<b><u>186,722,862.60</u></b>	<b><u>203,884,708.09</u></b>

### (1) Bills receivable

Types	30 June 2018	31 December 2017
Banker's acceptance notes	–	281,000.00

### (2) Accounts receivable

Age	30 June 2018	
	Amount	Percentage%
0-6 months	27,904,728.55	9.83
6 months-1 year	132,415,973.99	46.66
1-2 years	65,278,467.26	23.00
2-3 years	24,875,039.25	8.76
Over 3 years	33,350,801.57	11.75
<b>Total original value</b>	<b><u>283,825,010.62</u></b>	<b><u>100.00</u></b>
<b>Less: bad debts provisions</b>	<b><u>97,102,148.02</u></b>	
<b>Total net value</b>	<b><u>186,722,862.60</u></b>	

Age	31 December 2017	
	Amount	Percentage %
0-6 months	147,242,850.99	53.36
6 months-1 year	5,699,819.31	2.07
1-2 years	76,361,737.65	27.67
2-3 years	24,101,290.86	8.73
Over 3 years	22,549,009.89	8.17
<b>Total original value</b>	<b>275,954,708.70</b>	<b>100.00</b>
<b>Less: bad debts provisions</b>	<b>72,351,000.61</b>	
<b>Total net value</b>	<b>203,603,708.09</b>	

## 7. CONTRACTUAL ASSETS

Age	30 June 2018	
	Amount	Percentage %
0-6 months	152,756,522.10	79.19
6 months-1 year	18,961,318.36	9.83
1-2 years	10,605,520.19	5.50
2-3 years	3,580,487.56	1.85
Over 3 years	6,994,439.77	3.63
<b>Total original value</b>	<b>192,898,287.98</b>	<b>100.00</b>
<b>Less: bad debts provisions</b>	<b>13,521,290.20</b>	
<b>Total net value</b>	<b>179,376,997.78</b>	

Age	31 December 2017	
	Amount	Percentage %
0-6 months	45,434,983.74	64.01
6 months-1 year	6,178,354.44	8.71
1-2 years	9,908,030.40	13.96
2-3 years	8,262,719.53	11.64
Over 3 years	1,188,935.07	1.68
<b>Total original value</b>	<u>70,973,023.18</u>	<u>100.00</u>
<b>Less: bad debts provisions</b>	<u>8,365,003.70</u>	
<b>Total net value</b>	<u><u>62,608,019.48</u></u>	

## 8. BILLS PAYABLE AND ACCOUNTS PAYABLES

Item	30 June 2018	31 December 2017
Accounts Payables	<b>136,376,063.85</b>	154,040,442.83

### (1) Accounts Payables disclosed by category

Item	30 June 2018	31 December 2017
Payment for goods	<b>136,376,063.85</b>	154,040,442.83

### (2) Accounts Payables disclosed by aging

Item	30 June 2018	31 December 2017
Within 1 year	<b>91,281,015.00</b>	114,733,159.15
1-2 years	<b>11,672,974.84</b>	9,145,007.85
2-3 years	<b>9,182,861.84</b>	7,695,794.82
Over 3 years	<b>24,239,212.17</b>	22,466,481.01
Total	<u><b>136,376,063.85</b></u>	<u>154,040,442.83</u>



## 9. CONTRACTUAL LIABILITIES

Item	30 June 2018	31 December 2017
Payment for goods	644,268,007.25	468,985,671.80

## 10. UNDISTRIBUTED PROFITS

Items	January to June 2018	January to December 2017
Undistributed profits at end of last period before adjustment	363,118,724.87	360,642,012.74
Adjustment for undistributed profits at beginning of period ("+" for plus; "-" for less)	-41,431,569.36	-37,591,741.88
Undistributed profits at beginning of period after adjustment	321,687,155.51	323,050,270.86
Plus: net profit attributable to shareholders during the period	25,077,164.31	81,130,475.64
Less: withdrawal of statutory surplus reserves		9,455,534.48
Withdrawal of discretionary surplus reserve	-	-
Withdrawal of general risk reserves	-	-
Dividend payable on ordinary shares	36,226,076.14	31,606,487.15
Dividends payable to other equity holders	-	-
Ordinary shares dividends transferred to share capital	-	-
Undistributed profits at end of period	310,538,243.68	363,118,724.87

Notes:

The breakdown of adjustment for undistributed profits at the beginning of the period:

Due to the retrospective adjustment based on the "Accounting Standards for Business Enterprises" and its related new regulations, affected undistributed profit at the beginning of the period was -RMB41,431,569.36.

Please refer to Note 3. Changes in Significant Accounting Policies for the impact of the above retrospective adjustment on the undistributed profit at the beginning of the period.

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

Items	January to June 2018	January to June 2017
Main businesses	355,393,340.75	324,496,541.85
Other businesses	7,045,597.05	6,684,098.92

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

Name of business	January to June 2018	January to June 2017
Software development and sales	8,177,056.15	34,235,056.72
Operation and maintenance service	292,757,448.64	200,221,257.37
System integration service	53,956,752.94	88,663,732.55
Consulting service	502,083.02	1,376,495.21
Total	<u>355,393,340.75</u>	<u>324,496,541.85</u>

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

Name of business	January to June 2018	January to June 2017
Rental income from investment property	7,045,597.05	6,684,098.92

### (3) Timing of revenue recognition

Revenue recognition method	January to June 2018
At a certain point of time	62,133,809.09
Over a period of time	300,305,128.71
Total	<u>362,438,937.80</u>

## 12. INCOME TAX EXPENSE

Items	January to June 2018	January to June 2017
The current income tax calculated in accordance with the tax law and relevant provisions	12,918,409.96	933,637.30
Deferred income tax expense	-10,894,173.09	-2,293,426.27
Total	<u>2,024,236.87</u>	<u>-1,359,788.97</u>

### 13. EARNINGS PER SHARE

#### (1) Basic earnings per share

Items	January to June 2018	January to June 2017
Consolidated net profit attributable to ordinary shareholders of the Company	25,077,164.31	19,557,976.23
Weighted average number of ordinary shares outstanding	<u>2,898,086,091</u>	<u>2,898,086,091</u>
Basic earnings per share	<u>0.0087</u>	<u>0.0067</u>
Incl: Basic earnings per share from continuing operations	<u>0.0087</u>	<u>0.0067</u>

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

#### (2) Diluted earnings per share

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

Note: From 30 June 2018 to the date of approval of the financial report, there was no change in the number of ordinary shares outstanding of the Company.

### 14. DIVIDEND

During current interim period, the Company approved a final dividend of RMB1.25 cents per share for the year ended 31 December 2017 (before tax) at the annual general meeting convened on 19 June 2018. Final dividend approved during the current interim period amounted to RMB36,226,076.14 (final dividend for 2016 approved during the six months ended 30 June 2017: RMB1.09 cents per share (before tax), totaling RMB31,589,000.00).

### 15. EVENTS AFTER BALANCE SHEET DATE

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.

## **BUSINESS REVIEW**

In the first half of 2018, the Group integrated its own advantages, proactively contributed for the social economic development of the capital, accelerated business transformation and management innovation. We promoted the building of the new generation of smart infrastructure, constantly developed the five major business areas, including smart government affair service, smart city management, smart medical and health service, smart livelihood service and smart enterprise innovation. Each area has proved to have good progress and the influence of the industry increased constantly.

For the six months ended 30 June 2018, the main operating revenue of the Group amounted to RMB362.44 million; profit attributable to owners of the Company arrived at RMB25.08 million, representing an increase of 28.22% as compared with the same period of last year.

### **Smart Infrastructure Service**

During the Reporting Period, smart infrastructure including the E-governance website, Internet of Things data website of government affairs of the Group ran stably. Key indicators such as the availability of backhaul, response rate and timeliness of services and satisfaction of services all remain at high level. The Group completed supporting tasks during National and Beijing “Two Sessions” and spring festival in 2018. The Group also completed the overall framework design of the construction of Tongzhou Sub-center administration office network and identified the realization of high quality and all-covered Internet and governance website. In March 2018, the Group have won the bid for the procurement project in relation to municipal-level government cloud and obtained the qualification of service provider of government cloud for 2018. To ensure the operational application for committees, offices and bureaus operates stably and reliably, we are expected to provide committees, offices and bureaus in Beijing with services such as cloud service management, basic facility resources, basic software support, operation assurance, line access and technical support. Currently, the Group is actively carrying forward the construction work of key nodal points of municipal-level government cloud.

### **Smart Government Affair Service**

The Group effectively promoted intensive building of e-government in Beijing and provided strong support for improving the standard of services provided by the government for the people. During the Reporting Period, new versions of websites of various units were launched and operated in a safe, stable and trouble-free manner and gained wide recognition. The Group provided protection for the national civil servant management system upgrade and technical support, actively promoted the same to ministries and other provinces and cities, and have deployed the online edition of civil servants management system of Shanxi Province and the Education Department.

## **Smart City Management**

During the Reporting Period, the Group won the bid for projects including the protection of autumn-winter law enforcement on motor vehicles of municipal environmental protection bureau and civil defense information management platform of municipal bureau of civil defense. We have signed up contracts such as public safety video surveillance construction networking application project of Yanqing District and Miyun District checkpoint video surveillance construction project and continued to ensure the operation of construction waste vehicle transportation management system based on Beidou Satellite and monitoring system on environmental sanitation vehicles.

## **Smart Medical and Health Service**

The Group's operation and maintenance of the Medical Insurance Information System and the social security card system operated stably. The Group provided protection for the launch of online medical insurance business system for urban and rural residents as well as stable operation of direct settlement system for cross-provincial medical treatment, and developed medical insurance information value-added service system for various districts and counties. In January 2018, the Group funded the establishment of Capinfo Medical United Information Technology Company Limited, preserving the existing value-added service of medical insurance information and continuing to focus on expanding unified medical settlement services and medical information business, which established an unshakable foundation for the resources optimization of smart medical and health service and growth of operating results of the Group. During the Reporting Period, the Group has entered into cooperation contracts with 72 hospitals and 7 commercial insurance company.

## **Smart Livelihood Service**

During the Reporting Period, the Group provided protection for the successful launch of Beijing Housing Provident Fund Core System, Nanning Provident Fund System and Beijing Points System for Household Registration, and continued the development of Housing Provident Fund Systems for Shanghai, Guangzhou, Chongqing and other places. The Group maintained stable operation of the Beijing Talent Comprehensive Evaluation and Management System and the civil servant salary system and ensured tasks such as work residence permit, talent introduction and management of exchange students and salary payment for civil servants can be carried out smoothly.

## **Smart Enterprise Innovation**

During the Reporting Period, the Group further expanded its customer base of enterprise cloud platform and entered into contracts with six stated-owned enterprise customers including Beijing Real Estate Group, Beijing Foreign Economic & Trade Holding Group, One Light Group, International Cooperation Center, Jing Tou Group and Tong Ren Tang Group. The Group won the bid for the smart venue design of National Speed Skating Oval, and provided Internet cloud services for the National Speed Skating Oval. The Group actively provided services for the Municipal State-owned Assets Supervision and Administration Commission and completed the design work of the big data platform construction project of sponsor supervision, which obtained recognition from the Municipal State-owned Assets Supervision and Administration Commission.

In May 2018, the Group funded the establishment of Capinfo Cloud Technology Co., Ltd., which has undertaken the Group's existing cloud computing business and improved the Group's proactivity and flexibility in expansion of cloud computing market.

## **Product Research and Development**

During the Reporting Period, the Group integrated resources from all parties and continued to promote the company level common software development platform (CAPINFO EA) and big data support system, development and application of products such as provident fund systems for small and medium-sized cities, effectively supported the software exploitation work for company level significant projects. The establishment of a company level software delivery center has improved the delivery capability of major engineering projects.

## **Human Resources**

As of 30 June 2018, the Group had 1563 employees. During the Period, the expense of the employees was approximately RMB132.62 million. During the Reporting Period, the Group adjusted the organization institutes, established major systems for appraisal and incentives and project completion rewards, initiated core and backbone employee competency assessment and testing, completed compensation and assessment incentive plan, strengthened business aggregation and resource sharing, enhanced operation efficiency, and increased its core competitiveness.

## Looking Forward

In the second half of the year, the Group is committed to pursue the mission of the leader of smart city service and will continue to ensure the stable operation of the major systems, promote the development of emerging businesses and the transformation of business mode. We will constantly promote the platform, products and technology innovation and proactively devote to significant events such as construction of Beijing Sub-center and Xiong'an New Area as well as organization of Beijing 2022 Olympic Winter Games. We will also accelerate the strategic layout in the field of medical health information, grasp the opportunity of reform and development of state-owned enterprises, expand the "Internet + government service" business, strengthen the operation of capital markets, integrate and utilize superior resources, promote the Group's sustained, rapid and healthy development, and create greater value for shareholders.

## FINANCIAL REVIEW

For the six months ended 30 June 2018, the Group recorded an operating revenue of RMB362.44 million, representing an increase of 9.44% as compared with the same period of last year; gross profit of RMB145.66 million, representing an increase of 28.11% as compared with the same period of last year; and profit attributable to owners of the Company of RMB25.08 million, representing an increase of 28.22% as compared with the same period of last year.

For the six months ended 30 June 2018, the core business of the Group accumulated an operating revenue of RMB128.27 million, representing an increase of 34.38% compared with the corresponding period of last year, accounting for 35.39% of the total operating revenue of the Group; cost of core business was RMB100.25 million, representing an increase of 33.40% as compared with the corresponding period of last year, accounting for 46.25% 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. The increase in revenue from core businesses as compared with corresponding period of last year was mainly because the contractual amount recognized during the current period was higher than that of the corresponding period of last year. There are no significant changes on the overall size of the core project. In addition, an operating revenue derived from the core businesses for market expansion amounted to RMB219.25 million, representing an increase of 0.14% over the corresponding period of last year, accounting for 60.49% of the total operating revenue of the Group. As of 30 June 2018, revenue of other principal businesses of the Group amounted to RMB7.88 million, representing a decrease of 21.99% as compared with the corresponding period of last year, accounting for 2.17% of the total operating revenue of the Group; costs of other principal businesses was RMB8.88 million, representing an increase of 14.35% over the corresponding period of last year, accounting for 4.10% of the total costs of the Group.

Other income of the Group amounted to RMB7.05 million, representing an increase of 5.41% over the corresponding period of last year, mainly attributable to the rental income of Digital Beijing Building, which accounted for 1.94% of the total operating revenue of the Group.

In respect of the Group's business model, the main businesses included operation and maintenance, system integration, software development, IT consultancy and sales of goods, of which revenue from operation and maintenance amounted to RMB292.76 million, representing an increase of 46.22% as compared with the corresponding period of last year and accounting for 80.77% of the total operating revenue of the Group; revenue from system integration amounted to RMB53.96 million, representing a decrease of 39.14% as compared with the corresponding period of last year and accounting for 14.89% of the total operating revenue of the Group; revenue from software development amounted to RMB8.18 million, representing a decrease of 76.11% as compared with the corresponding period of last year and accounting for 2.26% of the total operating revenue of the Group; revenue from IT consultancy and sales of goods totaled RMB0.5 million, representing a decrease of 63.52% as compared with the corresponding period of last year and accounting for 0.14% 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 82.88% 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 95.96% of the total operating revenue.

### **Capital Expenditure, Liquidity and Financial Resources**

As of 30 June 2018, the Group had total assets amounting to RMB2,155.14 million, representing an increase of 9.40% as compared with the corresponding period of last year. Equity attributable to owners of the Company amounted to RMB970.33 million, representing a decrease of 1.14% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.41, maintaining stable as compared with the corresponding period of last year; while the net gearing ratio, defined as total borrowings over net assets, stayed at a relatively low level of less than 3%. For the six months ended 30 June 2018, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB396.68 million, representing a decrease of 41.36% as compared with the corresponding period of last year. During the current period, part of the funds were used for the purchase of guaranteed wealth management products. As of the end of the current period, the balance of guaranteed wealth management products amounted to RMB190 million.

### **Equity Investments**

In the first half of 2018, the Group's share of results of associates was RMB6.34 million, representing a decrease of 26.61% 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 2018, the Group's income tax expenses amounted to RMB2.02 million, representing an increase of RMB3.38 million compared to the corresponding period of last year, mainly attributable to the increase in the operating profit and over provision in the prior years as the Company accomplished the recordation of preferential Enterprise Income Tax policies applicable to key software enterprises in the national planning layout for the years 2015 and 2016 in June 2017 and retrospectively entitled to a preferential tax rate of 10% for years 2015 and 2016.

## **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 2018.

## **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 2018 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 2018.

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**CAPINFO COMPANY LIMITED\***  
**Lin Yankun**  
*Chairman*

Beijing, the People's Republic of China  
24 August 2018

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