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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)

**ANNUAL CONSOLIDATED RESULTS FOR THE
YEAR ENDED 31 DECEMBER 2017**

- Profit attributable to owners of the Company increased by 13.24% to RMB81.13 million.
- Operating revenue increased by 6.19% to RMB1,008.31 million.
- Basic earnings per share increased by 12% to RMB2.80 cents per share.
- The board of directors has recommended the payment of a final dividend of RMB1.25 cents per share (2016: RMB1.09 cents per share) totalling approximately RMB36.23 million for the year ended 31 December 2017, subject to approval by shareholders at the forthcoming annual general meeting.

The board of directors (the “Board”) of Capinfo Company Limited (the “Company”) is pleased to announce the consolidated financial results and financial position of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2017 together with the comparative figures for the corresponding period of 2016. These financial results and financial position have been audited by Grant Thornton (Special General Partnership), Certified Public Accountants, and reviewed by the Board and the audit committee of the Company.

CONSOLIDATED BALANCE SHEET

31 December 2017

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Note	Balance at end of year Consolidated	Balance at beginning of year Consolidated
Current assets:			
Monetary fund		676,515,880.90	571,198,722.39
Financial assets at fair value through profit or loss		–	3,564,709.74
Derivative financial assets		–	–
Notes receivables		281,000.00	–
Trade receivables	6	310,650,313.68	292,533,671.37
Prepayments		37,548,374.84	47,356,332.34
Interest receivables		–	–
Dividend receivables		6,296,524.20	–
Other receivables		84,977,407.39	79,281,718.86
Inventories		95,562,424.08	129,206,845.59
Assets held for sale		–	–
Non-current assets due within one year		26,237,343.74	26,237,343.74
Other current assets		10,944,826.34	1,119,241.42
Total current assets		1,249,014,095.17	1,150,498,585.45

Items	Note	Balance at end of year Consolidated	Balance at beginning of year Consolidated
Non-current assets:			
Available-for-sale financial assets		971,326.53	971,326.53
Held-to-maturity investments		–	–
Long-term receivables		3,947,515.56	25,123,235.23
Long-term equity investments		146,041,160.68	130,134,003.49
Investment properties		41,510,260.28	45,283,920.32
Fixed assets, at original price		526,483,416.48	453,282,050.48
Less: Accumulated depreciation		435,879,864.99	388,893,236.00
Net value of fixed assets		90,603,551.49	64,388,814.48
Less: Provision for the impairment of fixed assets		–	–
Net fixed assets		90,603,551.49	64,388,814.48
Construction in progress		–	46,372,914.53
Construction materials		–	–
Disposal of fixed assets		–	–
Productive biological assets		–	–
Oil and gas assets		–	–
Intangible assets		33,768,634.98	34,328,584.68
Development expenditures		6,780,034.80	–
Goodwill	7	177,975,650.76	184,597,722.06
Long-term deferred expenses		42,749,741.57	44,248,843.70
Deferred income tax assets		24,421,326.12	28,737,023.49
Other non-current assets		–	–
Total non-current assets		568,769,202.77	604,186,388.51
Total assets		1,817,783,297.94	1,754,684,973.96

Items	Note	Balance at end of year Consolidated	Balance at beginning of year Consolidated
Current Liabilities:			
Short-term borrowings		—	—
Financial liabilities at fair value through profit or loss		—	—
Derivative financial liabilities		—	—
Notes payables		—	—
Trade payables	8	154,040,442.83	119,367,727.94
Advances received		266,544,654.84	313,704,417.28
Payroll payables		69,169,720.93	66,226,603.78
Tax payables		48,507,732.42	36,101,752.93
Interest payables		—	—
Dividend payables		—	—
Other payables		151,105,460.14	141,584,394.61
Liabilities held for sale		—	—
Non-current liabilities due within one year		46,897,051.31	29,781,028.61
Other current liabilities		—	—
Total current liabilities		<u>736,265,062.47</u>	<u>706,765,925.15</u>
Non-current Liabilities:			
Long-term borrowings		—	—
Bonds payables		—	—
Long-term payables		—	11,348,605.23
Long-term payroll payables		—	—
Specific payables		—	—
Accrued liabilities		—	—
Deferred income		4,122,171.81	9,057,662.94
Deferred income tax liabilities		—	—
Other non-current liabilities		15,512,453.80	19,192,689.60
Total non-current liabilities		<u>19,634,625.61</u>	<u>39,598,957.77</u>
Total liabilities		<u>755,899,688.08</u>	<u>746,364,882.92</u>

Items	<i>Note</i>	Balance at end of year Consolidated	Balance at beginning of year Consolidated
Shareholders' equity:			
Share capital		289,808,609.10	289,808,609.10
Other equity instruments		-	-
Including: Preferred shares		-	-
Perpetual debts		-	-
Capital reserves		291,670,666.40	291,670,666.40
Less: Treasury stock		-	-
Other comprehensive income		-	-
Including: Translation reserves		-	-
Special reserves		-	-
Surplus reserves		81,662,603.60	72,207,069.12
Undistributed profits	9	363,118,724.87	323,050,270.86
Total equity attributable to shareholders of the parent		1,026,260,603.97	976,736,615.48
Minority interests		35,623,005.89	31,583,475.56
Total shareholders' equity		<u>1,061,883,609.86</u>	<u>1,008,320,091.04</u>
Total liabilities and shareholders' equity		<u><u>1,817,783,297.94</u></u>	<u><u>1,754,684,973.96</u></u>

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2017

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	2017 Consolidated	2016 Consolidated
I. Total operating income		1,008,306,555.42	949,506,041.62
Including: Operating income	10	1,008,306,555.42	949,506,041.62
II. Total operating costs		934,876,337.50	886,118,208.63
Including: Operating costs	10	656,774,995.41	622,359,412.49
Taxes and surcharges		5,851,997.21	6,462,151.50
Selling expenses		95,144,287.24	94,599,584.79
Administrative expenses		138,335,396.24	129,852,227.69
Financial expenses		5,039,245.34	3,748,965.62
Impairment losses of assets		33,730,416.06	29,095,866.54
Add: Gain on changes in fair value (loss is marked by “-”)		-3,564,709.74	1,232,985.78
Investment gain (loss is marked by “-”)		63,178,239.10	20,974,846.58
Income from disposal of assets (loss is marked by “-”)		29,236.21	-240,415.62
Other income		7,468,583.83	-
III. Operating profit (loss is marked by “-”)		140,541,567.32	85,355,249.73
Add: Non-operating income		8,312.65	998,519.37
Less: Non-operating expenses		563,052.17	3,349,069.13
IV. Total profit (total loss is marked by “-”)		139,986,827.80	83,004,699.97
Less: Income tax expenses	11	55,108,021.83	10,653,468.17
V. Net profit (net loss is marked by “-”)		84,878,805.97	72,351,231.80
(I) Items classified by continuing operations			
1. Net profit from continuing operations (net loss is marked by “-”)		84,878,805.97	72,351,231.80
2. Net profit from discontinued operation (net loss is marked by “-”)		-	-
(II) Items classified by attribution of ownership			
1. Minority interests		3,748,330.33	709,169.73
2. Net profit attributable to shareholders of the parent		81,130,475.64	71,642,062.07

Items	<i>Notes</i>	2017 Consolidated	2016 Consolidated
VI. Other comprehensive income after taxation		-	-
Other comprehensive income after taxation attributable to shareholders of parent		-	-
(I) Other comprehensive income not subject to reclassification to profit or loss in future		-	-
Including: 1. Changes in net liabilities or net assets after re-measurement of defined benefit plans		-	-
2. Share in the other comprehensive income not to be reclassified into the profit or loss by the investee under the equity method		-	-
(II) Other comprehensive income to be reclassified to profits and loss in future		-	-
Including: 1. Share in the other comprehensive income to be reclassified into the profit or loss by the investee under the equity method		-	-
2. Profits or losses from change in fair value of available-for-sale financial assets		-	-
3. Profits or losses from held-to-maturity investment reclassified as available-for-sale financial assets		-	-
4. Effective portion of profits or losses on cash flow hedge		-	-
5. Translation difference of foreign currency statement		-	-
* Other comprehensive income after taxation attributable to the minority shareholders		-	-
VII. Total comprehensive income		84,878,805.97	72,351,231.80
Total comprehensive income attributable to shareholders of parent		81,130,475.64	71,642,062.07
* Total comprehensive income attributable to the minority shareholders		3,748,330.33	709,169.73
VIII. Earnings per share:			
Basic earnings per share	<i>12</i>	0.028	0.025
Diluted earnings per share	<i>12</i>	0.028	0.025

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 corporate uniform 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 2,898,086,100 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. 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) and professional contracting. (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.)

During the period, there are totally six 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”) and Xiamen Rito Info Technology Co. Ltd (hereinafter referred to as “Rito Info”).

Beijing Capinfo Hangyuan Technology Co., Ltd (hereinafter referred to as “Capinfo Hangyuan”) was not consolidated into the financial statements in the period due to liquidation and cancellation.

2. PREPARATION BASIS FOR FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises, application guidance, interpretations to the Accounting Standards for Business Enterprises and other relevant provisions (collectively, the “Accounting Standards for Business Enterprises” or “ASBE”) promulgated by the Ministry of Finance.

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. On the first application date of the ASBE, for the differences in the conversion of Hong Kong Financial Reporting Standards to the ASBE, please refer to 13. Adjustment for Differences in the Conversion of Hong Kong Financial Reporting Standards to the ASBE on the First Application Date.

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 “Company Ordinance” took effect in 2015. The financial statements have been adjusted according to the requirements of Hong Kong “Company Ordinance”.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Changes in Significant Accounting Policies

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. On the first application date of the ASBE, for the differences in the conversion of Hong Kong Financial Reporting Standards to the ASBE, please refer to 13. Adjustment for Differences in the Conversion of Hong Kong Financial Reporting Standards to the ASBE on the First Application Date.

① *Changes in significant accounting policies on consolidated financial statements*

Contents and causes of changes in accounting policy	Statement items affected	Affected amounts
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<p><i>Accounting Standards for Business Enterprises No. 42–Non-current Assets Held for Sale, Disposal Groups and Discontinued Operation</i> made special requirements for non-current assets held for sale or the classification, measurement and presentation of disposal groups and presentation of discontinued operation after 28 May 2017, and adopted the prospective application method;</p>	–	–
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revised the presentation of financial statements and stated profits or losses from continuing operations and profits or losses from discontinued operations respectively in the consolidated and the parent’s income statements;

adjusted the presentation of comparative statements: for the purpose of presentation of discontinued operations in the current period, information stated as profits or losses from originally continuing operations shall be charged into profits or losses from discontinued operations in the comparative statement.

<p>According to the <i>Accounting Standards for Business Enterprises No.16 – Government Grants</i> in 2017, the accounting treatment of government grants was changed from the gross method to allow the use of net method, and the amortization method of deferred income in related to government grants concerning assets was changed from average allocation over the useful life of related assets to reasonable and systematic allocation and the stated items of government grants were modified. Unamortized balance of government grants as at 1 January 2017 and government grants received as at 2017 are applicable to the revised standards.</p>	<p>① other income ② non-operating income</p>	<p>7,468,583.83 -7,468,583.83</p>
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It is unnecessary to provide comparative information for new disclosure initiatives.

Contents and causes of changes in accounting policy	Statement items affected	Affected amounts
<p>In accordance with the Notice on the Revision of the Format for Issuing General Enterprise Financial Statements (Cai Kuai [2017] No. 30), the statement item of “gains from disposal of assets” was newly added in the income statement. For the disposal income or losses of the Company on the disposal of assets classified as non-current assets held for sale (excluding financial instruments, long-term equity investments and investment property) or disposal group, and those that are not classified as fixed assets, construction in progress, productive biological assets and intangible assets held for sale, and those that arise from disposal of non-current assets in debt reconstruction or exchange of non-currency assets.</p>	① Income from disposal of assets	29,236.21
	② non-operating income	-114,673.99
	③ non-operating expenditure	-85,437.78

It deleted “Among: gains from disposal of non-current assets under “non-operating income” and ” Among: Losses on disposal of non-current assets under “non-operating expenditure. Revenue not arising from corporate operation profits mainly includes gains or losses on debt reconstruction, government grants unrelated to enterprise’s ordinary business, expenditure for public welfare donations, abnormal losses, gains or losses on inventory, gains from donations, damages and retirement losses of current assets.

The presentation of the comparative statement has been adjusted accordingly.

Notice: The above changes in accounting policies do not affect the net asset at the beginning and the end of the year.

② *Changes in significant accounting policies on the parent's financial statements*

Content and causes of changes in accounting policies	Statement items affected	Amount affected
Since the Company proposed to adopt the ASBE for the first time to prepare the financial accounting report on 1 January 2017, according to the requirements of Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments (2014 Revision), the investor's long-term equity investments in associates and joint ventures should be accounted for in the individual financial statements in accordance with the equity method.	① Long-term equity investments	68,230,117.93
	② Surplus reserves	3,063,837.66
	③ Undistributed profit	27,574,538.90
	④ Capital reserves	37,591,741.38

Notice: The above changes in accounting policies do not affect the data in consolidated financial statements.

(2) **Changes in Accounting Estimates**

Nil.

4. SEGMENT REPORT

The Group did not have business with a variety of operations that have a significant effect on business performance. In the meanwhile, since the Group only operates within a region, with its incomes mainly from China and its main assets in China as well, the Group has no discloseable segment data.

5. TAXES

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

Taxes	Calculation Basis	Statutory Tax Rate %
Value-added tax	Taxable income	6, 11, 17
Urban maintenance and construction tax	Commodity turnover tax payable	7
Corporate income tax	Taxable profits	25

Name of Taxpayer	Income Tax Rate %
The Company	10
Capinfo Hong Kong	–
Capinfo Technology	15
Parking Management	25
Shanghai Hengyue	10
Rito Info	15

(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 17%, the actual tax burden over 3% will be immediate refund upon payment.

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

(2) *Corporate income tax*

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

Capinfo Hong Kong, a subsidiary of the Company, has no assessable 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 rate of 15% for a period of three years.

According to the requirements of Notice of Corporate Income Tax Preference Policies for Small Low-Profit Enterprises (Cai Shui [2015] No. 34), since 1 January 2015 to 31 December 2017, for small low-profit enterprises with annual payable tax less than and including RMB200 thousand, their profit is deducted by 50% in their taxable profit and the corporate income tax shall be levied at a tax rate of 20%. Shanghai Hengyue, a subsidiary 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. GR2015135100061 on 29 June 2015 and is entitled to the corporate income tax preference rate of 15% for a period of three years.

6. ACCOUNTS RECEIVABLE

(1) Accounts receivable analysed by aging

Age	End of the period	
	Amount	Percentage (%)
0–6 months	219,315,140.02	55.07
6 months–1 year	18,549,664.22	4.66
1 – 2 years	104,250,053.38	26.18
2 – 3 years	32,364,010.39	8.13
Over 3 years	23,737,944.95	5.96
Total original value	398,216,812.96	100.00
Less: bad debts provisions	87,566,499.28	
Total net value	310,650,313.68	

Notes: the average term of credit that the Group provided to its clients is 180 days. The ageing analysis of accounts receivable as at the end of the year is presented according to delivery of goods, date of completion or delivery of labour or provision for write-off of bad debts.

(2) Accounts receivable disclosed by categories

Types	Amount	Percentage (%)	End of the period		Net value
			Bad debts provisions	Ratio of provision (%)	
Individually significant accounts receivable with separate provisions for bad debts	-	-	-	-	-
Accounts receivable with separate provisions for bad debts by aging	393,882,165.41	98.91	83,231,851.73	21.13	310,650,313.68
Individually insignificant accounts receivable with separate provisions for bad debts	4,334,647.55	1.09	4,334,647.55	100.00	-
Total	398,216,812.96	100.00	87,566,499.28	21.99	310,650,313.68

Types	Beginning of the period			Ratio of provision (%)	Net amount
	Amount	Percentage (%)	Bad debts provisions		
Individually significant accounts receivable with separate provisions for bad debts	-	-	-	-	-
Accounts receivable with separate provisions for bad debts by aging	346,510,292.23	98.16	53,976,620.86	15.58	292,533,671.37
Individually insignificant accounts receivable with separate provisions for bad debts	6,498,733.66	1.84	6,498,733.66	100.00	-
Total	353,009,025.89	100.00	60,475,354.52	17.13	292,533,671.37

7. GOODWILL

(1) Original carrying amount of goodwill

Name of investees or matters to form goodwill	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Business combination and formation	Others	Disposal	Others	
Rito Info	184,597,722.06	-	-	-	-	184,597,722.06

(2) Impairment provision on goodwill

Name of investees or matters to form goodwill	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Allowance	Others	Disposal	Others	
Rito Info	-	6,622,071.30	-	-	-	6,622,071.30

Notice: The Group calculated the receivable amount of the asset group by estimating the present value of future cash flow. The Group estimated cash flow in the following five years based on financial budget approved by the management and the growth rate of cash flow adopted in the subsequent years is estimated to be 5.76% (last period: 5.76%), which will not exceed the long-term average growth rate of operations of asset group. The management made the aforementioned financial budget based on the historical performance and its expectation on market development. The discount rate adopted in the process of calculating present value of future cash flow is 12.32% (last period: 13.80%). According to the results of the impairment test, goodwill impairment in the current period is RMB6,622,071.30 (end of last period: nil).

8. ACCOUNTS PAYABLE

(1) Accounts payable disclosed by category

Item	End of the period	Beginning of the period
Loans	<u>154,040,442.83</u>	<u>119,367,727.94</u>

(2) Accounts payable disclosed by aging

Items	End of the period	Beginning of the period
Within 1 year	114,733,159.15	76,369,495.01
1-2 years	9,145,007.85	16,681,478.25
2-3 years	7,695,794.82	4,831,103.92
Over 3 years	22,466,481.01	21,485,650.76
Total	<u>154,040,442.83</u>	<u>119,367,727.94</u>

Notes: Ageing of accounts payable is presented according to the date of receipt of goods and acceptance of labour. The average term of credit for purchase of goods and service is within 90 days (2016: within 90 days).

9. UNDISTRIBUTED PROFITS

Items	2017	2016
Undistributed profits at the end of last period before adjustment	360,642,012.74	304,872,400.47
Adjustment for undistributed profits at the beginning of period (“+” for plus; “-” for less)	-37,591,741.88	-
Undistributed profits at the beginning of period after adjustment	323,050,270.86	304,872,400.47
Plus: net profit attributable to shareholders of the parent company during the period	81,130,475.64	71,642,062.07
Less: withdrawal of statutory surplus reserves	9,455,534.48	7,964,191.68
Withdrawal of discretionary surplus reserve	-	-
Withdrawal of general risk reserves	-	-
Dividend payable on ordinary shares	31,606,487.15	45,500,000.00
Dividends payable to other equity holders	-	-
Ordinary shares dividends transferred to share capital	-	-
Undistributed profits at the end of period	<u>363,118,724.87</u>	<u>323,050,270.86</u>

Notes:

(1) The breakdown of adjustment for undistributed profits at the beginning of the current period:

① Due to changes in accounting policies, affected undistributed profit at the beginning of the current period was RMB-37,591,741.88.

② Please refer to “13. Adjustment for Differences in the Conversion of Hong Kong Financial Reporting Standards to the ASBE on the First Application Date” for the effects of changes in accounting policies on undistributed profits at the beginning of the current 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 made in accordance with the Chinese Accounting Standards and Regulations.

(2) Dividends

According to the Board’s resolution as at 28 March 2018, the Board of directors has recommended the payment of cash dividend of RMB0.0125 per share, calculating based on 2,898,086,091.00 issued shares, the total cash dividend is RMB36,226,076.14 (of which, 774,498,000.00 shares are foreign listed H shares, total cash dividend is RMB9,681,225.00). The above proposal is subject to approval in the General Meeting of Shareholders. The cash dividend will not be the Company’s liability until approval in the General Meeting of Shareholders; therefore, it wasn’t presented in the current financial statements.

10. OPERATING INCOME AND OPERATING COST

Items	2017		2016	
	Income	Cost	Income	cost
Main business	990,183,462.93	655,963,676.72	934,248,538.88	619,782,452.83
Other businesses	18,123,092.49	811,318.69	15,257,502.74	2,576,959.66

(1) Main business (sub-businesses)

Name of industry	2017		2016	
	Operating income	Operating cost	Operating income	Operating cost
Software development and sales	121,883,711.21	61,988,842.04	119,434,132.20	59,439,331.36
Operation and maintenance service	550,481,463.58	352,896,851.55	502,406,889.03	324,618,354.12
System integration service	310,060,655.75	240,159,700.09	312,407,517.65	235,724,767.35
Consulting service	7,757,632.39	918,283.04	–	–
Total	990,183,462.93	655,963,676.72	934,248,538.88	619,782,452.83

(2) Other businesses (sub-businesses)

Name of industry	2017		2016	
	Operating income	Operating cost	Operating income	Operating cost
Rental income from investment property	13,564,867.64	811,318.69	12,098,343.67	1,113,079.79
Income from subject fund project	4,434,952.78	–	3,064,819.45	1,463,879.87
Others	123,272.07	–	94,339.62	–
Total	18,123,092.49	811,318.69	15,257,502.74	2,576,959.66

11. INCOME TAX EXPENSE

Items	2017	2016
The current income tax calculated in accordance with the tax law and relevant provisions	50,792,324.46	24,332,849.05
Deferred income tax expense	4,315,697.37	-13,679,380.88
Total	55,108,021.83	10,653,468.17

12. EARNINGS PER SHARE

Earning per share	2017	2016
Basic earnings per share	0.028	0.025
Diluted earnings per share	0.028	0.025

13. ADJUSTMENT FOR DIFFERENCES IN THE CONVERSION OF HONG KONG FINANCIAL REPORTING STANDARDS TO THE ASBE ON THE FIRST APPLICATION DATE

- (1) As the changes in accounting standards will improve the efficiency and reduce the cost of disclosure, and are in the interest of the Group and the shareholders as a whole, the Group has adopted the ASBE for the first time on 1 January 2017 to prepare financial accounting reports.
- (2) On the First Application Date of ASBE (1 January 2017), adjustment for differences between net profit and net assets disclosed in financial statements for the Conversion of Hong Kong Financial Reporting Standards to the ASBE for net profits and net assets in the statements is as follows:

	Net profit 2016	Net assets End of 2016
In according with Hong Kong Financial Reporting Standards	109,942,973.68	1,008,320,091.04
Items and amount adjusted in accordance with the ASBE:		
Investment income	-37,591,741.88	-
Capital reserves	-	37,591,741.88
Undistributed profit	-	-37,591,741.88
In accordance with the ASBE	72,351,231.80	1,008,320,091.04

“Note: Since the Group adopted the ASBE for the first time on 1 January 2017 to prepare financial accounting reports, according to the requirements of Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments (2014 Revision), the Company shall accordingly adjust the carrying amount of long-term equity investments measured using the equity method for other changes in owner’s equity of the investees arising from factors other than net profit or loss, other comprehensive income and profit distribution, and recognize capital reserves (other capital reserves) at the same time. The conversion of Hong Kong Financial Reporting Standards to the ASBE involves the differences between net profit and net assets disclosed in financial statements, solely affecting the data of the annual financial statement of 2016.

- (3) On the First Application Date of ASBE (1 January 2017), adjustment for differences between net profit and net assets disclosed in financial statements for the Conversion of Hong Kong Financial Reporting Standards to the ASBE for net profits and net assets in the statements is as follows:

	Items in the balance sheet	
	Amount at beginning of period (consolidated financial statements)	Amount at beginning of period (the parent's financial statements)
Items and amount adjusted in accordance with the ASBE:		
Amounts due from customers for contract work	-96,660,964.60	-64,760,885.97
Inventory	106,249,688.41	73,071,832.17
Fixed assets	-12,633,993.81	-12,117,534.00
Intangible assets	12,633,993.81	12,117,534.00
Receipt in advance	300,951,134.52	243,287,223.98
Amounts due to customers for contract work	-291,362,410.71	-234,976,277.78

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2017, China intensively implemented the strategies of “Prosper Country via Internet”, “Digital China” and “Smart Society” and promoted the thorough integration of internet, big data, artificial intelligence and real economy. The informatization of Beijing achieved the full upgrade from “Digital Beijing” to “Smart Beijing”, bringing the city to a new phase of smart development. With numerous favorable opportunities for the development of the software and information technology industries, the management, guided by “13th Five-Year” strategic development plan, planned and prepared for the reform in institutional mechanism in view of the Company’s forthcoming 20th anniversary. Remarkable results were obtained again thanks to the close cooperation of all staff members. While building a new generation of smart infrastructure to adapt to the smart city market, the Group focused on the innovative development of the five business segments, i.e. smart government affair service, smart city management, smart medical and health service, smart livelihood service and smart enterprise innovation, to establish a national presence. The Group achieved healthy business development and made a new step in transformation and innovation. During the Reporting Period, the Group recorded an operating revenue of RMB1,008.31 million, representing an increase of 6.19% as compared with the corresponding period of last year; and profit attributable to owners of the Company of RMB81.13 million, representing an increase of 13.24% as compared with the corresponding period of last year.

During the Reporting Period, the Group maintained growth in overall revenue and profit. The overall scale of revenue of core businesses reduced as compared with the same period of last year, mainly attributable to the delay in the relevant project service schedule, which led to a decrease in revenue in the current period. The faster growth rate of the businesses is mainly due to the relatively smooth operation of the market businesses. Cost and administrative expense of main businesses was well controlled with a growth rate lower than that of revenue, thus enhancing the Group’s overall performance.

Smart Infrastructure Service

During the Reporting Period, the integrated network platform of government affairs provided important support and protection. The steady operation of E-governance network successfully provided information technology support and protection for the 19th National Congress of the Communist Party of China and the “One Belt, One Road” Summit Forum. The Internet of Things data website of government affairs undertook over 70 wireless applications including city management, major event protection, emergency handling and livelihood service. Having won the bid for the construction project of Beijing Sub-center administration office network, Capinfo made contribution to the construction of Beijing Sub-center. Capinfo Cloud Platform provided service for Supreme People’s Court, Beijing High People’s Court, Beijing Municipal Bureau of Press, Publication, Radio, Film and Television, etc. through hybrid cloud service assessment which combined the ITSS public cloud and the private cloud. The construction of cloud platform for state-owned enterprises was completed, which was supported by the “Innovative Cloud Platform in Beijing, Tianjin and Hebei” project of State-owned Assets Supervision and Administration Commission of Beijing. The application project of medical insurance big data was kick-started to achieve real-time monitoring of medical insurance business, multi-dimensional data analysis, macro support for decision-making and other business objectives. The experimental use of big data technology was gradually turned into actual application.

The establishment of the company level technology platform CAPINFO EA V2.0 was completed, and its application to provident fund sector, cloud sector and software sector obtained good results. The next step will be promoting its application to various sectors in order to achieve cost reduction and efficiency enhancement, thereby improving the overall technological capability of the Group.

Smart Government Affair Service

Ranked first in the national government website rating for 11 consecutive years, Beijing-China Website Clusters made the Company one of “China Top 100 Internet Enterprises”. The business of government affair service in the ministry, commission and national level was further developed. While the construction of the national civil servant data center was completed, systematic training was given to national ministries and commissions as well as provinces and cities including the United Front Work Department, the Ministry of Public Security, Beijing and Guizhou, which established a channel for the managing business of national personnel information. The software product of “Process Management System for Smart Government Affairs” was developed and quickly applied to the project of “Yihaotong” (一號通) livelihood service platform in Zhongwei, Ningxia. The implementation process of the project was shifted from customization to productization. The international energy project of Xinhua News Agency was checked and accepted, which became the first comprehensive, complete and timely big data service platform built in China for the energy industry.

Smart City Management

During the Reporting Period, the Group won the bid for the total integration service of public security surveillance in Dongcheng District, making substantial progress in city security and protection. With continuous efforts in the environmental business, the Group undertook the information operation and maintenance service project and the fundamental data management service project of soil monitoring for the Environmental Monitoring Center. The Group successfully entered into service agreements with eight districts in Beijing in relation to the municipal QR code management system. Such service adopted a new business model where the Group provided the “Internet + Smart City” facilities management software free of charge and the government purchased the collection and management service of municipal facilities information. The Group also helped Beijing Municipal Commission of City Management to implement the transport management system of construction waste collection vehicles, which would be fully monitored in an automated and delicate manner. By doing so, the production of PM2.5 was effectively controlled, and air quality and environment amenity were thus improved.

Smart Medical and Health Service

Medical insurance business plays an important role in social welfare, reform and protection. During the Reporting Period, the medical insurance system and the social security card system operated safely and stably with an increasing number of urban and rural residents becoming cardholders. The total number of social security cards issued reached 21 million. The completed transformation of the medical insurance system supported the adjustments in municipal medical service fees and the catalogue for diagnosis and treatment, with a view to ensuring the smooth implementation of the comprehensive reform for separation of medicine and pharmacy in Beijing. The “five-in-one” system transformation was completed, combining the social insurance registration certificate number and the organization code of the participating enterprises in Beijing into a unified social credit code. The unification of the medical insurance systems of urban and rural residents was also completed. The Group carried out various works in an organized manner regarding the settlement of interprovincial medical treatment with the integrated testing completed, covering the medical cases in and out of Beijing from 23 provinces and 53 cities and to 19 provinces and cities.

The business model of commercial insurance settlement platform achieved breakthroughs. Focused on software, the platform provided operational service based on the “one platform for multiple clients” model. It charged clients fees depending on data traffic, which offered a new revenue model for commercial development. The business of Beijing hospital medical card ran steadily with 11.45 million cards issued in total and 35 hospitals covered, 261 pharmacies with the service of establishing information systems.

Smart Livelihood Service

During the Reporting Period, the Group entered into agreements in respect of the core business system development project of provident fund in Shanghai as well as the upgrade and transformation projects of provident fund in Nanning and Baise, making new progress in the national industrialized development of provident fund. The steady operation of “Beijing Provident Fund Cloud” firmly secured the operation and testing of the new system. By using face recognition, provident fund business in Guangzhou and Nanning enabled the handling of provident fund-related matters through the WeChat public account and the mobile application. The maintenance work of provident fund system in Chongqing and Yichang was completed; and in Chongqing, the comprehensive management system of provident fund was being built as planned. Points-based household registration of Beijing and other livelihood businesses were pushed forward smoothly. Credit platform was established and put into operation in Beijing and pilot credit programs were carried out in the three districts of Mentougou, Tongzhou and Shunyi. The Group completed relevant work to provide technical support for the various examinations and appraisals of civil servants, including recruitment examination, qualification examination, occupational skill assessment, title appraisal, etc. The Group also completed the transformation of the online public service platform as required by the Beijing Municipal Human Resources and Social Security Bureau, which facilitated the implementation of “Internet + human resources and social security” in the area of employment service.

Smart Enterprise Innovation

The cloud business for state-owned enterprises was further developed. A cloud communication platform of state-owned assets was established to meet the requirements of State-owned Assets Supervision and Administration Commission of Beijing as well as the business needs for “information to be reported in the three levels of county, city and province” of 56 first-class municipal enterprises and 32 enterprises under central and local administrations during the sensitive period of the 19th National Congress. The Group entered into strategic cooperation agreements with Tong Ren Tang Group, One Light Group and International Cooperation Center in respect of the provision of a variety of turnkey informatization, consultation and cloud services, which facilitated the strategic transformation of the enterprises towards “internet + industry”. With Guangdong Tobacco as the pilot, the Group promoted third-party payment business and received commission from inter-bank payment, expanding into the business of corporate fintech service system.

During the Reporting Period, the Group initiated four patent applications which were accepted by the State Intellectual Property Office. As of 31 December 2017, the Group was authorized seven patents as accumulated. During the Reporting Period, the Group registered 268 software copyright items in total as accumulated.

The Group Management and Control

During the Reporting Period, the Group further standardized the systems of equity investment management, subsidiary management and financing management, as well as strengthening the control of the parent company over subsidiaries. With a view to meeting the future development needs of the Company, the Articles of Association were amended and Chinese accounting standards were consistently applied. A subsidiary engaged in medical information business was established to accelerate the penetration into the medical and health information market. A branch was established in Xiong'an to serve Xiong'an New Area in the construction of information infrastructure for government affairs. The liquidation of the subsidiary, Capinfo Hangyuan, was completed, which lightened the historical burden and streamlined the operation.

Looking Forward

2018 is the 20th anniversary of Capinfo's establishment. Setting footing on the new and historical starting point during the 20th anniversary, the Group will pass on its constructive mission of "Digital Beijing" to polish the brand of smart city services. The Group is committed to create the integrated network platform of government affairs, Capinfo Cloud Platform and the city's data center which follow closely the clients' needs. The Group will build a new generation of smart infrastructure specially featured by Capinfo. Basing at the capital city, the Group devotes its efforts to the five highlighted business segments, i.e. smart government affair service, smart livelihood service, smart city management, smart medical and health service, and smart enterprise innovation. This will lead to the refinement and promotion of the generally-applied products and services available to the smart city and will establish a national development layout.

Human Resources

As of 31 December 2017, the Group had 1,537 employees (2016: 1,508 employees), including 1,067 technology and research and development employees (2016: 981 employees), 305 function management personnel at all levels (2016: 329 employees), 98 call center representatives (2016: 114 employees), and 67 sales staff (2016: 84 employees). Expense of the Group's employees was approximately RMB309.66 million (2016: RMB274.6 million).

To secure the implementation of the "13th Five-Year" strategic plan, the Group carefully studied the adjustment plan of organizational structure and remuneration system. While actively recruiting top-notch technology experts and talents, the Group formulated an incentive program for the expansion of all businesses to promote the development of new markets, new clients and new projects. Meanwhile, with a focus on the quantitative evaluation of expansion results, the Group offered positive incentives based on responsibilities and results, creating a fair system of reward and punishment.

Financial Review

For the year ended 31 December 2017, the Group recorded an operating revenue of RMB1,008.31 million, representing an increase of 6.19% as compared with the same period of last year. The Group recorded a gross profit of RMB351.53 million, representing an increase of 7.45% as compared with the same period of last year, and profit attributable to the shareholders of RMB81.13 million, representing an increase of 13.24% as compared with the same period of last year.

For the year ended 31 December 2017, the core business of the Group accumulated an operating revenue of RMB258.92 million, representing a decrease of 17.98% as compared with the corresponding period of last year, accounting for 25.68% (2016: 33.25%) of the total operating revenue of the Group; costs of core business was RMB203.74 million, representing a decrease of 12.57% as compared with the corresponding period of last year, accounting for 31.02% (2016: 37.44%) of the total costs of the Group. The core businesses of the Group mainly include government projects for smart city businesses constructed on the basis of various government projects the E-Governance network and the Internet of Things platform, the smart livelihood 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 core businesses for market expansion amounted to RMB669.16 million, representing an increase of 26.26% over the corresponding period of last year, accounting for 66.36% (2016: 55.82%) of the total operating revenue of the Group. As of 31 December 2017, revenue of other principal businesses of the Group amounted to RMB62.09 million, representing a decrease of 29.90% over the corresponding period of last year, accounting for 6.16% of the total operating revenue of the Group (2016: 9.33%); costs of other principal businesses was RMB27.72 million, representing a decrease of 33.59% over the corresponding period of last year, accounting for 4.22% of the total costs of the Group (2016: 6.71%).

Other income of the Group amounted to RMB18.12 million, representing an increase of 18.78% over the corresponding period of last year, mainly due to the income from project research and development and property rent, where income from project research and development was RMB4.44 million, representing an increase of 44.71% over the corresponding period of last year. Digital Beijing Building's rental income was RMB13.56 million, representing an increase of 12.12% over the corresponding period of last year.

In the current year, the profit or loss from fair-value changes of the Group amounted to a loss of RMB3.56 million, representing a decrease of gains of RMB4.80 million compared to the corresponding period of last year, mainly attributable to the fair-value changes in the Series of C-2 Stock held. During the current year, the investment revenue amounted to RMB63.18 million, representing an increase of RMB42.20 million compared to the corresponding period of last year, mainly attributable to the payment of income tax of RMB40.81 million arising from the disposal of PayEase's equities with the amounts set aside by Capinfo Hong Kong of this year as well as the investment income of RMB40.81 million recognized at the same time; in the current year, the impairment loss of the assets amounted to RMB33.73 million, representing an increase of impairment provision of RMB4.63 million compared to the corresponding period of last year.

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 RMB550.48 million, representing an increase of 9.57% as compared with the corresponding period of last year and accounting for 54.59% (2016: 52.91%) of the total operating revenue of the Group; revenue from system integration amounted to RMB310.06 million, maintaining stable as compared with the corresponding period of last year and accounting for 30.75% (2016: 32.90%) of the total operating revenue of the Group; revenue from software development amounted to RMB121.88 million, representing an increase of 2.05% as compared with the corresponding period of last year and accounting for 12.09% (2016: 12.58%) of the total operating revenue of the Group; revenue from IT consultancy and sales of goods totaled RMB7.76 million, and accounting for 0.77% 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 80.34% (2016: 86.83%) 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 90.95% (2016: 87.57%) of the total operating revenue.

Capital Expenditure, Liquidity and Financial Resources

As of 31 December 2017, the Group had total assets amounting to RMB1,817.78 million, representing an increase of 3.60% as compared with the corresponding period of last year. Equity attributable to shareholders of the parent company amounted to RMB1,026.26 million, representing an increase of 5.07% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.70, 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 year ended 31 December 2017, the Group had no pledged assets.

The Group's unsecured loan from government of RMB0.90 million was applied for construction of the Group's E-commercial platform from Beijing Finance Bureau in 2002, bearing an average annualized interest rate of 1.8%. Bank deposits, bank balance and cash of the Group amounted to RMB676.52 million, representing an increase of 18.44% over the corresponding period of last year. The fund was mainly derived from the net inflow of cash flow realized in the ordinary market businesses which made rapid progress in market expansion.

Equity Investments

In 2017, the Group's share of results of associates was RMB22.20 million, representing an increase of 5.85% over the corresponding period of last year, which was mainly due to the contribution from BJCA.

Income Tax

In 2017, the Company has been recognized as a key software enterprise in the national planning layout to enjoy a tax preference. The Enterprise income tax of the Company was imposed at a reduced rate of 10%. In the current year, the payable income tax expenses amounted to RMB55.11 million, representing an increase of RMB44.45 million compared to the corresponding period of last year, mainly attributable to the increase in the operating profit and the payment of income tax of RMB40.81 million arising from the disposal of PayEase's equities with the amounts set aside by Capinfo Hong Kong during the current year.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held at Conference Room, 15th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC on Tuesday, 19 June 2018 at 10:00 a.m.. The notice of convening the AGM will be published and despatched to shareholders of the Company in due course pursuant to the requirements of the Listing Rules.

DIVIDEND

Owing to a stable result of the Group, sufficient cash flow of business including recurrent business, the Board has recommended the payment of a final cash dividend of RMB1.25 cents per share totaling approximately RMB36.23 million for the year ended 31 December 2017 (2016: RMB1.09 cents per share) to the shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Tuesday, 3 July 2018. Payment of dividends is subject to the approval by the shareholders at the AGM. Payment of dividends will be made on Friday, 28 September 2018.

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementing rules which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H share register of shareholders of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore the dividend payable therein will be subject to the withholding of the corporate income tax.

The Company will withhold 10% of the dividend to be distributed to the individual holders of H shares of the Company as individual income tax unless otherwise specified by the tax regulations and relevant tax agreements, in which case the Company will withhold individual income tax of such dividend at the required tax rates and according to the procedures as specified by the relevant regulations.

CLOSURE OF REGISTER OF MEMBERS

(a) Eligibility to attend and vote at the AGM

The register of members of the Company will be closed from Sunday, 20 May 2018 to Tuesday, 19 June 2018 (both days inclusive), during which no transfer of shares will be effected for the purpose of ascertaining the shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged by the shareholders with the Company's H share registrar and transfer office, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company, at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Friday, 18 May 2018.

(b) Qualification for the proposed final dividend

Subject to the approval of the shareholders at the AGM for the resolution regarding the proposed payment of final dividend, the register of members of the Company will be closed from Monday, 25 June 2018 to Tuesday, 3 July 2018 (both days inclusive), during which no transfer of shares will be affected. In order to qualify for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged by the shareholders with the Company's H share registrar and transfer office, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company, at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Friday, 22 June 2018.

CORPORATE GOVERNANCE CODE

The Group is committed to achieving and maintaining statutory and regulatory standards and adherence to the principles of corporate governance. During the year and thereafter, the Company has complied with all code provisions set out in the CG Code.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Group has formulated the “Code for securities transactions” regarding Directors’ and supervisors’ 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 with the Directors and supervisors, all the Directors and supervisors confirmed that they have complied with the required standard of dealings and the Group’s “Code for Securities Transactions” regarding Directors’ and supervisors’ securities transactions throughout the year ended 31 December 2017.

PURCHASE, SALE AND REPURCHASE OF THE COMPANY’S SHARES

During the year ended 31 December 2017, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

AUDIT COMMITTEE

The Group has established an audit committee and formulated the “Rules and Procedures of Audit Committee” with written terms of reference. The primary duties of the audit committee are to review and supervise the financial reporting process and risk management and internal control system of the Group. The audit committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2017, including the accounting principles and practices adopted by the Group and the identification and appointment of external auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board conducted regular reviews on the risk management and internal control system of the Group to ensure the relevant system is effective and adequate. The Board convened meetings regularly to discuss financial, operational and risk management control.

PUBLISHING ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Group's annual report for the year 2017 will be despatched to the Company's shareholders and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.capinfo.com.cn) in due course for inspection by shareholders and investors.

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

Beijing, the People's Republic of China, 28 March 2018

As of the date of this announcement, the executive directors of the Company are Ms. Lin Yankun and Mr. Yu Donghui; the non-executive directors of the Company are Dr. Feng Hao Cheng, Mr. Cao Jun, Mr. Zhou Weihua, Mr. Shan Yuhu and Ms. An Lili; 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.