

CAPINFO

Capinfo Company Limited

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

(於中華人民共和國註冊成立之股份有限公司)

(Stock Code 股份代號：1075)

凝心聚力 勇擔使命

INTERIM REPORT 2020
中期報告



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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

Smart Infrastructure

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

MANAGEMENT DISCUSSION AND ANALYSIS

Smart Government Affair Service

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

Smart City Management

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



MANAGEMENT DISCUSSION AND ANALYSIS

Smart Medical and Health Service

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

Smart Livelihood Service

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

Smart Enterprise Innovation

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

MANAGEMENT DISCUSSION AND ANALYSIS

Product Research and Development

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

Epidemic Prevention and Control

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



MANAGEMENT DISCUSSION AND ANALYSIS

Human Resources

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

Looking Forward

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

FINANCIAL REVIEW

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

In addition, in respect of the classification of industries which the clients of the Company are engaged in, government clients of the Group accounted for the largest share, with 82.35% of clients being the government clients. In respect of regions of business distribution, the operating revenue of the Group was still derived mainly from the Beijing region currently, which accounted for 94.77% of the total operating revenue.



MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditure, Liquidity and Financial Resources

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

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

Equity Investments

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

Income Tax

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

CORPORATE GOVERNANCE CODE

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

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

CORPORATE GOVERNANCE FRAMEWORK

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

BOARD OF DIRECTORS

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

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

During the Reporting Period, the Board held five video conferences, and signed one meeting document in the form of circulation. To enable the Directors to have a comprehensive knowledge of the Company's businesses, in addition to work report at the regular meetings of the Board and timely report of significant events at the special meetings of the Board, the Company also submits "Monthly Report" to the Directors every month, which contains industry information and latest developments of the Group, updating them on the business performance of the Company.

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Code of Securities Transactions regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirm that they have complied with the required standard of dealings and the Company's Code of Securities Transactions regarding securities transactions by the Directors for the six months ended 30 June 2020. The senior managements and employees, who may have access to un-published inside information because of their duties, have been requested to comply with the required standard of dealings.

AUDIT COMMITTEE

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

During the Reporting Period, the audit committee held one video conference, and signed one meeting document in the form of circulation. The committee reviewed the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019, appointment of Grant Thornton Hong Kong Limited as the auditor of the Company for the year 2020 and the plan on audit for the year 2020 of the Company, the operating performance and financial analysis of the Company and its subsidiaries for the first quarter ended 31 March 2020, and other proposals.

REMUNERATION AND APPRAISAL COMMITTEE

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

During the Reporting Period, the remuneration and appraisal committee signed one meeting document in the form of circulation to confirm the overall implementation of remuneration of the employees of the Company in 2019, and consider the proposal on distribution of bonus of 2019 as well as the basic annual salary scheme to the senior management in 2020 of the Company.

NOMINATION COMMITTEE

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

During the Reporting Period, the nomination committee signed two meeting document in the form of circulation to confirm the compliance of the existing structure, scale and composition of the Board of the Company with the provisions of the Listing Rules and the Articles of Association as well as its conformity with the corporate strategy and development of the Company, and recommend candidates of the non-executive Directors of the seventh session of the Board.

STRATEGY COMMITTEE

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

During the Reporting Period, the strategy committee signed one meeting document in the form of circulation to review the operating budget of the Company for the year of 2020.

BOARD OF SUPERVISORS

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

During the Reporting Period, the Board of Supervisors signed one meeting document in the form of circulation to review the audited consolidated financial report of the Company and its subsidiaries for the year ended 31 December 2019, the continuing connected transaction report and the Report of the Board of Supervisors for the year of 2019.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

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

INTERNAL CONTROL ACTIVITIES

In view of the adjustment of national macroeconomic policies, domestic and overseas monitoring laws and regulations and the Company's business development strategy, the Company included the functions of compliance management, internal control management and comprehensive risk management into the legal compliance department, clarified related work responsibilities and authorities, and further improved the Company's internal control governance mechanism. The legal compliance department is responsible for the effective assessment, review and supervision of corporate compliance, internal control, risk prevention and control activities, and timely reporting of important audit findings. Under the leadership of the audit committee, the auditing department of the Company carries out independent internal audit and assessment on operations, management and economic events of the Company in accordance with the principle of independence, objectivity and authority of internal audit, to check the effectiveness of internal control procedures, and to ensure that each business and operating units can comply with the established policies and standards.

The audit committee assessed the effectiveness of the internal control and risk management systems of the Company on behalf of the Board, covering the operating effectiveness and efficiency, the reliability of financial reporting and other matters. The audit committee is of the opinion that, as of 30 June 2020, adequate and effective internal control and risk management systems were maintained to safeguard the investments of the shareholders and the assets of the Company.

CONTINUOUS DISCLOSURE OBLIGATIONS REGARDING INSIDE INFORMATION

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

INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 30 June 2020, none of the Directors, supervisors and chief executive of the Company had any interest and short position in shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) (Cap. 571 of the Laws of Hong Kong)) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred in Appendix 10 of the Listing Rules.

INTEREST OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, the Directors are not aware of any other interests and short positions in shares and underlying shares of the Company of any person (other than Directors, Supervisors or chief executive of the Company) as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2020:

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

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

During the six months ended 30 June 2020, the Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

CHANGE OF INFORMATION

Changes in Directors' other major offices which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below.

| | Appointment effective date | Cessation Effective date |
|---|----------------------------|--------------------------|
| Yang Xiaohui Beijing Jingcheng Machinery Electric Company Limited (Listed on Shanghai Stock Exchange and Hong Kong Stock Exchange) – Independent non-executive director | – | 8 June 2020 |

Financial Calendar

| | |
|--|-------------------|
| Announcement of interim results | 28 August 2020 |
| Dispatch of interim report to shareholders | 24 September 2020 |

Interim Report

The Chinese and English versions of the interim report will be posted on the website of the Company (www.capinfo.com.cn) on 23 September 2020

SHARE REGISTRAR AND TRANSFER OFFICE

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CONTACTS

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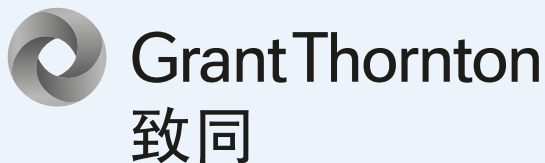
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GTCZZ (2020) No. 110ZA08529

To the Shareholders of Capinfo Company Limited,

We have reviewed the accompanied financial statements of Capinfo Company Limited (“Capinfo”) which comprise the consolidated balance sheet as at 30 June 2020, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for January to June 2020, and notes to the financial statements. The management of the Capinfo is responsible for the preparation of these financial statements. Our responsibility is to issue our review report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with Accounting Standards for Business Enterprises, failure to fairly reflect the consolidated financial position and consolidated operating results and consolidated cash flow of the reviewed units in all material aspects.

We remind the users of the financial statements to pay attention. As mentioned in Note IX. Other Significant Events to the Financial Statement, the Company suspected that the former shareholders of an acquired company, Xiamen Ritoinfo Technology Company Limited, had committed contract fraud, and reported the case to the Haidian Branch of the Beijing Public Security Bureau on 5 June 2018. On 6 August 2018, the Company received the Case Filing Notice issued by the Haidian Branch of the Beijing Public Security Bureau. As of the date of the review report, it is in the stage of filing investigation. In 2019, a legal proceeding had been instituted by Capinfo to, and was accepted by, the Beijing First Intermediate People's Court (北京市第一中級人民法院), regarding the request for the revocation of the Share Transfer Agreement entered into between the Capinfo and the former shareholders of Xiamen Ritoinfo on 21 July 2014. As the defendant brought a jurisdiction objection, the Beijing First Intermediate People's Court (北京市第一中級人民法院) issued the (2019) Jing 01 Min Chu No. 341 Civil Ruling after the trial, ruling that the case was transferred to the Intermediate People's Court of Xiamen City, Fujian Province (福建省廈門市中級人民法院). In response to the ruling, Capinfo has filed an appeal to the Beijing People's High Court (北京市高級人民法院). As of the date of approval of the financial statements, the session for the second instance trial has not been heard. The future impact of this case on the Company is uncertain. This paragraph shall not affect the published review conclusion.

Grant Thornton LLP
(Special General Partnership)

Certified Public
Accountant of China: Ren Yiyou

Certified Public
Accountant of China: Liu Yong

Beijing, China

28 August 2020

Consolidated Balance Sheet

30 June 2020

Prepared by: Capinfo Company Limited

Unit: RMB

| Items | Notes | 30 June 2020 | 31 December 2019 |
|-------------------------------------|-------|-------------------------|-------------------------|
| Current assets: | | | |
| Monetary fund | V.1 | 636,256,493.81 | 875,733,125.24 |
| Held-for-trading financial assets | V.2 | 240,000,000.00 | - |
| Accounts receivables | V.3 | 295,384,214.87 | 295,511,738.33 |
| Prepayments | | 86,454,734.67 | 69,113,538.77 |
| Other receivables | V.4 | 94,774,549.15 | 94,224,901.82 |
| Inventories | V.5 | 421,490,197.23 | 327,227,019.14 |
| Contractual assets | V.6 | 57,984,911.06 | 67,252,630.51 |
| Other current assets | | 11,114,214.17 | 6,436,835.24 |
| Total current assets | | 1,843,459,314.96 | 1,735,499,789.05 |
| Non-current assets: | | | |
| Long-term equity investments | V.7 | 175,141,407.00 | 183,915,796.12 |
| Other equity instruments investment | | 97,362.87 | 97,362.87 |
| Other non-current financial assets | | 2,000,000.00 | 2,000,000.00 |
| Investment properties | V.8 | 32,076,110.18 | 33,962,940.20 |
| Fixed assets | V.9 | 67,727,349.32 | 74,466,214.01 |
| Right-of-use assets | V.10 | 48,717,198.31 | 61,799,277.72 |
| Intangible assets | V.11 | 13,386,217.78 | 19,047,230.32 |
| Development expenditure | | 12,037,403.95 | 6,940,486.60 |
| Goodwill | | 121,752,359.52 | 121,752,359.52 |
| Long-term deferred expenses | | 20,866,346.79 | 24,410,974.86 |
| Deferred income tax assets | | 52,867,575.50 | 50,688,989.63 |
| Total non-current assets | | 546,669,331.22 | 579,081,631.85 |
| Total assets | | 2,390,128,646.18 | 2,314,581,420.90 |

Consolidated Balance Sheet

30 June 2020

| Items | Notes | 30 June 2020 | 31 December 2019 |
|--|-------|-------------------------|-------------------------|
| Current Liabilities: | | | |
| Accounts payables | V.12 | 135,266,035.45 | 198,578,272.64 |
| Contractual liabilities | V.13 | 605,801,463.35 | 465,215,366.56 |
| Employee benefits payable | | 36,713,484.16 | 69,748,156.03 |
| Taxes payable | | 30,590,786.69 | 42,192,125.90 |
| Other payables | V.14 | 342,999,698.81 | 263,666,806.55 |
| Incl: Interest payables | | - | - |
| Dividend payables | | 57,382,104.60 | - |
| Non-current liabilities due within one year | V.15 | 68,561,157.59 | 72,077,690.46 |
| Total current liabilities | | 1,219,932,626.05 | 1,111,478,418.14 |
| Non-current liabilities: | | | |
| Lease liabilities | V.16 | 32,787,145.28 | 39,286,340.49 |
| Deferred income | | 9,915,466.56 | 8,745,466.56 |
| Deferred income tax liabilities | | 5,432,002.44 | 6,675,273.19 |
| Total non-current liabilities | | 48,134,614.28 | 54,707,080.24 |
| Total liabilities | | 1,268,067,240.33 | 1,166,185,498.38 |
| Shareholders' equity: | | | |
| Share capital | V.17 | 289,808,609.10 | 289,808,609.10 |
| Capital reserves | V.18 | 293,275,785.92 | 293,275,785.92 |
| Other comprehensive income | | -8,345,803.99 | -8,345,803.99 |
| Surplus reserves | | 99,672,109.66 | 99,672,109.66 |
| Unallocated profits | V.19 | 402,863,365.87 | 431,229,319.27 |
| Total equity attributable to owners of the parent | | 1,077,274,066.56 | 1,105,640,019.96 |
| Minority interests | | 44,787,339.29 | 42,755,902.56 |
| Total shareholders' equity | | 1,122,061,405.85 | 1,148,395,922.52 |
| Total liabilities and shareholders' equity | | 2,390,128,646.18 | 2,314,581,420.90 |

Legal representative
of the Company:

Lin Yankun

Person in charge of
accounting of the Company:

Du Xiaoling

Person in charge of the
accounting department
of the Company:

Tan Xiangwu

Consolidated Income Statement

January to June 2020

Prepared by: Capinfo Company Limited

Unit: RMB

| Items | Notes | Amount for current period | Amount for last period |
|--|-------|---------------------------|------------------------|
| I. Total operating income | V.20 | 420,727,978.28 | 413,251,783.14 |
| Less: Operating costs | V.20 | 255,473,232.76 | 250,711,500.79 |
| Business tax and surcharges | | 2,833,535.36 | 1,673,068.61 |
| Selling expenses | | 49,187,978.81 | 46,205,075.97 |
| Administrative expenses | | 31,292,922.36 | 29,262,642.36 |
| R&D expenses | | 25,601,082.24 | 23,307,025.94 |
| Financial expenses | | -4,613,673.59 | -129,136.08 |
| Incl: Interest expenses | | 1,367,678.35 | 1,919,155.16 |
| Interest income | | 5,067,181.69 | 1,990,927.81 |
| Add: Other income | | 728,093.52 | 609,478.04 |
| Investment gain (loss is marked by "-") | | -736,379.05 | 10,667,218.37 |
| Incl: Gain from investment in associates and joint ventures | | -4,051,996.02 | 6,724,718.37 |
| Impairment losses of credit (loss is marked by "-") | | -22,520,208.00 | -31,083,697.98 |
| Gain from disposal of assets (loss is marked by "-") | | - | 906.62 |
| II. Operating profit (loss is marked by "-") | | 38,424,406.81 | 42,415,510.60 |
| Add: Non-operating income | | 816,630.63 | 7,000.07 |
| Less: Non-operating expenses | | 1,079,361.23 | 1,285,674.15 |

Consolidated Income Statement

January to June 2020

| Items | Notes | Amount for current period | Amount for last period |
|---|-------|---------------------------|------------------------|
| III. Total profit (total loss is marked by "-") | | 38,161,676.21 | 41,136,836.52 |
| Less: Income tax expenses | V.21 | 7,114,088.28 | 6,170,403.95 |
| IV. Net profit (net loss is marked by "-") | | 31,047,587.93 | 34,966,432.57 |
| (I) Items classified by attribution of ownership | | | |
| 1. Net profit attributable to owners of the parent | | 29,016,151.20 | 33,383,464.30 |
| 2. Minority interests | | 2,031,436.73 | 1,582,968.27 |
| (II) Items classified by continued operations | | | |
| 1. Net profit from continued operations (net loss is marked by "-") | | 31,047,587.93 | 34,966,432.57 |
| 2. Net profit from discontinued operation (net loss is marked by "-") | | | |
| V. Other comprehensive income after taxation, net | | - | -468,642.20 |
| Other comprehensive income after taxation attributable to the owners of parent, net | | - | -468,642.20 |
| (I) Other comprehensive income not subject to reclassification to profit or loss | | - | -468,642.20 |
| 1. Fair value changes of other equity instrument investments | | - | -468,642.20 |
| (II) Other comprehensive income to be reclassified to profit or loss | | - | - |
| 1. Share in the other comprehensive income to be reclassified into the profit or loss under the equity method | | - | - |
| Other comprehensive income attributable to the minority shareholders after taxation, net | | - | - |

Consolidated Income Statement

January to June 2020

| Items | Notes | Amount for current period | Amount for last period |
|--|-------|---------------------------|------------------------|
| VI. Total comprehensive income | | 31,047,587.93 | 34,497,790.37 |
| Total comprehensive income attributable to the owners of parent | | 29,016,151.20 | 32,914,822.10 |
| Total comprehensive income attributable to the minority shareholders | | 2,031,436.73 | 1,582,968.27 |
| VII. Earnings per share: | | | |
| (I) Basic earnings per share | | 0.0100 | 0.0115 |
| (II) Diluted earnings per share | | 0.0100 | 0.0115 |

Legal representative
of the Company:

Lin Yankun

Person in charge of
accounting of the Company:

Du Xiaoling

Person in charge of the
accounting department
of the Company:

Tan Xiangwu

Consolidated Cash Flow Statement

January to June 2020

Prepared by: Capinfo Company Limited

Unit: RMB

| Items | Notes | Amount for current period | Amount for last period |
|---|-------|---------------------------|------------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods and provision of labor services | | 584,659,593.44 | 451,502,167.04 |
| Tax refunds received | | - | - |
| Cash received relating to other operating activities | | 7,053,812.32 | 3,877,927.88 |
| Sub-total of cash inflows from operating activities | | 591,713,405.76 | 455,380,094.92 |
| Cash paid for purchase of goods and engagement of labor services | | 295,756,253.16 | 326,896,898.79 |
| Cash paid to and on behalf of employees | | 197,362,275.61 | 183,143,339.19 |
| Payments of all types of taxes | | 43,715,895.07 | 35,260,782.45 |
| Cash paid relating to other operating activities | | 19,105,875.42 | 23,313,573.90 |
| Sub-total of cash outflows from operating activities | | 555,940,299.26 | 568,614,594.33 |
| Sub-total of cash outflows from operating activities | | 35,773,106.50 | -113,234,499.41 |
| II. Cash flows from investing activities: | | | |
| Cash received from return of investment | | - | - |
| Cash received from investment gain | | 4,722,393.10 | 10,239,024.20 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | - | 18,482.76 |
| Net cash received from disposal of subsidiaries and other operating units | | - | - |
| Cash received relating to other investing activities | | 253,315,500.00 | 400,000,000.00 |
| Sub-total of cash inflows from investing activities | | 258,037,893.10 | 410,257,506.96 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | | 16,351,332.99 | 29,951,527.74 |
| Cash paid for investment | | - | - |
| Net cash paid for acquisition of subsidiaries and other operating units | | - | - |
| Cash paid relating to other investing activities | | 490,000,000.00 | 430,000,000.00 |
| Sub-total of cash outflows from investing activities | | 506,351,332.99 | 459,951,527.74 |
| Net cash flows from investing activities | | -248,313,439.89 | -49,694,020.78 |

Consolidated Cash Flow Statement

January to June 2020

| Items | Notes | Amount for current period | Amount for last period |
|---|-------|---------------------------|------------------------|
| III. Cash flows from financing activities: | | | |
| Cash received from investors | | - | - |
| Including: Cash received from minority shareholders' investment by subsidiaries | | - | - |
| Cash received from obtaining borrowings | | - | - |
| Cash received relating to other financing activities | | - | - |
| Sub-total of cash inflows from financing activities | | - | - |
| Cash paid for repayment of debts | | - | - |
| Cash paid for distribution of dividends, profits or payment of interests | | - | - |
| Including: Dividends and profits paid to minority shareholders by subsidiaries | | - | - |
| Cash paid relating to other financing activities | | 12,462,767.66 | 10,138,971.09 |
| Sub-total of cash outflows from financing activities | | 12,462,767.66 | 10,138,971.09 |
| Net cash flows from financing activities | | -12,462,767.66 | -10,138,971.09 |
| IV. Effect of changes in exchange rate on cash and cash equivalents | | | |
| | | 957,624.86 | -57,363.43 |
| V. Net increase in cash and cash equivalents | | | |
| | | -224,045,476.19 | -173,124,854.71 |
| Add: Cash and cash equivalents at beginning of period | | 851,283,759.60 | 627,190,473.40 |
| VI. Cash and cash equivalents at end of period | | | |
| | | 627,238,283.41 | 454,065,618.69 |

Legal representative
of the Company:

Lin Yankun

Person in charge of
accounting of the Company:

Du Xiaoling

Person in charge of the
accounting department
of the Company:

Tan Xiangwu

Consolidated Statement of Changes in Equity

January to June 2020

Prepared by: Capinfo Company Limited

Unit: RMB

| Items | Amount for current period | | | | | | |
|---|---|------------------|----------------------------|------------------|---------------------|--------------------|--|
| | Equity attributable to shareholders of the parent | | | | | | |
| | Share capital | Capital reserves | Other comprehensive income | Surplus reserves | Unallocated profits | Minority interests | Total shareholders' equity (or owners' equity) |
| I. Closing balance of last year | 289,808,609.10 | 293,275,785.92 | -8,345,803.99 | 99,672,109.66 | 431,229,319.27 | 42,755,902.56 | 1,148,395,922.52 |
| II. Opening balance of current year | 289,808,609.10 | 293,275,785.92 | -8,345,803.99 | 99,672,109.66 | 431,229,319.27 | 42,755,902.56 | 1,148,395,922.52 |
| III. Increase/decrease for current year | | | | | | | |
| ("-" for decrease) | - | - | - | - | -28,365,953.40 | 2,031,436.73 | -26,334,516.67 |
| (I) Total comprehensive income | | | | | 29,016,151.20 | 2,031,436.73 | 31,047,587.93 |
| (II) Profits distribution | - | - | - | - | -57,382,104.60 | - | -57,382,104.60 |
| 1. Distributions to shareholders | | | | | -57,382,104.60 | | -57,382,104.60 |
| IV. Closing balance of current year | 289,808,609.10 | 293,275,785.92 | -8,345,803.99 | 99,672,109.66 | 402,863,365.87 | 44,787,339.29 | 1,122,061,405.85 |

Consolidated Statement of Changes in Equity

January to June 2020

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

Legal representative of the Company:

Lin Yankun

Person in charge of accounting of the Company:

Du Xiaoling

Person in charge of the accounting department of the Company:

Tan Xiangwu

I. COMPANY GENERAL INFORMATION

1. Company Profile

Capinfo Company Limited (hereinafter referred to as the “Company”) is a joint stock limited company incorporated in Beijing, approved by the “Notice on Approval of Establishment of Capinfo Company Limited” of the Beijing Municipal People’s Government (J.Z.H.Z. (2000) No.74) and approved to register with Beijing Administration for Industry and Commerce on 14 July 2000. The unified social credit code is 911100006336972074. All H shares issued by the Company have been listed for trading on Hong Kong Stock Exchange. The Company is headquartered at No. 11 Xi San Huan Zhong Road, Haidian District (The north gate of the central television tower), Beijing.

The Company has established the corporate governance structure consisting of General Meeting, Board of Directors and Supervisory Committee. Currently, we have business platforms including Social Security Segment, Private Network Segment, Housing Provident Fund Segment, and Governance Segment; management platforms including Comprehensive Management Department, Financial Management Department, Planning Management Department, Quality Management Department and Human Resources Department; technology platform, which is Capinfo Research Institute; and investment platform, which is Investment Department. We have nine branches namely Guangzhou Branch, Chongqing Branch, Yanqing Branch, Xiongan Branch, Shunyi Branch, Shanghai Branch, Tongzhou Branch, Daxing Branch and Hubei Branch.



Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

I. COMPANY GENERAL INFORMATION (CONTINUED)

1. Company Profile (Continued)

The Company and its subsidiaries (hereinafter referred to as the “Group”) belong to software industry and are principally engaged in online application service and system integration. The business scope includes the provision of information source service, e-commerce service, technical development, technical consulting, technical service and technical training of inter-networking, computer equipment and hardware and software, communication hardware and software products, integration and agency of information and network system, sales of computer peripheral equipment, proprietary and agency of all kinds of goods and technologies import and export business (excluding those restricted or prohibited by the state from import and export), professional contracting and sale agency of entrance tickets. (Enterprises can independently choose their own business projects and carry out business activities under the laws; for the above items subject to the administrative approval, relevant approval must be obtained prior to operation; enterprises shall not carry out business activities prohibited and restricted by the city’s industrial policy.)

The financial statements and notes to the financial statements have been approved on 28 August 2020 at the 24th meeting of the seventh session of board of directors of the Company.

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

I. COMPANY GENERAL INFORMATION (CONTINUED)

2. Scope of consolidation of the financial statements

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

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

II. PREPARATION BASIS FOR FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.



Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

II. PREPARATION BASIS FOR FINANCIAL STATEMENTS (CONTINUED)

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Changes in Significant Accounting Policies

The consolidated financial statements as of 30 June 2020 have been prepared by the Group in accordance with the same accounting policies adopted in the Group's financial statements for the year ended 31 December 2019.

(2) Changes in Accounting Estimates

Nil.

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

IV. TAX

1. Main taxes and tax rates

| Taxes | Tax basis | Statutory Tax Rate % |
|--|--------------------------------|----------------------|
| Value-added tax | Taxable income | 5、6、9、13 |
| Urban maintenance and construction tax | Commodity turnover tax payable | 7 |
| Corporate income tax | Taxable income | 25 |

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



Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

IV. TAX (CONTINUED)

2. Tax preference and approvals

(1) Value-added tax

In accordance with the requirements of the Notice of Valued-added Tax Policies for Software Products (Cai Shui [2011] No. 100) promulgated by the Ministry of Finance and the State Administration of Taxation, Rito Info, a subsidiary of the Company, sells its own-developed and produced software. After levitation of value-added tax at a rate of 13%, the part over 3% will be refundable as soon as it is imposed.

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

IV. TAX (CONTINUED)

2. Tax preference and approvals (Continued)

(2) Corporate income tax

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

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

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

Rito Info, a subsidiary of the Company, obtained its Certificate of Hi-tech Technological Enterprise, No. GR201835100234 on 12 October 2018 and is entitled to 15% discount of corporate income tax for a period of 3 years.

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS

1. Monetary fund

| Items | End of the period | | | Beginning of the period | | |
|-------------------------------|----------------------------|---------------|-----------------------|----------------------------|---------------|-----------------------|
| | Amount in foreign currency | Discount rate | Amount in RMB | Amount in foreign currency | Discount rate | Amount in RMB |
| Cash on hand: | - | - | 230,386.69 | - | - | 100,118.07 |
| RMB | - | - | 197,733.40 | | | 67,425.29 |
| USD | 4,601.01 | 7.0795 | 32,572.85 | 4,664.79 | 6.9762 | 32,542.48 |
| EUR | 1.017 | 7.9610 | 8.10 | 10.09 | 7.8155 | 78.86 |
| HKD | 79.20 | 0.91344 | 72.34 | 79.75 | 0.89578 | 71.44 |
| Bank deposits: | - | - | 606,529,395.40 | | | 838,538,009.05 |
| RMB | - | - | 542,913,377.32 | | | 775,481,468.37 |
| USD | 8,332,289.49 | 7.0795 | 58,988,443.44 | 8,335,600.33 | 6.9762 | 58,150,815.02 |
| HKD | 5,066,095.90 | 0.91344 | 4,627,574.64 | 5,476,484.92 | 0.89578 | 4,905,725.66 |
| Other monetary fund: | - | - | 29,496,711.72 | | | 37,094,998.12 |
| RMB | - | - | 29,496,711.72 | - | - | 37,094,998.12 |
| Total | - | - | 636,256,493.81 | - | - | 875,733,125.24 |
| Incl: total overseas deposits | | | 63,616,019.84 | | | 62,663,037.42 |

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

2. Held-for-trading financial assets

| Items | End of the period | Beginning of the period |
|--|-----------------------|----------------------------|
| Held-for-trading financial assets | 240,000,000.00 | — |
| Incl: bank financial products | 240,000,000.00 | — |
| Financial assets at fair value through profit or loss | — | — |
| Incl: equity instruments investment | — | — |
| Total | 240,000,000.00 | — |

3. Accounts receivables

(1) Accounts receivables analysed by aging

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

3. Accounts receivables (Continued)

(1) Accounts receivables analysed by aging (Continued)

| Age | End of the period | |
|-----------------------------------|-----------------------|---------------|
| | Amount | Percentage% |
| 0 – 6 months | 135,343,574.21 | 30.1 |
| 6 months – 1 year | 130,429,671.17 | 29.01 |
| 1 – 2 years | 35,102,815.35 | 7.81 |
| 2 – 3 years | 74,766,415.16 | 16.63 |
| Over 3 years | 73,942,460.04 | 16.45 |
| Total original value | 449,584,935.93 | 100.00 |
| Less: Bad debts provisions | 154,200,721.06 | |
| Total net value | 295,384,214.87 | |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

3. Accounts receivables (Continued)

(1) Accounts receivables analysed by aging (Continued)

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

4. Other receivables

| Items | End of the period | Beginning of the period |
|-------------------|-------------------|-------------------------|
| Other receivables | 94,774,549.15 | 94,224,901.82 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

4. Other receivables (Continued)

(1) Other receivables

1) Other receivables analysed by aging

| Age | End of the period | |
|-----------------------------------|----------------------|---------------|
| | Amount | Percentage% |
| Within 1 year | 29,349,929.48 | 30.70 |
| 1-2 years | 6,700,775.56 | 7.01 |
| 2-3 years | 17,267,458.81 | 18.06 |
| Over 3 years | 42,277,277.01 | 44.23 |
| Total original value | 95,595,440.86 | 100.00 |
| Less: bad debts provisions | 820,891.71 | |
| Total net value | 94,774,549.15 | |

| Age | Beginning of the period | |
|-----------------------------------|-------------------------|---------------|
| | Amount | Percentage% |
| Within 1 year | 27,250,444.72 | 28.67 |
| 1-2 years | 17,295,675.55 | 18.20 |
| 2-3 years | 17,941,249.64 | 18.88 |
| Over 3 years | 32,558,423.62 | 34.25 |
| Total original value | 95,045,793.53 | 100.00 |
| Less: bad debts provisions | 820,891.71 | |
| Total net value | 94,224,901.82 | |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

4. Other receivables (Continued)

(1) Other receivables (Continued)

2) Other receivables disclosed by nature of payment

| Items | End of the period | Beginning of the period |
|-----------------------------|----------------------|-------------------------|
| Margin | 74,139,234.69 | 73,064,733.47 |
| Contingency provision | 3,116,854.96 | 3,134,805.79 |
| Current accounts and others | 18,339,351.21 | 18,846,254.27 |
| Total | 95,595,440.86 | 95,045,793.53 |

5. Inventories

(1) Classification of inventories

| Types of inventories | End of the period | | | Beginning of the period | | |
|------------------------------|-----------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Cost of contract performance | 405,827,159.07 | | 405,827,159.07 | 314,447,232.16 | | 314,447,232.16 |
| Finished products | 37,925,152.35 | 22,262,114.19 | 15,663,038.16 | 35,041,901.17 | 22,262,114.19 | 12,779,786.98 |
| Total | 443,752,311.42 | 22,262,114.19 | 421,490,197.23 | 349,489,133.33 | 22,262,114.19 | 327,227,019.14 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

5. Inventories (Continued)

(2) Provision for impairment of inventories

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

6. Contractual assets

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

7. Long-term equity investments

| Investee | Opening balance | Increase in investment | Decrease in investment | Increase/decrease during the period | | | | | | Closing balance | Closing balance of impairment provisions |
|---|-----------------------|------------------------|------------------------|--|--|------------------------|----------------------------------|--------------------------|----------|-----------------------|--|
| | | | | Investment gain or loss recognised under equity method | Adjustment to other comprehensive income | Change in other equity | Cash dividend or profit declared | Provision for impairment | Others | | |
| Associates | | | | | | | | | | | |
| Beijing Certificate Authority Co., Ltd | | | | | | | | | | | |
| | 180,638,614.37 | - | - | -3,490,792.32 | - | - | 4,722,393.10 | - | - | 172,425,428.95 | - |
| Beijing Culture and Sports Technology Co., Ltd. (北京文化體育科技有限公司) | | | | | | | | | | | |
| | 3,277,181.75 | - | - | -561,203.70 | - | - | - | - | - | 2,715,978.05 | - |
| Chongqing Hongxin Haoyu Network Technology Co., Ltd. (重慶宏信瀚宇網絡技術有限公司) | | | | | | | | | | | |
| | 3,862,753.24 | - | - | - | - | - | - | - | - | 3,862,753.24 | 3,862,753.24 |
| Total | 187,778,549.36 | - | - | -4,051,996.02 | - | - | 4,722,393.10 | - | - | 179,004,160.24 | 3,862,753.24 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

8. Investment properties

| Items | Buildings and structures |
|---|--------------------------|
| I. Original book value | |
| 1. Opening balance | 74,320,626.80 |
| 2. Increment for the period | – |
| (1) Purchase | – |
| (2) Transferred from fixed assets | – |
| (3) Increase from business combinations | – |
| 3. Decrement for the Period | – |
| (1) Disposal | – |
| (2) Other transfer | – |
| 4. Closing balance | 74,320,626.80 |
| II. Accumulated depreciation and accumulated amortisation | |
| 1. Opening balance | 40,357,686.60 |
| 2. Increment for the period | 1,886,830.02 |
| (1) Provision or amortisation | 1,886,830.02 |
| (2) Increase from business combinations | – |
| (3) Other increment | – |
| 3. Decrement for the period | – |
| (1) Disposal | – |
| (2) Other transfer | – |
| 4. Closing balance | 42,244,516.62 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

8. Investment properties (Continued)

| Items | Buildings and structures |
|--------------------------------------|--------------------------|
| III. Provision for impairment | |
| 1. Opening balance | – |
| 2. Increment for the period | – |
| (1) Provision | – |
| (2) Other increment | – |
| 3. Decrement for the period | – |
| (1) Disposal | – |
| (2) Other transfer | – |
| 4. Closing balance | – |
| IV. Book value | |
| 1. Book value at end of period | 32,076,110.18 |
| 2. Book value at beginning of period | 33,962,940.20 |

Note: Details of certificate of title to be obtained

| Items | Carrying amount | Reason for no certificate of title |
|--------------------------|-----------------|------------------------------------|
| Digital Beijing Building | 32,076,110.18 | Yet to be obtained |

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

9. Fixed assets

| Items | End of the period | Beginning of the period |
|--------------------------|-------------------|-------------------------|
| Fixed assets | 67,726,558.66 | 74,453,120.63 |
| Disposal of fixed assets | 790.66 | 13,093.38 |
| Total | 67,727,349.32 | 74,466,214.01 |

Details of fixed assets

| Items | Machinery & equipment | Transporting equipment | Others | Total |
|---|-----------------------|------------------------|---------------|----------------|
| I. Original book value | | | | |
| 1. Opening balance | 564,772,749.15 | 510,085.57 | 36,145,630.12 | 601,428,464.84 |
| 2. Increment for the period | | | | |
| (1) Purchase | 5,420,118.11 | | 8,232,539.90 | 13,652,658.01 |
| (2) Transferred from construction in progress | - | - | - | - |
| 3. Decrement for the period | | | | |
| (1) Disposal or write-off | | | | |
| (2) Other decrement | - | - | - | - |
| 4. Closing balance | 570,192,867.26 | 510,085.57 | 44,378,170.02 | 615,081,122.85 |
| II. Accumulated depreciation | | | | |
| 1. Opening balance | 515,996,425.68 | 510,085.57 | 10,468,832.96 | 526,975,344.21 |
| 2. Increment for the period | | | | |
| (1) Provision | 13,589,130.74 | | 6,803,039.64 | 20,392,170.38 |
| (2) Other increment | | | | |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

9. Fixed assets (Continued)

Details of fixed assets (Continued)

| Items | Machinery & equipment | Transporting equipment | Others | Total |
|--------------------------------------|-----------------------|------------------------|---------------|----------------|
| 3. Decrement for the period | | | | |
| (1) Disposal or write-off | 12,950.40 | | | 12,950.40 |
| (2) Other decrement | | | | |
| 4. Closing balance | 529,572,606.02 | 510,085.57 | 17,271,872.60 | 547,354,564.19 |
| III. Provision for impairment | | | | |
| 1. Opening balance | - | - | - | - |
| 2. Increment for the period | - | - | - | - |
| (1) Provision | - | - | - | - |
| (2) Other increment | - | - | - | - |
| 3. Decrement for the period | - | - | - | - |
| (1) Disposal or write-off | - | - | - | - |
| (2) Other decrement | - | - | - | - |
| 4. Closing balance | - | - | - | - |
| IV. Book value | | | | |
| 1. Book value at end of period | 40,620,261.24 | | 27,106,297.42 | 67,726,558.66 |
| 2. Book value at beginning of period | 48,776,323.47 | | 25,676,797.16 | 74,453,120.63 |

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

10. Right-of-use assets

| Items | Buildings and structures | Total |
|------------------------------|--------------------------|---------------|
| I. Original book value | | |
| 1. Opening balance | 84,260,152.97 | 84,260,152.97 |
| 2. Increment for the period | | |
| (1) Additional lease | | |
| (2) Remeasurement | | |
| (3) Other increment | | |
| 3. Decrement for the period | | |
| (1) Lease termination | | |
| (2) Remeasurement | | |
| (3) Other decrement | | |
| 4. Closing balance | 84,260,152.97 | 84,260,152.97 |
| II. Accumulated depreciation | | |
| 1. Opening balance | 22,460,875.25 | 22,460,875.25 |
| 2. Increment for the period | | |
| (1) Provision | 13,082,079.41 | 13,082,079.41 |
| (2) Other increment | | |
| 3. Decrement for the period | | |
| (1) Lease termination | | |
| (2) Other decrement | | |
| 4. Closing balance | 35,542,954.66 | 35,542,954.66 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

10. Right-of-use assets (Continued)

| Items | Buildings and structures | Total |
|--------------------------------------|--------------------------|---------------|
| III. Provision for impairment | | |
| 1. Opening balance | - | - |
| 2. Increment for the period | - | - |
| (1) Provision | - | - |
| (2) Other increment | - | - |
| 3. Decrement for the period | - | - |
| (1) Lease termination | - | - |
| (2) Other decrement | - | - |
| 4. Closing balance | - | - |
| IV. Book value | | |
| 1. Book value at end of period | 48,717,198.31 | 48,717,198.31 |
| 2. Book value at beginning of period | 61,799,277.72 | 61,799,277.72 |

- (1) The Group adopted a simplified method for the lease of short-term leased assets, and the amount of RMB9,503,757.47 was charged into the profit and loss for the current period.
- (2) The total cash outflow in relation to the lease for the period was RMB21,867,447.35.

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

11. Intangible assets

| Items | Software | Customer relationship | Total |
|---|----------------|-----------------------|----------------|
| I. Original book value | | | |
| 1. Opening balance | 176,305,242.30 | 2,328,003.18 | 178,633,245.48 |
| 2. Increment for the period | | | |
| (1) Purchase | 815,690.64 | | 815,690.64 |
| (2) Internal R & D | - | - | - |
| (3) Increase from business combination | - | - | - |
| (4) Transferred from construction in progress | - | - | - |
| 3. Decrement for the period | | | |
| (1) Disposal | - | - | - |
| (2) Other decrement | - | - | - |
| 4. Closing balance | 177,120,932.94 | 2,328,003.18 | 179,448,936.12 |
| II. Accumulated amortisation | | | |
| 1. Opening balance | 157,258,011.98 | 2,328,003.18 | 159,586,015.16 |
| 2. Increment for the period | | | |
| (1) Provision | 6,476,703.18 | | 6,476,703.18 |
| (2) Other increment | - | - | - |
| 3. Decrement for the period | | | |
| (1) Disposal | - | - | - |
| (2) Other decrement | - | - | - |
| 4. Closing balance | 163,734,715.16 | 2,328,003.18 | 166,062,718.34 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

11. Intangible assets (Continued)

| Items | Software | Customer relationship | Total |
|--------------------------------------|---------------|-----------------------|---------------|
| III. Provision for impairment | | | |
| 1. Opening balance | - | - | - |
| 2. Increment for the period | - | - | - |
| (1) Provision | - | - | - |
| (2) Other increment | - | - | - |
| 3. Decrement for the period | - | - | - |
| (1) Disposal | - | - | - |
| (2) Other decrement | - | - | - |
| 4. Closing balance | - | - | - |
| IV. Book value | | | |
| 1. Book value at end of period | 13,386,217.78 | - | 13,386,217.78 |
| 2. Book value at beginning of period | 19,047,230.32 | - | 19,047,230.32 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

12. Accounts payables

(1) Accounts payables disclosed by types

| Items | End of the period | Beginning of the period |
|-------------------|----------------------|----------------------------|
| Payment for goods | 135,266,035.45 | 198,578,272.64 |

(2) Accounts payables disclosed by aging

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

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

13. Contractual liabilities

| Items | End of the period | Beginning of the period |
|-----------------|----------------------|----------------------------|
| Project receipt | 605,801,463.35 | 465,215,366.56 |

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

14. Other payables

| Items | End of the period | Beginning of the period |
|-------------------|-----------------------|----------------------------|
| Dividend payables | 57,382,104.60 | – |
| Other payables | 285,617,594.21 | 263,666,806.55 |
| Total | 342,999,698.81 | 263,666,806.55 |

(1) Dividend payables

| Items | End of the period | Beginning of the period |
|----------------------------------|----------------------|----------------------------|
| Dividends for ordinary shares | 57,382,104.60 | – |
| Total | 57,382,104.60 | – |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

14. Other payables (Continued)

(2) Other payables

| Items | End of the period | Beginning of the period |
|---|-----------------------|----------------------------|
| Margin and deposits, quality guarantee deposit | 8,301,937.38 | 5,141,174.93 |
| Current account | 10,024,260.21 | 15,865,597.64 |
| Project notes payable | 252,107,660.69 | 228,728,832.63 |
| Non-operating current accounts of related parties | 12,000,000.00 | 12,000,000.00 |
| Others | 3,183,735.93 | 1,931,201.35 |
| Total | 285,617,594.21 | 263,666,806.55 |

Of which, important other payables aged over 1 year

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

14. Other payables (Continued)

(2) Other payables (Continued)

| Items | Amount | Reasons for not settled or not transferred |
|---|----------------------|--|
| Beijing State-owned Assets Management Co., Ltd. | 12,000,000.00 | Not required to return |
| GDS Holdings Ltd | 2,565,088.89 | Settlement conditions are unsatisfied |
| Beijing Chinese Cultural Development – Culture Investment and Management Company Limited (北京中文發文化投資管理有限公司) | 2,340,000.00 | Settlement conditions are unsatisfied |
| Beijing Information System Construction for Designated Medical Institutions (北京市定點醫療機構信息系統建設) | 2,038,605.05 | Settlement conditions are unsatisfied |
| Beijing International Engineering Consulting Company (北京國際工程諮詢公司) | 1,486,208.66 | Settlement conditions are unsatisfied |
| AVIC Wang Xin Beijing Science and Technology Co., Ltd. (中航網信(北京)科技有限公司) | 1,121,400.00 | Settlement conditions are unsatisfied |
| Total | 21,551,302.60 | -- |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

15. Non-current liabilities due within one year

| Items | End of the period | Beginning of the period |
|--|------------------------------|------------------------------------|
| Lease liabilities due within one year | 17,167,300.13 | 21,763,194.23 |
| Long-term payables due within one year | 51,393,857.46 | 50,314,496.23 |
| Total | 68,561,157.59 | 72,077,690.46 |

(1) Lease liabilities due within one year

| Items | End of the period | Beginning of the period |
|-------------------|------------------------------|------------------------------------|
| Lease liabilities | 17,167,300.13 | 21,763,194.23 |

(2) Long-term payables due within one year

| Items | End of the period | Beginning of the period |
|---------------------------------------|------------------------------|------------------------------------|
| Contingent consideration of Rito Info | 51,393,857.46 | 50,314,496.23 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

16. Lease liabilities

| Items | End of the period | Beginning of the period |
|---|----------------------|----------------------------|
| Original value of lease payables | 53,558,858.38 | 66,021,626.04 |
| Interest adjustment for lease payments | 3,604,412.97 | 4,972,091.32 |
| Net value of lease payables | 49,954,445.41 | 61,049,534.72 |
| Less: Long-term payables due within one year | 17,167,300.13 | 21,763,194.23 |
| Total | 32,787,145.28 | 39,286,340.49 |

The Group adopted incremental borrowing rate as discount rate when calculating the present value of the lease payments. The incremental borrowing rate determined by the Group was 4.75% per annum. The interest expenses of lease liabilities for the current period was RMB1,367,678.35.

17. Share capital (unit: ten thousand shares)

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

18. Capital reserves

| Items | Beginning of the period | Increase for the period | Decrease for the period | End of the period |
|------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Share capital premium | 253,785,082.20 | - | - | 253,785,082.20 |
| Other capital reserves | 39,490,703.72 | - | - | 39,490,703.72 |
| Total | 293,275,785.92 | - | - | 293,275,785.92 |

19. Unallocated profits

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

Notes:

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

20. Operating income and operating cost

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

(1) Main businesses (sub-businesses)

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

20. Operating income and operating cost (Continued)

(2) Other businesses (sub-businesses)

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

(3) Timing of revenue recognition

| Revenue recognition method | January – June 2020 |
|----------------------------|-----------------------|
| At a certain point of time | 103,058,637.64 |
| Over a period of time | 310,181,183.42 |
| Total | 413,239,821.06 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ITEMS (CONTINUED)

21. Income tax expense

(1) Breakdown of income tax expense

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

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS

1. Information on the parent company of the Company

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

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

2. Information on the joint ventures and associates of the Group

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

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

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

3. Information on other related parties of the Group

| Name of related parties | Relationship with the Group |
|---|--|
| Beijing Aiyuhua Hospital for Children and Women Co., Ltd. (hereinafter referred to as Aiyuhua Company) | The same ultimate controlling party |
| Beijing Anxintianxing Science Co., Ltd. (hereinafter referred to as Anxintianxing, BJCA and its subsidiaries) | A subsidiary of BJCA, which is an associate of the Company |
| China Beijing Equity Exchange Limited (hereinafter referred to as Beijing Equity Exchange) | The same ultimate controlling party |
| Beijing Chenghejing Investment Co., Ltd. (hereinafter referred to as Chenghejing Investment) | The same ultimate controlling party |
| Beijing Chenghejing Elderly Caring Service Co., Ltd. (hereinafter referred to as Chenghejing Elderly Caring) | The same ultimate controlling party |
| Beijing Chenghejing Yanglao Service Co., Ltd. (hereinafter referred to as Chenghejing Yanglao) | The same ultimate controlling party |
| Beijing Guoyuan Sports & Culture Investment Co., Ltd. (hereinafter referred to as Guoyuan Sports & Culture) | The same ultimate controlling party |
| Beijing Science Park Development (Group) Co., Ltd. (hereinafter referred to as Science Park Development) | The same ultimate controlling party |
| Beijing Meiruishan Yanglao Service Company Limited (hereinafter referred to as Meiruishan Yanglao) | The same ultimate controlling party |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

| Name of related parties | Relationship with the Group |
|--|-------------------------------------|
| Beijing Software and Information Service Exchange Co., Ltd. (hereinafter referred to as Software and Information Service Exchange) | The same ultimate controlling party |
| Beijing Industrial Development Investment Management Co., Ltd. (hereinafter referred to as Industrial Development) | The same ultimate controlling party |
| Beijing National Swimming Centre Co., Ltd. (hereinafter referred to as National Swimming Centre) | The same ultimate controlling party |
| Beijing Huayu Energy Technology Holdings Co., Ltd. (hereinafter referred to as Beijing Huayu Energy Technology) | The same ultimate controlling party |
| Beijing Huimin Traditional Chinese Medicine Children's Hospital Co., Ltd. (hereinafter referred to as Huimin Chinese Medicine Children's Hospital) | The same ultimate controlling party |
| Beijing IC Design Park Co., Ltd. (hereinafter referred to as BIDP) | The same ultimate controlling party |
| Beijing QYT Pay Sci-tech Co., Ltd. (hereinafter referred to as QYT Pay) | The same ultimate controlling party |
| Beijing Petroleum Exchange (hereinafter referred to as Beijing Petroleum Exchange) | The same ultimate controlling party |
| Beijing Urban Drainage Monitoring Station Co., Ltd. (hereinafter referred to as Beijing Drainage Monitoring Station) | The same ultimate controlling party |

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

| Name of related parties | Relationship with the Group |
|--|-------------------------------------|
| Capnet Company Limited (hereinafter referred to as Capnet) | The same ultimate controlling party |
| Beijing Crystal Digital Co., Ltd. (hereinafter referred to as Beijing Crystal Digital) | The same ultimate controlling party |
| Beijing Culture and Sports Technology Co., Ltd. (hereinafter referred to as BST) | The same ultimate controlling party |
| Beijing Xinlongfu Culture Investment Co., Ltd. (hereinafter referred to as Xinlongfu Culture) | The same ultimate controlling party |
| Beijing Xinlongfu Property Management Co., Ltd. (hereinafter referred to as Xinlongfu Property) | The same ultimate controlling party |
| Beijing SME Credit Re-guarantee Co., Ltd. (hereinafter referred to as Beijing SME Credit Re-guarantee) | The same ultimate controlling party |
| National Sport Stadium Co., Ltd. (hereinafter referred to as National Stadium) | The same ultimate controlling party |
| Capital Healthcare Industry Group Co., Ltd. (hereinafter referred to as the Capital Medical Health Industry) | The same ultimate controlling party |
| Yingzhi Recovery Investment Management Limited (hereinafter referred to as Yingzhi Recovery Hospital) | The same ultimate controlling party |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

| Name of related parties | Relationship with the Group |
|--|-------------------------------------|
| Beijing Science Park Development (Group) Co., Ltd. (hereinafter referred to as Beijing Science Development) | The same ultimate controlling party |
| Beijing Guorongchuangyin Investment Management Co., Ltd. (hereinafter referred to as Guorong Chuangyin) | The same ultimate controlling party |
| Beijing Guotong Asset Management Co., Ltd. (hereinafter referred to as Beijing Guotong Asset) | The same ultimate controlling party |
| Beijing State-owned Financial Leasing Co., Ltd. (hereinafter referred to as Beijing State-owned Financial Leasing) | The same ultimate controlling party |
| Beijing Artists Management Corp., Ltd. (hereinafter referred to as Artists Corporation) | The same ultimate controlling party |
| Dynagreen Environmental Protection Group Co., Ltd. (hereinafter referred to as Dynagreen Group) | The same ultimate controlling party |
| Beijing Financial Assets Exchange Co., Ltd. (hereinafter referred to as BFAE) | The same ultimate controlling party |
| Beijing BeiAo Group Co., Ltd. (hereinafter referred to as BeiAo Group) | The same ultimate controlling party |
| Beijing Guohua Wenke Finance Guarantee Co., Ltd. (hereinafter referred to as Guohua Wenke Finance Guarantee) | The same ultimate controlling party |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

4. Information on connected transactions

(1) Information on connected purchases and sales

① Purchase of goods and receipt of labor service

| Related parties | Subjects of connected transactions | Amount incurred for the current period (RMB ten thousand) | Amount incurred for the previous period (RMB ten thousand) |
|-----------------------------|---|---|--|
| BJCA and its subsidiaries | Purchase of network security system and service | 198.62 | 180.51 |
| Beijing Guotong Asset | Purchase of hardware and relevant service | - | 0.24 |
| Capital Healthcare Industry | Purchase of hardware and relevant service | - | 0.33 |
| Xinlongfu Culture | Fees for property management | 98.61 | 98.61 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

4. Information on connected transactions (Continued)

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

② Sale of goods and provision of labor service

| Related parties | Subjects of connected transactions | Amount incurred for the current period (RMB ten thousand) | Amount incurred for the previous period (RMB ten thousand) |
|-----------------------------------|--|---|--|
| Beijing Urban Drainage Monitoring | Provision of network system and relevant technical service | 0.38 | 2.64 |
| Industrial Development | Provision of network system and relevant technical service | – | 5.47 |
| Beijing Guotong Asset | Provision of network system and relevant technical service | 0.92 | 3.55 |
| Guoyuan Sports & Culture | Provision of network system and relevant technical service | – | 2.56 |
| Science Park Development | Provision of network system and relevant technical service | 9.39 | 4.75 |
| Capnet | Provision of network system and relevant operation and maintenance service | 533.02 | 533.02 |
| Beijing Equity Exchange | Provision of network security system and service | – | 22.70 |
| BJCA and its subsidiaries | Provision of network system and relevant operation and maintenance service | 8.96 | 1.01 |
| BSAM | Provision of network system and relevant technical service | 53.13 | 123.24 |
| Beijing Huayu Energy Technology | Provision of network system and relevant technical service | – | 5.95 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

4. Information on connected transactions (Continued)

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

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

| Related parties | Subjects of connected transactions | Amount incurred for the current period (RMB ten thousand) | Amount incurred for the previous period (RMB ten thousand) |
|---------------------------------------|--|---|--|
| Chenghejing Investment | Provision of network system and relevant technical service | 11.38 | 0.16 |
| National Swimming Centre | Provision of network system and relevant technical service | 1.69 | 2.64 |
| Capital Healthcare Industry | Provision of network system and relevant technical service | - | 14.93 |
| BIDP | Provision of network system and relevant technical service | - | 2.48 |
| Artists Corporation | Provision of network system and relevant technical service | 1.75 | 3.65 |
| Beijing State-owned Financial Leasing | Provision of network system and relevant technical service | - | 7.89 |
| Chenghejing Yanglao | Provision of network system and relevant technical service | 1.45 | - |
| Dynagreen Group | Provision of network system and relevant technical service | 0.92 | - |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

4. Information on connected transactions (Continued)

(2) Other connected transactions

A. Leasing

| Lessor | Subjects of connected transactions | Method of pricing and procedure for decision-making in respect of connected transactions | Amount incurring for the current period (RMB ten thousand) | Amount incurred for the previous period (RMB ten thousand) |
|-------------------|------------------------------------|--|---|---|
| BIDP | Leasing of office | Based on prevailing market price | 131.60 | 384.24 |
| Xinlongfu Culture | Leasing of office | Based on prevailing market price | 718.81 | 718.81 |

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

4. Information on connected transactions (Continued)

(2) Other connected transactions (Continued)

B. Joint research and development

On 28 July 2017, the Company entered into a project cooperation agreement with BJCA, Anxintianxing and six other independent third parties. The Company agreed that BJCA shall act as the leading party while the Company, Anxintianxing and other six independent third parties as the participants, to jointly cooperate on the project of “key technology for service certification and certification based on domestic cryptographic algorithms”. The project will complete the research and development of five topics, among which the Company will participate in the research and development of three under the cooperation project. This project received a total of RMB21,860,000.00 from the central government budget, and the self-raised research funding of RMB10,000,000.00 from BJCA, RMB12,000,000 from the Company and RMB1,000,000.00 from one of the independent project participants and RMB2,000,000.00 from Anxintianxing. During the implementation of the project, all parties shall take timely measures of intellectual property protection in regard to scientific and technological achievements, and shall determine their ownership in accordance with the relevant provisions of the National Science and Technology Plan for Intellectual Property Management. Regardless of the exclusive or shared intellectual property rights, all parties to the project shall have priority in the assignment under the same conditions. During the Reporting Period, a grant of RMB0 was received (an amount of RMB0 for January to June 2019).



Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

4. Information on connected transactions (Continued)

(3) Compensation of key management personnel

The short-term benefits paid or payable by the Group to the Directors of the Company and other key management personnel for the six months ended 30 June 2020 are approximately RMB1,826,891.36 (for the six months ended 30 June 2019: approximately RMB1,991,751.40).

The retirement benefits paid or payable by the Group to the Directors of the Company and other key management personnel for the six months ended 30 June 2020 are approximately RMB73,240.02 (for the six months ended 30 June 2019: approximately RMB172,726.56).

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

As at 30 June 2020, the Company did not provide loans to directors, legal entities controlled by these directors, or entities connected to such directors (as at 30 June 2019: 0).

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

5. Amounts receivable from and payable to related parties

(1) Amounts receivable from related parties

| Names of subjects | Related parties | Closing amount | | Opening amount | |
|---------------------|---------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | | Balance in the account | Provision for bad debts | Balance in the account | Provision for bad debts |
| Accounts receivable | BSAM | 452,975.45 | 70,043.86 | 1,367,642.45 | 116,244.25 |
| Accounts receivable | Beijing Guotong Asset | 10,328.40 | 10,328.40 | 10,328.40 | 10,328.40 |
| Accounts receivable | Guoyuan Sports & Culture | 19,656.00 | 9,828.00 | 19,656.00 | 4,914.00 |
| Accounts receivable | BFAE | 67,500.00 | 67,500.00 | 67,500.00 | 67,500.00 |
| Accounts receivable | Capital Medical Health Industry | 59,950.00 | 4,235.50 | 59,950.00 | 5,995.00 |
| Accounts receivable | Capnet | 10,650,000.00 | 868,999.95 | 11,300,000.00 | 300,499.97 |
| Accounts receivable | Industrial Development | 12,843.60 | 12,843.60 | 12,843.60 | 12,843.60 |
| Accounts receivable | BJCA and its subsidiaries | 745,346.00 | 74,544.60 | 860,546.00 | 187,488.50 |
| Accounts receivable | Beijing Equity Exchange | - | - | 46,150.00 | 4,615.00 |
| Accounts receivable | Chenghejing Investment | 543,912.60 | 271,956.30 | 543,912.60 | 271,956.30 |
| Accounts receivable | QYT Pay | - | - | 113,850.00 | 56,925.00 |
| Accounts receivable | Beijing Huayu Energy Technology | 66,462.00 | 16,615.50 | - | - |
| Accounts receivable | National Sport Stadium | 35,000.00 | 17,500.00 | 35,000.00 | 3,500.00 |
| Accounts receivable | Chenghejing Elderly Caring | 12,600.00 | 1,260.00 | 12,600.00 | 126.00 |
| Accounts receivable | Aiyuhua Company | 7,364,512.85 | 7,364,512.85 | 8,893,389.16 | 8,128,951.01 |
| Contractual assets | Beijing Huayu Energy Technology | - | - | 66,462.00 | 6,646.20 |
| Other receivables | Capnet | 4,191,046.35 | - | 3,824,742.65 | - |
| Other receivables | Culture and Sports | 190,780.86 | - | 188,540.86 | - |
| Other receivables | Xinlongfu Property | 300,000.00 | - | 300,000.00 | - |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

(1) Amounts receivable from related parties (Continued)

| Names of subjects | Related parties | Closing amount | | Opening amount | |
|------------------------|---|------------------------|-------------------------|------------------------|-------------------------|
| | | Balance in the account | Provision for bad debts | Balance in the account | Provision for bad debts |
| Other receivables | BSAM | 265,856.32 | - | 265,856.32 | - |
| Other receivables | BIDP | 1,434,494.00 | - | 1,434,494.00 | - |
| Other receivables | Software and Information Service Exchange | 130,000.00 | - | - | - |
| Other receivables | Xinlongfu Culture | 4,512,039.00 | - | 4,512,039.00 | - |
| Other receivables | Aiyuhua Company | 1,689,338.92 | - | 1,689,338.92 | - |
| Amount paid in advance | BJCA and its subsidiaries | 32,567,748.45 | - | 27,220,676.07 | - |
| Amount paid in advance | Xinlongfu Property | 136,957.54 | - | 136,957.54 | - |
| Amount paid in advance | Capnet | 450.00 | - | - | - |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

(2) Amounts payable to related parties

| Names of Items | Related parties | Closing amount | Opening amount |
|-------------------------|---|----------------|----------------|
| Amount payables | BJCA and its subsidiaries | 5,281,224.40 | 3,592,576.40 |
| Amount payables | BIDP | 695,865.55 | 695,865.55 |
| Amount payables | Capnet | 202,559.09 | 202,559.09 |
| Amount payables | Software and Information Service Exchange | 24,000.00 | 24,000.00 |
| Amount payables | Xinlongfu Culture | 493,047.18 | - |
| Amount payables | National Stadium | 21,400.00 | 21,400.00 |
| Other payables | Science Park Development | 84,000.00 | 84,000.00 |
| Other payables | Culture and Sports | 2,240.00 | - |
| Other payables | BSAM | 12,000,000.00 | 12,000,000.00 |
| Other payables | BIDP | 225,501.15 | - |
| Other payables | Capinfo Hangyuan Technology | 15,420.35 | - |
| Other payables | Capinfo Soft | 10,985.00 | - |
| Contractual liabilities | BeiAo Group | 55,204.25 | 22,641.51 |
| Contractual liabilities | Beijing Equity Exchange | 33,789.62 | 33,789.62 |
| Contractual liabilities | Beijing Huayu Energy Technology | 20,377.36 | 20,377.36 |
| Contractual liabilities | Beijing Drainage Monitoring Station | 10,206.13 | 13,987.27 |
| Contractual liabilities | Artists Corporation | - | 17,545.29 |
| Contractual liabilities | Beijing Crystal Digital | 18,486.80 | 18,486.80 |
| Contractual liabilities | Beijing SME Credit Re-guarantee | 159,866.52 | 159,866.52 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VI. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

(2) Amounts payable to related parties (Continued)

| Names of Items | Related parties | Closing amount | Opening amount |
|-------------------------|---|----------------|----------------|
| Contractual liabilities | Chenghejing Yanglao | 13,349.06 | 13,349.06 |
| Contractual liabilities | Chenghejing Elderly Caring | - | 14,528.30 |
| Contractual liabilities | Industrial Development | 82,673.59 | 55,487.74 |
| Contractual liabilities | National Swimming Centre | - | 16,894.81 |
| Contractual liabilities | Beijing Guotong Asset | 34,135.85 | 18,300.00 |
| Contractual liabilities | BIDP | 30,184.90 | 12,828.30 |
| Contractual liabilities | Science Park Development | 202,879.72 | 202,879.72 |
| Contractual liabilities | Capital Medical Health Industry | 191,117.36 | 165,409.81 |
| Contractual liabilities | Xinlongfu Culture | 20,412.26 | 20,412.26 |
| Contractual liabilities | Capnet | 405,660.38 | 405,660.38 |
| Contractual liabilities | Chenghejing Investment | 99,716.98 | 190,425.47 |
| Contractual liabilities | Guohua Wenke Finance Guarantee | 47,169.81 | 47,169.81 |
| Contractual liabilities | Guoyuan Sports & Culture | 7,733.96 | 7,733.96 |
| Contractual liabilities | Beijing State-owned Financial Leasing | 25,291.03 | 14,150.94 |
| Contractual liabilities | Huimin Traditional Chinese Medicine Children's Hospital | 20,000.00 | 20,000.00 |
| Contractual liabilities | Meiruishan Yanglao | 5,283.02 | 5,283.02 |
| Contractual liabilities | Artists Corporation | 19,054.72 | - |
| Contractual liabilities | National Sport Stadium | 5,189.69 | 5,189.69 |

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VII. COMMITMENTS AND CONTINGENCIES

1. Principal commitments

(1) Capital commitments

| Capital commitments contracted but not yet confirmed in the financial statements | End of the period | Beginning of the period |
|---|------------------------------|------------------------------------|
| Commitment to acquisition and construction of long-term assets | | |
| – Contracted but not executed | 10,709,142.63 | 7,366,815.99 |
| – Authorized but not contracted | 66,377,929.57 | 46,334,292.29 |
| Total | 77,087,072.20 | 53,701,108.28 |

(2) Other commitments

As of 30 June 2020, the Group had no other discloseable commitments.

2. Contingencies

As of 30 June 2020, save as disclosed in Note IX.2, the Group has no pending lawsuits, external guarantees and other contingencies that should be disclosed.



Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

VIII. EVENTS AFTER BALANCE SHEET DATE

As of 28 August 2020, the Group did not have other discloseable post-balance sheet date events.

IX. OTHER SIGNIFICANT EVENTS

1. Segment reporting

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

2. Progress of the case

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

IX. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Progress of the case (Continued)

The Company received a summons and a notice of participation to action issued by the Xiamen Intermediate People's Court of Fujian Province (福建省廈門市中級人民法院), stating that Xiamen Ruitailong Investment Development Company Limited (廈門銳泰隆投資發展有限公司) (hereinafter referred to as "Xiamen Ruitailong"), requested the Xiamen People's Court to order the Company to immediately pay it the consideration of RMB21,207,560, interest accrued thereon for the period of late payment, which should be calculated based on the lending interest rate as published by the People's Bank of China prevailing over the same period commencing from 1 September 2017 and up to the date of full settlement, and the case acceptance fee. On 19 July 2019, an announcement was published by the Company in this regard. As of the date of approval of the report, the Intermediate People's Court of Xiamen City, Fujian Province (福建省廈門市中級人民法院) rejected the lawsuit brought by Xiamen Ruitailong on 26 March 2020. Xiamen Ruitailong refused to accept the first-instance ruling of the Intermediate People's Court of Xiamen City (廈門市中級人民法院) and appealed to the Fujian Provincial People's High Court (福建省高級人民法 院) on 17 April 2020. Currently, the case has entered the second-instance stage of the Fujian Provincial People's High Court (福建省高級人民法 院). The case is still ongoing.

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

IX. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Progress of the case (Continued)

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

IX. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Progress of the case (Continued)

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

Notes to the Financial Statements

For January to June 2020 (All amounts in RMB unless otherwise stated)

X. SUPPLEMENTARY INFORMATION

1. Earnings per share

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

Note: As of 30 June 2020 to the date of approval of the financial report, there was no change in the number of ordinary shares outstanding of the Company.

(1) Basic earnings per share

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

(2) Diluted earnings per share

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

X. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Dividends

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

Capinfo Company Limited

28 August 2020

| Abbreviation | Full Name |
|----------------------------------|--|
| Group | the Company and its subsidiaries |
| Capinfo/the Company | Capinfo Company Limited |
| China Mobile | China Mobile Communications Company Limited |
| Beijing Mobile | China Mobile Group Beijing Company Limited |
| Capinfo Hong Kong | Capinfo (Hong Kong) Co., Ltd. |
| Capinfo Technology | Capinfo Technology Development Co., Ltd. |
| Rito Info | Xiamen Rito Info Technology Co. Ltd. |
| BST | Beijing Culture & Sports Technology Co., Ltd. |
| BJCA | Beijing Certificate Authority Co., Ltd. |
| Beijing Anxintianxing | Beijing Anxintianxing Science. Co., Ltd.* (北京安信天行科技有限公司) |
| BSAM | Beijing State-owned Assets Management Co., Ltd. |
| Capnet | Capnet Company Limited |
| BIDP | Beijing IC Design Park Co., Ltd. |
| Hong Kong Registrars | Hong Kong Registrars Limited |
| CSDCC | China Securities Depository and Clearing Corporation Limited |
| Grant Thornton | Grant Thornton LLP (special general partnership) |
| Companies Law | the Companies Law of the People's Republic of China |
| Articles of Association | the Articles of Association of Capinfo Company Limited |
| Listing Rules | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| Securities and Futures Ordinance | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) |
| Stock Exchange | the Stock Exchange of Hong Kong Limited |
| IND | the independent non-executive directors |
| Reporting Period | the period from 1 January 2020 to 30 June 2020 |

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Capinfo Company Limited

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