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**CAPINFO COMPANY LIMITED\***

**首都信息發展股份有限公司**

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

**(Stock Code: 1075)**

**ANNUAL CONSOLIDATED RESULTS FOR THE  
YEAR ENDED 31 DECEMBER 2019**

- Profit attributable to owners of the Company was RMB127.65 million, representing an increase of 105.32% as compared with the same period of last year.
- Operating revenue increased by 17.66% to RMB1,331.36 million.
- Basic earnings per share increased by 109.52% to RMB4.4 cents per share.
- The board of directors has recommended the payment of a final dividend of RMB1.98 cents per share (2018: RMB0.97 cents per share) totalling approximately RMB57.38 million for the year ended 31 December 2019, subject to approval by shareholders at the forthcoming annual general meeting.

The board of directors (the “**Board**”) of Capinfo Company Limited (the “**Company**”) is pleased to announce the consolidated financial results and financial position of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2019 together with the comparative figures for the corresponding period of 2018. These financial results and financial position have been audited by Grant Thornton (Special General Partnership), Certified Public Accountants, and reviewed by the Board and the audit committee of the Company (the “**Audit Committee**”).

**CONSOLIDATED BALANCE SHEET***2019/12/31*

Prepared by: Capinfo Company Limited

*Unit: RMB*

Items	Notes	31 December 2019	1 January 2019	31 December 2018
Current assets:				
Monetary fund		<b>875,733,125.24</b>	652,513,182.08	652,513,182.08
Held-for-trading financial assets		–	–	–
Derivative financial assets		–	–	–
Notes receivables	6	–	124,900.00	124,900.00
Accounts receivables	7	<b>295,511,738.33</b>	316,238,126.66	316,238,126.66
Financing receivables			–	
Prepayments		<b>69,113,538.77</b>	63,952,905.32	65,450,220.03
Other receivables		<b>94,224,901.82</b>	93,208,484.60	93,208,484.60
Incl: Interest receivables		–	–	–
Dividend receivables		–	–	–
Inventories		<b>327,227,019.14</b>	329,200,608.95	329,200,608.95
Contractual assets	8	<b>67,252,630.51</b>	43,290,594.31	43,290,594.31
Held-for-sale assets		–	–	–
Non-current assets due within one year		–	2,010,148.40	2,010,148.40
Other current assets		<b>6,436,835.24</b>	202,917,235.27	202,917,235.27
<b>Total current assets</b>		<b><u>1,735,499,789.05</u></b>	<b><u>1,703,456,185.59</u></b>	<b><u>1,704,953,500.30</u></b>

Items	Notes	31 December 2019	1 January 2019	31 December 2018
Non-current assets:				
Debt investments		-	-	-
Other debt investments		-	-	-
Long-term receivables		-	-	-
Long-term equity investments		183,915,796.12	163,611,601.30	163,611,601.30
Other equity instrument investments		97,362.87	971,326.53	971,326.53
Other non-current financial assets		2,000,000.00	-	-
Investment properties		33,962,940.20	37,736,600.24	37,736,600.24
Fixed assets		74,466,214.01	69,183,061.72	69,183,061.72
Right-of-use assets		61,799,277.72	84,260,152.97	-
Construction in progress		-	-	-
Productive biological assets		-	-	-
Oil and gas assets		-	-	-
Intangible assets		19,047,230.32	18,279,758.21	18,279,758.21
Development expenditures		6,940,486.60	12,572,850.26	12,572,850.26
Goodwill	9	121,752,359.52	135,260,623.29	135,260,623.29
Long-term deferred expenses		24,410,974.86	32,153,316.76	32,153,316.76
Deferred income tax assets		50,688,989.63	35,624,903.77	35,624,903.77
Other non-current assets		-	-	-
<b>Total non-current assets</b>		<b>579,081,631.85</b>	<b>589,654,195.05</b>	<b>505,394,042.08</b>
<b>Total assets</b>		<b>2,314,581,420.90</b>	<b>2,293,110,380.64</b>	<b>2,210,347,542.38</b>
Current Liabilities:				
Short-term borrowings		-	-	-
Held-for-trading financial liabilities		-	-	-
Derivative financial liabilities		-	-	-
Notes payables		-	-	-
Account payables	10	198,578,272.64	172,067,991.29	172,067,991.29
Advances received		-	-	-
Contractual liabilities	11	465,215,366.56	618,798,167.14	618,798,167.14
Payroll payables		69,748,156.03	79,780,912.13	79,780,912.13
Tax payables		42,192,125.90	50,906,186.82	50,906,186.82
Other payables		263,666,806.55	192,267,065.79	192,267,065.79
Incl: Interest payables		-	-	-
Dividend payables		-	-	-
Liabilities held for sale		-	-	-
Non-current liabilities due within one year		72,077,690.46	67,484,814.40	48,155,773.77
Other current liabilities		-	-	-
<b>Total current liabilities</b>		<b>1,111,478,418.14</b>	<b>1,181,305,137.57</b>	<b>1,161,976,096.94</b>

Items	Notes	31 December 2019	1 January 2019	31 December 2018
Non-current liabilities:				
Long-term borrowings		-	-	-
Bonds payables		-	-	-
Incl: Preferred shares		-	-	-
Perpetual debts		-	-	-
Lease liabilities		39,286,340.49	63,433,797.63	-
Long-term payables		-	-	-
Long-term payroll payables		-	-	-
Accrued liabilities		-	-	-
Deferred income		8,745,466.56	7,235,650.32	7,235,650.32
Deferred income tax liabilities		6,675,273.19	-	-
Other non-current liabilities		-	-	-
<b>Total non-current liabilities</b>		<b>54,707,080.24</b>	<b>70,669,447.95</b>	<b>7,235,650.32</b>
<b>Total liabilities</b>		<b>1,166,185,498.38</b>	<b>1,251,974,585.52</b>	<b>1,169,211,747.26</b>
Shareholders' equity				
Share capital		289,808,609.10	289,808,609.10	289,808,609.10
Other equity instruments		-	-	-
Incl: Preferred shares		-	-	-
Perpetual debts		-	-	-
Capital reserves		293,275,785.92	292,833,401.46	292,833,401.46
Less: Treasury stock		-	-	-
Other comprehensive income		-8,345,803.99	-7,471,840.33	-7,471,840.33
Special reserves		-	-	-
Surplus reserves		99,672,109.66	90,317,493.60	90,317,493.60
Unallocated profits	12	431,229,319.27	341,047,586.92	341,047,586.92
Total equity attributable to owners of the parent		1,105,640,019.96	1,006,535,250.75	1,006,535,250.75
Minority interests		42,755,902.56	34,600,544.37	34,600,544.37
<b>Total shareholders' equity</b>		<b>1,148,395,922.52</b>	<b>1,041,135,795.12</b>	<b>1,041,135,795.12</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,314,581,420.90</b>	<b>2,293,110,380.64</b>	<b>2,210,347,542.38</b>

# CONSOLIDATED INCOME STATEMENT

Year 2019

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	Amount for current period	Amount for last period
<b>I. Total operating income</b>	13	<b>1,331,357,420.18</b>	1,131,506,696.46
Less: Operating costs	13	<b>875,587,021.35</b>	743,277,531.58
Business tax and surcharges		<b>6,547,351.15</b>	7,022,105.56
Selling expenses		<b>117,023,504.81</b>	111,001,587.77
Administrative expenses		<b>100,439,558.05</b>	84,799,138.63
R&D expenses		<b>80,489,856.62</b>	67,005,350.77
Financial expenses		<b>-2,614,221.21</b>	-4,908,714.13
Incl: Interest expenses		<b>3,616,265.02</b>	—
Interest income		<b>5,742,403.45</b>	1,314,784.99
Add: Other income		<b>2,289,465.38</b>	3,299,986.15
Investment gain (loss is marked by “-”)		<b>32,723,334.56</b>	29,326,370.66
Incl: Gain from investment in associates and joint ventures		<b>26,158,334.56</b>	22,704,229.76
Gain on derecognition of financial assets at amortised cost (loss is marked by “-”)		—	—
Net gains on hedging exposure (loss is marked by “-”)		—	—
Gain on changes in fair value (loss is marked by “-”)		—	—
Impairment losses of credit (loss is marked by “-”)		<b>-19,430,345.80</b>	-32,775,663.61
Impairment losses of assets (loss is marked by “-”)		<b>-13,508,263.77</b>	-42,715,027.47
Gain from disposal of assets (loss is marked by “-”)		<b>-1,287,906.32</b>	15,136.78
<b>II. Operating profit (loss is marked by “-”)</b>		<b>154,670,633.46</b>	80,460,498.79
Add: Non-operating income		<b>3,479.71</b>	25,000.15
Less: Non-operating expenses		<b>2,404,133.65</b>	2,159,061.66
<b>III. Total profit (total loss is marked by “-”)</b>		<b>152,269,979.52</b>	78,326,437.28
Less: Income tax expenses	14	<b>16,466,901.35</b>	11,191,725.26
<b>IV. Net profit (net loss is marked by “-”)</b>		<b>135,803,078.17</b>	67,134,712.02
<b>(I) Items classified by attribution of ownership</b>			
1. Net profit attributable to owners of the parent		<b>127,647,719.98</b>	62,169,328.13
2. Minority interests		<b>8,155,358.19</b>	4,965,383.89
<b>(II) Items classified by continued operations</b>			
1. Net profit from continued operations (net loss is marked by “-”)		<b>135,803,078.17</b>	67,134,712.02
2. Net profit from discontinued operation (net loss is marked by “-”)		—	—

Items	Notes	Amount for current period	Amount for last period
<b>V. Other comprehensive income after taxation</b>		<b>-873,963.66</b>	–
Other comprehensive income after taxation attributable to the owners of parent		<b>-873,963.66</b>	–
<b>(I) Other comprehensive income not subject to reclassification to profit or loss</b>		<b>-873,963.66</b>	
Incl: 1. Changes in remeasurement of defined benefit plans		–	
2. Share in the other comprehensive income not to be reclassified into the profit or loss under the equity method		–	
3. Fair value changes of other equity instrument investments		<b>-873,963.66</b>	
4. Fair value changes of credit risks		–	
5. Other			
<b>(II) Other comprehensive income to be reclassified to profits and loss</b>		–	–
Incl: 1. Share in the other comprehensive income to be reclassified into the profit or loss under the equity method		–	
2. Fair value changes of other debt investments		–	
3. Amount of financial assets reclassified into other comprehensive income		–	
4. Provision for the credit impairment of other debt investments		–	
5. Cash flows hedging reserve (Effective part of profits or losses on cash flow hedge)		–	
6. Conversion difference of foreign currency statement		–	
7. Other		–	
Other comprehensive income attributable to the minority shareholders after taxation, net		–	
<b>VI. Total comprehensive income</b>		<b>134,929,114.51</b>	67,134,712.02
Total comprehensive income attributable to the owners of parent		<b>126,773,756.32</b>	62,169,328.13
Total comprehensive income attributable to the minority shareholders		<b>8,155,358.19</b>	4,965,383.89
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share	15	<b>0.044</b>	0.021
(II) Diluted earnings per share	15	<b>0.044</b>	0.021

## 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 uniform social credit code is 911100006336972074. All H shares issued by the Company have been listed for trading on Hong Kong Stock Exchange. The Company is headquartered at No. 11 Xi San Huan Zhong Road, Haidian District (The north gate of the central television tower), Beijing.

The Company 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 Information Segment; management platforms including Comprehensive Management Department, Financial Management Department, Planning Management Department, Quality Management Department and Human Resources Department; technology platform, which is Capinfo Research Institute; and investment platform, which is Investment Department. We have nine branches namely Guangzhou Branch, Chongqing Branch, Yanqing Branch, Xiongan Branch and Shunyi Branch and Shanghai Branch, Tongzhou Branch, Daxing Branch and Hubei Branch which were newly established in the current period, respectively.

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

During the period, there are 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, the accounting unit, Shanghai Hengyue Computer Technology Co., Ltd (hereinafter referred to as “Shanghai Hengyue”), is no longer consolidated into financial statements due to cancellation.

## 2. PREPARATION BASIS FOR FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

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

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

### (1) Changes in Significant Accounting Policies

In 2018, the MOF issued the Accounting Standards for Business Enterprises No. 21 — Leases (revised), requiring enterprises listed in both domestic and overseas markets and enterprises listed overseas and adopted International Financial Reporting Standards or the Accounting Standards for Business Enterprises to prepare financial statements to adopt the new standard with effect from 1 January 2019. The Group adopted the new lease standard from 1 January 2019 and has accordingly made some adjustments to its accounting policies.

#### *As a lessee*

Under the new lease standard, a lessee is required to recognize right-of-use assets and lease liabilities for all leases, except for short-term leases and leases of low-value assets for which simplified approach is applied, and recognize depreciation and interest expenses respectively.

For a contract subsisting prior to the date of initial application, the Group has elected not to reassess whether such contract is, or contains a lease.

Under the new lease standard, a lessee is allowed to elect to carry out one of the following transitional accounting treatment for leases:

- Adopt retrospective adjustment approach in accordance with the “Accounting Standards for Business Enterprises No. 28 — Changes in Accounting Policies, Accounting Estimates and Corrections of Errors”.
- Adjust the amount of retained earnings and other related items in financial statements at the beginning of the first year of the initial application according to the cumulative impact of the initial application of the standard, without adjusting information of comparative period.



According to the new lease standard, the Group made retrospective adjustment to the opening balance of retained earnings of 2019 for the differences between the new lease standard and current lease standard at the date of initial application. Meanwhile, no adjustment was made by the Group on figures of the comparative financial statements.

- For finance leases subsisting prior to the date of initial application, the Group measures right-of-use assets and lease liabilities respectively in accordance with the original carrying amount of the assets held under finance leases and finance lease payable;
- For operating leases subsisting prior to the date of initial application, the Group measure lease liabilities based on the present value of the remaining lease payment discounted using incremental borrowing rate, For all leases at an amount equal to the lease liability, necessary adjustments are made based on lease prepayments to measures right-of-use assets.
- On the date of initial application, the Group carried out impairment test for right-of-use assets and applied corresponding accounting treatment.

The Group adopts simplified treatment for operating leases in which the lease assets are low-value assets or operating leases completed within 12 months before the date of initial application, without recognizing the right-of-use assets and lease liabilities.

The Group has adopted the following simplified treatment for operating leases before the date of initial application:

- When measuring lease liabilities, a single discount rate is applied to a portfolio of leases with similar characteristics; the measurement of right-of-use assets may exclude initial direct costs;
- When the contract contains options to extend/terminate the lease, the Group determines the lease term according to the actual exercise of options and other current conditions prior to the date of initial application;
- As an alternative to the impairment test for right-of-use asset, the Group evaluates whether the contract containing the lease is an onerous contract before the date of initial application, and adjusts the right-of-use assets based on the amount of loss provision included in the balance sheet before the date of initial application;
- As for lease changes before the date of initial application, the Group performs accounting treatment according to the final arrangement of the lease changes.

The impact of application of the new lease standard on items in the balance sheet as at 1 January 2019 is as follows:

Items	Carrying amount before adjustment (31 December 2018)	Reclassification	Re-measurement	Carrying amount after adjustment (1 January 2019)
<b>Assets:</b>				
Prepayments	65,450,220.03	-1,497,314.71	–	63,952,905.32
Right-of-use assets	–	–	84,260,152.97	84,260,152.97
<b>Total assets</b>	<b>2,210,347,542.38</b>	<b>-1,497,314.71</b>	<b>84,260,152.97</b>	<b>2,293,110,380.64</b>
<b>Liabilities</b>				
Non-current liabilities due				
within one year	48,155,773.77	19,329,040.63	–	67,484,814.40
Lease liabilities	–	-20,826,355.34	84,260,152.97	63,433,797.63
<b>Total liabilities</b>	<b>1,169,211,747.26</b>	<b>-1,497,314.71</b>	<b>84,260,152.97</b>	<b>1,251,974,585.52</b>

For outstanding minimum lease payments for significant operating leases disclosed in the 2018 financial statements, based on the incremental borrowing rate of the Group as the lessee on 1 January 2019, the Group adjusted the outstanding minimum lease payments disclosed under the original lease standard to the lease liabilities recognised under the new standard as follows:

Minimum lease payments for significant operating leases as at 31 December 2018	48,760,716.83
Less: Minimum lease payments under simplified treatment	11,974,721.84
Incl: Short-term leases	11,974,721.84
Add: Minimum lease payments for finance leases as at 31 December 2018	
Add: Estimated amount of lease option reasonably certain to be exercised	54,565,199.61
Less: Adjustment to variable lease payments based on index or rate	
Minimum lease payments under the new lease standard as at 1 January 2019	91,351,194.6
Weighted average at incremental borrowing rate 1 January 2019	4.75%
Lease liability as at 1 January 2019	82,762,838.26

Impact of application of the new lease standard on items in the 2019 financial statement is as follows:

Items in the consolidated balance sheet	Amount as at 2019.12.31	Presumed value under the original lease standard	Increase/ decrease (-)
<b>Assets:</b>			
Prepayments	69,113,538.77	71,676,880.30	-2,563,341.53
Right-of-use assets	61,799,277.72	–	61,799,277.72
Deferred income tax assets	50,688,989.63	50,507,629.78	181,359.85
<b>Total assets</b>	<b>2,314,581,420.90</b>	<b>2,255,164,124.86</b>	<b>59,417,296.04</b>
<b>Liabilities</b>			
Non-current liabilities due within one year	72,077,690.46	50,314,496.23	21,763,194.23
Lease liabilities	39,286,340.49	–	39,286,340.49
<b>Total liabilities</b>	<b>1,166,185,498.38</b>	<b>1,105,135,963.66</b>	<b>61,049,534.72</b>

  

Items in the consolidated income statement	Amount for 2019	Presumed value under the original lease standard	Increase/ decrease (-)
Financial expenses	-2,614,221.21	-6,230,486.23	3,616,265.02
Administrative expenses	100,439,558.05	102,242,224.54	-1,802,666.49
Income tax expenses	16,466,901.35	16,648,261.20	-181,359.85

(2) **Adjustments made to relevant items in the financial statements at the beginning of the year of initial application resulting from the initial application of the lease standard**

***Consolidated balance sheet***

Items	31 December 2018	1 January 2019	Amount of adjustment
<b>Current assets:</b>			
Monetary fund	652,513,182.08	652,513,182.08	–
Held-for-trading financial assets	–	–	–
Notes receivables	124,900.00	124,900.00	–
Accounts receivables	316,238,126.66	316,238,126.66	–
Prepayments	65,450,220.03	63,952,905.32	-1,497,314.71
Other receivables	93,208,484.60	93,208,484.60	–
Inventories	329,200,608.95	329,200,608.95	–
Contractual assets	43,290,594.31	43,290,594.31	–
Non-current assets due within one year	2,010,148.40	2,010,148.40	–
Other current assets	202,917,235.27	202,917,235.27	–
<b>Total current assets</b>	<b>1,704,953,500.30</b>	<b>1,703,456,185.59</b>	<b>-1,497,314.71</b>

Items	31 December 2018	1 January 2019	Amount of adjustment
<b>Non-current assets:</b>	–		
Long-term equity investments	163,611,601.30	163,611,601.30	–
Other equity instrument investments	971,326.53	971,326.53	–
Investment properties	37,736,600.24	37,736,600.24	–
Fixed assets	69,183,061.72	69,183,061.72	–
Right-of-use assets	–	84,260,152.97	84,260,152.97
Intangible assets	18,279,758.21	18,279,758.21	–
Development expenditures	12,572,850.26	12,572,850.26	–
Goodwill	135,260,623.29	135,260,623.29	–
Long-term deferred expenses	32,153,316.76	32,153,316.76	–
Deferred income tax assets	35,624,903.77	35,624,903.77	–
<b>Total non-current assets</b>	<u>505,394,042.08</u>	<u>589,654,195.05</u>	<u>84,260,152.97</u>
<b>Total assets</b>	<u>2,210,347,542.38</u>	<u>2,293,110,380.64</u>	<u>82,762,838.26</u>
<b>Current liabilities:</b>			–
Account payables	172,067,991.29	172,067,991.29	–
Advances	–	–	–
Contractual liabilities	618,798,167.14	618,798,167.14	–
Payroll payables	79,780,912.13	79,780,912.13	–
Tax payables	50,906,186.82	50,906,186.82	–
Other payables	192,267,065.79	192,267,065.79	–
Incl: Interest payables	–	–	–
Dividend payables	–	–	–
Non-current liabilities due within one year	48,155,773.77	67,484,814.40	19,329,040.63
<b>Total current liabilities</b>	<u>1,161,976,096.94</u>	<u>1,181,305,137.57</u>	<u>19,329,040.63</u>
<b>Non-current liabilities:</b>			–
Lease liabilities	–	63,433,797.63	63,433,797.63
Deferred income	7,235,650.32	7,235,650.32	–
Total non-current liabilities	7,235,650.32	70,669,447.95	63,433,797.63
<b>Total liabilities</b>	<u>1,169,211,747.26</u>	<u>1,251,974,585.52</u>	<u>82,762,838.26</u>

Items	31 December 2018	1 January 2019	Amount of adjustment
Paid-in capital (share capital)	289,808,609.10	289,808,609.10	–
Capital reserves	292,833,401.46	292,833,401.46	–
Other comprehensive income	-7,471,840.33	-7,471,840.33	–
Surplus reserves	90,317,493.60	90,317,493.60	–
Unallocated profits	341,047,586.92	341,047,586.92	–
Total equity attributable to owners of the parent	1,006,535,250.75	1,006,535,250.75	–
Minority interests	34,600,544.37	34,600,544.37	–
<b>Total shareholders' equity</b>	<b>1,041,135,795.12</b>	<b>1,041,135,795.12</b>	<b>–</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,210,347,542.38</b>	<b>2,293,110,380.64</b>	<b>82,762,838.26</b>

### (3) Changes in Significant Accounting Estimates

Nil.

## 4. SEGMENT REPORTING

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

## 5. TAX

### (1) Main taxes and tax rates

Taxes	Tax basis	Statutory Tax Rate %
Value-added tax	Taxable income	6, 9, 10, 11, 13, 16
Urban maintenance and construction tax	Commodity turnover tax payable	7
Corporate income tax	Taxable income	25
Name of Taxpayer		Income Tax Rate %
The Company		10
Capinfo Hong Kong		–
Capinfo Technology		15
Parking Management		25
Rito Info		15
Capinfo Medical United		25
Capinfo Cloud Technology		25

## (2) Tax preference and approvals

### ① *Value-added tax*

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

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

### ② *Corporate income tax*

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

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

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

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

## 6. NOTES RECEIVABLES

Types	End of the period	Beginning of the period
Bankers' acceptance notes	<u>                    —                    </u>	<u>                    124,900.00                    </u>

## 7. ACCOUNTS RECEIVABLES

### (1) Accounts receivables analysed by aging

Age	End 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	<u>73,931,963.56</u>	<u>17.32</u>
<b>Total original value</b>	<u><u>426,865,690.07</u></u>	<u><u>100.00</u></u>
<b>Less: Bad debts provisions</b>	<u>131,353,951.74</u>	
<b>Total net value</b>	<u><u>295,511,738.33</u></u>	

### (2) Account receivables disclosed by types

Types	Amount	Percentage %	End of the period		Net value
			Bad debts provisions	ECL rate (%)	
Accounts receivables with separate provisions for bad debt	2,292,585.78	0.54	2,292,585.78	100.00	–
Accounts receivables with provisions for bad debts based on age group	<u>424,573,104.29</u>	<u>99.46</u>	<u>129,061,365.96</u>	<u>30.40</u>	<u>295,511,738.33</u>
<b>Total</b>	<u><u>426,865,690.07</u></u>	<u><u>100.00</u></u>	<u><u>131,353,951.74</u></u>	<u><u>30.77</u></u>	<u><u>295,511,738.33</u></u>

Types	Amount	Percentage %	Beginning of the period		Net value
			Bad debts provisions	ECL rate (%)	
Separate provisions for bad debts	2,292,585.78	0.54	2,292,585.78	100.00	–
Accounts receivables with provisions for bad debts based on age group	<u>425,030,675.08</u>	<u>99.46</u>	<u>108,792,548.42</u>	<u>25.60</u>	<u>316,238,126.66</u>
<b>Total</b>	<u><u>427,323,260.86</u></u>	<u><u>100.00</u></u>	<u><u>111,085,134.20</u></u>	<u><u>26.00</u></u>	<u><u>316,238,126.66</u></u>

## 8. CONTRACTUAL ASSETS

Items	End of the period	Beginning of the period
Contractual assets	69,224,561.71	46,107,731.23
Less: Provisions for the impairment of contractual assets	<u>1,971,931.20</u>	<u>2,817,136.92</u>
<b>Subtotal</b>	<b>67,252,630.51</b>	<b>43,290,594.31</b>
Less: Contractual assets presented under other non-current assets	<u>—</u>	<u>—</u>
<b>Total</b>	<b><u>67,252,630.51</u></b>	<b><u>43,290,594.31</u></b>

## 9. GOODWILL

### (1) Original carrying amount of goodwill

Investee or items resulted in goodwill	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Business combination and formation	Others	Disposal	Others	
Rito Info	184,597,722.06	—	—	—	—	184,597,722.06

### (2) Provisions for impairment of goodwill

Investee or items resulted in goodwill	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision	Others	Disposal	Others	
Rito Info	49,337,098.77	13,508,263.77	—	—	—	62,845,362.54

Note: The Group calculated the receivable amount of the asset group by estimating the present value of future cash flow. The Group estimated cash flow in the following 5 years based on financial budget approved by the management and the growth rate of cash flow adopted in the subsequent years is estimated to be 0 (last period: 0), which will not exceed the long-term average growth rate of operations of asset group. The management made the aforementioned financial budget based on the historical performance and its expectation on market development. The discount rate adopted in the process of calculating future cash inflow is 14.90% (last period: 14.80%). According to the results of the impairment test, impairment of goodwill at the end of the current period is RMB62,845,362.54 (end of last period: RMB49,337,098.77).



## 10. ACCOUNTS PAYABLES

### (1) Accounts payables disclosed by types

Items	End of the period	Beginning of the period
Loans	<u>198,578,272.64</u>	<u>172,067,991.29</u>

### (2) Accounts payables disclosed by aging

Items	End of the period	Beginning of the period
Within 1 year	137,334,692.24	115,462,745.49
1 – 2 years	40,472,735.69	38,409,045.73
2 – 3 years	8,220,792.32	5,136,045.07
Over 3 years	<u>12,550,052.39</u>	<u>13,060,155.00</u>
<b>Total</b>	<b><u>198,578,272.64</u></b>	<b><u>172,067,991.29</u></b>

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

## 11. CONTRACTUAL LIABILITIES

Items	End of the period	Beginning of the period
Project receipt	<u>465,215,366.56</u>	<u>618,798,167.14</u>

## 12. UNALLOCATED PROFITS

Items	Amount for current period	Amount for last period
Unallocated profits at the end of last period before adjustment	<b>341,047,586.92</b>	363,118,724.87
Total amount of adjustment for unallocated profits at the beginning of period (“+” for plus; “-“for less)	–	-37,178,367.66
Unallocated profits at the beginning of period after adjustment	<b>341,047,586.92</b>	325,940,357.21
Add: Net profit attributable to shareholders during the period	<b>127,647,719.98</b>	62,169,328.13
Less: Withdrawal of statutory surplus reserves	<b>9,354,616.06</b>	10,853,448.48
Withdrawal of discretionary surplus reserve	–	–
Withdrawal of general risk reserves	–	–
Dividend payable on ordinary shares	<b>28,111,371.57</b>	36,208,649.94
Dividends payable to other equity holders	–	–
Ordinary shares dividends transferred to share capital	–	–
Unallocated profits at the end of period	<b>431,229,319.27</b>	341,047,586.92

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.

### 13. OPERATING INCOME AND OPERATING COST

Items	Amount for current period		Amount for last period	
	Income	Cost	Income	Cost
Main businesses	1,316,377,511.90	870,879,133.86	1,116,695,673.57	742,265,594.26
Other business	14,979,908.28	4,707,887.49	14,811,022.89	1,011,937.32

#### (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	629,410,894.91	377,668,937.91	491,070,982.35	260,125,102.36
System integration	415,370,964.85	316,929,789.88	375,047,148.51	294,559,092.56
Data processing service	258,643,439.96	165,067,685.22	233,318,500.50	184,709,121.60
Information professional service	12,952,212.18	11,212,720.85	17,259,042.21	2,872,277.74
<b>Total</b>	<b>1,316,377,511.90</b>	<b>870,879,133.86</b>	<b>1,116,695,673.57</b>	<b>742,265,594.26</b>

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

Name of business	Amount for current period		Amount for last period	
	Operating income	Operating cost	Operating income	Operating cost
Rental income from investment property	14,791,229.04	4,707,887.49	14,441,211.57	1,011,937.32
Income from subject fund project	188,679.24	—	369,811.32	—
<b>Total</b>	<b>14,979,908.28</b>	<b>4,707,887.49</b>	<b>14,811,022.89</b>	<b>1,011,937.32</b>

#### (3) Timing of revenue recognition

Revenue recognition method	2019
At a certain point of time	567,726,093.90
Over a period of time	748,651,418.00
<b>Total</b>	<b>1,316,377,511.90</b>

#### 14. INCOME TAX EXPENSE

Items	Amount for current period	Amount for last period
Current income tax calculated in accordance with the tax law and relevant provisions	24,855,714.02	22,804,973.31
Deferred income tax expense	<u>-8,388,812.67</u>	<u>-11,613,248.05</u>
<b>Total</b>	<b><u>16,466,901.35</u></b>	<b><u>11,191,725.26</u></b>

#### 15. EARNINGS PER SHARE

Items	Amount for current period	Amount for last period
Consolidated net profit attributable to ordinary shareholders of the Company	127,647,719.98	62,169,328.13
Weighted average number of ordinary shares outstanding	<u>2,898,086,091</u>	<u>2,898,086,091</u>
Basic earnings per share	<u>0.044</u>	<u>0.021</u>
Diluted earnings per share	<u>0.044</u>	<u>0.021</u>

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

#### 16. DIVIDEND

The Company approved a final dividend of RMB0.97 cents per share for the year ended 31 December 2018 (before tax) at the annual general meeting convened on 21 June 2019. Final dividend for 2018 approved during the year amounted to RMB28,111,435.08 (final dividend for 2017 approved during 2018: RMB1.25 cents per share (before tax), totaling RMB36,226,076.14).

According to the Board's resolution as at 31 March 2020, the Board of directors has recommended the payment of cash dividend of RMB1.98 cent per share, calculating based on 2,898,086,091.00 issued shares, the total cash dividend is RMB57,382,104.60 (of which, 774,498,000.00 shares are foreign listed H shares, total cash dividend is RMB15,335,060.40). The above proposal is subject to approval in the General Meeting of Shareholders.

## 17. OTHER IMPORTANT MATTERS

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

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

On the ground of suspected contract fraud by the former shareholders of Xiamen Ritoinfo, in order to protect the interest of the Company and its shareholders, a legal proceeding had been instituted by the Company to, and was accepted by, the People's Court of the People's Republic of China, regarding the request for the revocation of the Share Transfer Agreement entered into between the Company and the former shareholders of Xiamen Ritoinfo, on 21 July 2014. On 23 August 2019, an announcement was published by the Company in this regard. On 23 August 2019, an announcement was published by the Company in this regard. As of the date of approval of the report, the case is still ongoing.

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. As of the date of approval of the report, the case is still ongoing.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

In 2019, China faced with various risks and challenges both at home and abroad. Its economy has been in the vital stage of transforming the development mode, optimizing the economic structure and transforming the growth momentum. Nevertheless, long-term stable and favorable development remained unchanged. With the rise of 5G technology in China, rapid technological development in areas such as block chain, artificial intelligence, cloud computing, and big data are taking place. Over the past years, adhering to the principle of seeking progress while maintaining stability, the Company managed to overcome the adverse environment and difficulties, forged ahead and pulled together to foster business development, and achieved spectacular results once again. During the year ended 31 December 2019 (the “**Reporting Period**”), the Group recorded an operating revenue of RMB1,331.36 million, representing an increase of 17.66% as compared with the same period of last year; and net profit attributable to owners of the Company of RMB127.65 million, representing an increase of 105.32% as compared with the same period of last year. The Group experienced positive growth in its performance.

### Smart Infrastructure Service

During the Reporting Period, new progress was made in technology research and development of “big data platform” of the Company. On the self-developed Capinfo Safe and Controllable Big Data Platform, underlying structure, resource management, data management, task management and other functional modules were implemented. The self-developed business development framework was further upgraded and applied in a number of software development projects. “Capinfo Cloud” platform business achieved breakthrough development. In terms of government cloud platform business, we provided services for more than one hundred government units we provided guarantees to enable smooth operation of various websites such as [www.bj148.org](http://www.bj148.org) and the website of the Ministry of Veterans Affairs, and completed the overall revision of the Beijing-China website clusters. The “integrated online platform” was further strengthened. The networks of government affairs maintained stable operation. Internet of Things data network of government affairs (1.4G frequency dedicated network) was applied to provide cluster scheduling and image transmission services for the 70th Anniversary of National Day.

## **Smart Governmental Service**

Key projects of the smart governmental service have been progressing smoothly. Final inspection for the informatization project of Shunyi District Government Service Hall, Beijing municipal credit information comprehensive service platform, air quality forecast and early warning and decision support platform and motor vehicle autumn and winter law enforcement security project were completed. Household registration of Beijing Points System for 2019 was conducted smoothly. Significant progress has been made in expanding ministries customers. Civil servant management system services were provided to the Research Office of the State Council, the Banking and Insurance Regulatory Commission, the Ministry of Human Resources and Social Security, the Central Network Office Cadre Bureau and other government units.

## **Smart City Management**

Smart city management business was carried out in an orderly manner. We secured the network operation and maintenance project of the Winter Olympics Organizing Committee, and contracted the construction of information system platform of Miyun branch of the traffic command center. Construction tasks such as upgrade and transformation of exit-entry administration system of Beijing Municipal Public Security Bureau were completed. We also obtained the “Second Class Qualification for Specialist Contractor of Electronic and Intelligent Engineering” and secured new projects such as weak-current engineering for the Traditional Chinese Medicine Science and Technology Industrial Park of Co-operation between Guangdong and Macao located in Zhuhai, the PRC.

## **Smart Medical and Health Service**

Smart medical and health service supported government reform for the benefit of the public. For medical insurance system, 85 major versions were released. For social security card system, 7 major versions were released. We provided support for two major reforms, namely the “4+7” pilot cities (4 municipalities + 7 provincial capital cities) medicines centralized procurement reform and the comprehensive reform of medical consumption linkage, and completed the reform of Diagnosis Related Groups (DRGs) for medical insurance. Various systems such as the online declaration system, the system for urban and rural residents and the direct settlement system for cross-provincial medical treatment were optimized. We made active efforts in the development of business of commercial insurance settlement platform and entered into contracts with approximately 150 hospitals. In the social health service center of Changping District, “first diagnosis, and then payment” credit medical financial settlement was implemented. We also actively developed the self-service terminal markets for business of “Beijing Hospital Medical” and social security interests.

## **Smart Livelihood Service**

Several major projects of smart livelihood service were satisfactorily completed. Final inspection for the comprehensive business system of provident fund of Beijing was completed. Shanghai municipal housing provident fund integrated business (Phase I) system went online and was well-recognized by the Shanghai Provident Fund Management Center. Final inspection of the new system projects of provident fund of cities such as Guangzhou, Chongqing and Nanning were completed.

## **Smart Enterprise Innovation**

Customer base of smart enterprise innovation service has further expanded. We further developed the enterprise cloud platform and entered into contracts with dozens of new enterprise users to provide information services such as enterprise website intensification and cloud video conference. We also won the bid for Beijing Mobile ICT framework shortlisted project and the bid for partnership with HUAWEI Corporation for top-level design of smart city in China for 2019-2021. We entered into new contracts with customers such as Shenzhen Industrial and China Tobacco Hubei, and renewed service contracts with a number of provincial tobacco companies and promoted pilot project of tobacco settlement platform in Yunnan.

During the Reporting Period, the Group was authorized seven patents as accumulated. During the Reporting Period, the Group registered 361 software copyright items in total as accumulated.

## **The Group Management and Control**

During the Reporting Period, the Group continuously improved various management tasks. The construction of electronic procurement management platform was commenced. New operating incentive system has been implemented. ISO14000 environmental management system certification was completed. With the support of “Capinfo Institute”, cadre training were carried out to provide guidance to cadres for shifting from “technical thinking” to “management thinking”. The Group also actively carried out risk control, strengthened financial review, and optimized reimbursement procedures. A third party was engaged to conduct internal control evaluation and identify weaknesses for rectification. Internal audit system was improved progressively.

## **Looking Forward**

Looking into the future, the management will continue to adhere to the principle of seeking progress while maintaining stability, enhance competitiveness, innovation, control, influence, and risk tolerance, improve overall management of the Company and its businesses, and promote quality management of the “three platforms and five business sectors”, integrate the strengths and capabilities of all staff members of the Company, forge ahead and overcome difficulties to achieve the strategic objectives of the “13th Five-Year Plan” and deliver satisfactory results with excellent performance for the closing year of the “13th Five-Year Plan”.

## **Human Resources**

As of 31 December 2019, the Group had 1,800 employees (2018: 1,658 employees), including 1,412 technology and research and development employees (2018: 1,268 employees), 263 function management personnel at all levels (2018: 251 employees), 74 call center representatives (2018: 85 employees), and 51 sales staff (2018: 54 employees). Expense of the Group’s employees was approximately RMB411.92 million (2018: RMB326.46 million).



## FINANCIAL REVIEW

For the year ended 31 December 2019, the Group recorded an operating revenue of RMB1,331.36 million, representing an increase of 17.66% as compared with the same period of last year. The Group recorded a gross profit of RMB455.77 million, representing an increase of 17.40% as compared with the same period of last year, and profit attributable to the shareholders of RMB127.65 million, representing an increase of 105.32% as compared with the same period of last year.

Other income of the Group amounted to RMB14.98 million, representing an increase of 1.14% over the corresponding period of last year, mainly attributable to property rental income.

During the year, the profit or loss from fair-value changes of the Group amounted to RMBnil. The fair value of C-2 shares as of 31 December 2019 recognized based on Market Approach and Black-Scholes-Merton Option Pricing Model is RMBnil, which was the same as last year. During the current year, the investment revenue amounted to RMB32.72 million, representing an increase of RMB3.40 million, which was mainly attributable to the investment revenue of RMB26.16 million from Beijing Certificate Authority Co., Ltd. (“BJCA”) and Beijing Culture & Sports Technology Co., Ltd. during the year as well as revenue of RMB6.57 million recognized from purchase of structural bank deposits during the year. During the year, the impairment loss of assets amounted to RMB13.51 million, due to the impairment loss of goodwill of Xiamen Rito, which decreased by RMB29.21 million as compared with the same period of last year. Credit impairment loss amounted to RMB19.43 million during the year, representing a decrease of RMB13.35 million as compared with the same period of last year.

In respect of the Group’s business model, business operations included software development and service, system integration, data processing service and information professional service, of which revenue from software development and service amounted to RMB629.41 million, representing an increase of 28.17% as compared with the corresponding period of last year and accounting for 47.28% (2018: 43.40%) of the total operating revenue of the Group; revenue from system integration amounted to RMB415.37 million, representing an increase of 10.75% as compared with the corresponding period of last year and accounting for 31.20% (2018: 33.15%) of the total operating revenue of the Group; revenue from data processing service amounted to RMB258.64 million, representing an increase of 10.85% as compared with the corresponding period of last year and accounting for 19.42% (2018: 20.62%) of the total operating revenue of the Group; revenue from information professional service amounted to RMB12.95 million, representing a decrease of 24.95% as compared with the corresponding period of last year and accounting for 0.97% (2018: 1.52%) 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 89.25% (2018: 89.38%) 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 92.82% (2018: 94.78%) of the total operating revenue.



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

As of 31 December 2019, the Group had total assets amounting to RMB2,314.58 million, representing an increase of 0.94% as compared with the corresponding period of last year. Equity attributable to shareholders of the parent company amounted to RMB1,105.64 million, representing an increase of 9.85% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.56, representing an increase of 0.09 as compared with the corresponding period of last year, and net gearing ratio, defined as total liabilities over net assets, maintained at a relatively low level below 3%. For the year ended 31 December 2019, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB875.73 million, representing an increase of 34.21% as compared with the corresponding period of last year, which was due to the collection of bank structural deposits.

## **Equity Investments**

In 2019, the Group's share of results of associates was RMB26.16 million, representing an increase of 15.21% over the corresponding period of last year, which was mainly due to the contribution from BJCA.

## **Income Tax**

In 2019, the Company has been recognized as a key software enterprise in the national planning layout to enjoy a tax preference. The Enterprise income tax of the Company was imposed at a reduced rate of 10%. During the year, the income tax expenses amounted to RMB16.47 million, representing an increased of RMB5.28 million as compared with the corresponding period of last year.

## **ANNUAL GENERAL MEETING**

The annual general meeting ("AGM") of the Company will be held at Conference Room, 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the PRC on Friday, 19 June 2020 at 10:00 a.m.. The notice of convening the AGM will be published and despatched to shareholders of the Company in due course pursuant to the requirements of the Listing Rules.

## **DIVIDEND**

Owing to a stable result of the Group, sufficient cash flow of business including recurrent business, the Board has recommended the payment of a final cash dividend of RMB1.98 cents per share totaling approximately RMB57.38 million for the year ended 31 December 2019 (2018: RMB0.97 cent per share) to the shareholders whose names appear on the register of members of the Company at 4:30 p.m. as of Monday, 6 July 2020. Payment of dividend is subject to the approval by the shareholders at the AGM. Payment of dividend will be made on Friday, 25 September 2020.

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

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

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) Eligibility to attend and vote at the AGM**

The register of members of the Company will be closed from Wednesday, 20 May 2020 to Friday, 19 June 2020 (both days inclusive), during which no transfer of shares will be effected for the purpose of ascertaining the shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged by the shareholders with the Company's H share registrar and transfer office, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company, at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Tuesday, 19 May 2020.

## **(b) Qualification for the proposed final dividend**

Subject to the approval of the shareholders at the AGM for the resolution regarding the proposed payment of final dividend, the register of members of the Company will be closed from Friday, 26 June 2020 to Monday, 6 July 2020 (both days inclusive), during which no transfer of shares will be affected. In order to qualify for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged by the shareholders with the Company's H share registrar and transfer office, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company, at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Wednesday, 24 June 2020.

## **CORPORATE GOVERNANCE CODE**

The Group is committed to achieving and maintaining statutory and regulatory standards and adherence to the principles of corporate governance. During the year and thereafter, the Company has complied with all code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules.

## **DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS**

The Group has formulated the "Code for securities transactions" regarding Directors' and supervisors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the "Listing Rules". Having made specific enquiry with the Directors and supervisors, all the Directors and supervisors confirmed that they have complied with the required standard of dealings and the Group's "Code for Securities Transactions" regarding Directors' and supervisors' securities transactions throughout the year ended 31 December 2019.

## **PURCHASE, SALE AND REPURCHASE OF THE COMPANY'S SHARES**

During the year ended 31 December 2019, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## **AUDIT COMMITTEE**

The Group has established an Audit Committee and formulated the "Rules and Procedures of Audit Committee" with written terms of reference. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control system of the Group. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2019, including the accounting principles and practices adopted by the Group and the identification and appointment of external auditors.

## **EVENTS AFTER THE REPORTING PERIOD**

There are no significant events subsequent to 31 December 2019 which would material affect the Group's operating and financial performance as at the date of this announcement.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

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

## **PUBLISHING ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE**

The Group's annual report for the year 2019 will be despatched to the Company's shareholders and published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.capinfo.com.cn](http://www.capinfo.com.cn)) in due course for inspection by shareholders and investors.

## **FURTHER INFORMATION IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS ANNOUNCEMENT DATED 17 JANUARY 2020**

Reference is made to the announcement of the Company dated 17 January 2020 in respect of the continuing connected transactions contemplated between the Company and BJCA under the Technique Services Framework Agreement (the "**January Announcement**"). Unless stated otherwise, capitalised terms used in this section shall have the same meaning as those defined the January Announcement.

BJCA is a company with its shares listed on the Shenzhen Stock Exchange (stock code: 300579), which is owned as to approximately 26.24% by the Company, approximately 26.24% by BSAM and approximately 47.52% by public shareholders. BSAM is a company established in the PRC and is wholly-owned by the Beijing Municipal Government of the PRC. BSAM, as the implementer and operator of major projects in Beijing, focuses its business operations in financial services, high-tech and modern manufacturing, culture and creativity, urban functionality area development, environmental protection and new energies.

In respect of the pricing policy for services and products to be provided by the Group to the BJCA Group under the Technique Services Framework Agreement, the department to provide services and products firstly estimates the overall costs based on costs of human input, software and hardware equipment and etc. and then proposes a preliminary quotation, based on the estimated overall costs being added up with a gross profit margin, which is determined (i) with reference to the average bidding price of similar services and products in the open market, such as China Government Procurement Network (中國政府採購網) (<http://www.ccgp.gov.cn/>) and the average price offered by the Group for similar services and products, and (ii) on an arm's length negotiations with the BJCA Group, so as to ensure the price is reasonable and competitive for the Group's services and products.

To ensure the quotation is comparable to the prices offered by other suppliers of services and products in the market, the Group will determine its price by comparison with (i) the average bidding price to the extent it can collect from the open market, such as China Government Procurement Network (中國政府採購網) (<http://www.ccgp.gov.cn/>) for similar services and products and (ii) its average quotation for comparable services and products provided by the Group to independent third parties.

Such quotation subsequently goes through the internal approval system of the Group, under which it passes to the planning department, the finance department, other relevant departments and the management of the Company for review and approval. The responsible departments of the Company ensure that the final quotation is fair and reasonable and brings profits to the Group.

The management of the Group will adjust its pricing policy from time to time in light of the changing market environment and taking into account of the status of development of the Company so as to ensure that its pricing policy is competitive and generates reasonable profits to the Group.

In reliance on the price determination methods and procedures and the internal approval system as discussed above, the directors of the Company consider that the pricing policies above can ensure that the transactions contemplated under the Technique Services Framework Agreement will be conducted on normal commercial terms.

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

Beijing, the People's Republic of China, 31 March 2020

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

*\* For identification purposes only*