

CAPINFO

Capinfo Company Limited

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

(Stock Code : 1075)



Environmental, Social and Governance Report 2023



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ABOUT THIS REPORT

This report is the eighth environmental, social and governance report released by Capinfo Company Limited. It discloses the Company's practice and performance in fulfilling economic, social and environmental responsibilities. By releasing this report, we hope to enhance communication with stakeholders, cooperate more closely and forge a bigger synergy for sustainable development.

SCOPE OF THE REPORT

The report covers Capinfo and its subsidiaries and branches.

NAMING

To facilitate presentation and reading, "Capinfo Company Ltd." in this report is referred to as "Capinfo" "the Company" or "we".

REPORTING PERIOD

The report covers from January 1, to December 31, 2023, and also includes additional information beyond the stated reporting period.

REPORT COMPILATION PRINCIPLES

The report is prepared in accordance with *Guidelines to the Central State-owned Enterprises Directly under the Beijing Municipal Government on Fulfilling Corporate Social Responsibilities* of State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, and refers to *Guidance on Social Responsibility (ISO 26000: 2010)* issued by International Organization for Standardization (ISO), the *GRI Sustainability Reporting Standards (GRI Standards)* of Global Sustainability Standard Board (GSSB), and *Environmental, Social and Governance Reporting Guide (HK-ESG)* issued by The Stock Exchange of Hong Kong Ltd.

ABOUT THIS REPORT

DATA SOURCE

All data used in the report come from the Company's official documents and statistics reports. All the aforementioned data have been reviewed by relevant authorities. Should there be any discrepancy between the ESG report and the annual report, the annual report shall prevail.

ACCESS TO THIS REPORT

This Report includes both paper and electronic versions. The report is available in Chinese and English versions. In case of any discrepancy, the Chinese version shall prevail. The English and Chinese versions of the Company's ESG report are available on the Company's website at www.capinfo.com.cn and the HKExnews's website at www.hkexnews.hk. You may access the ESG report by clicking "Corporate Responsibilities" on the home page of the Company's website or browsing through the HKExnews's website.

If you are have difficulty in gaining access to the ESG report posted on the Company's website and you want to request printed version of the ESG report, please send your written request with signature by mail (for holders of H shares) to the Company's H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or (for holders of domestic shares) to the Company's office at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the People's Republic of China.

CSR SUMMARY



The year 2023 marked the start to fully implement the guiding principles of the 20th CPC National Congress and it was also crucial for continuing to implement the 14th Five-Year Plan. Capinfo fully served the development of Beijing's four centers (the country's political, cultural, international communication and technological innovation centers) and the five key initiatives (building Beijing into an international center of innovation; developing the "two zones", namely the Integrated National Demonstration Zone for Opening up the Services Sector and the China (Beijing) Pilot Free Trade Zone; turning Beijing into a global model city for the digital economy; stimulating and creating new demand through supply-side structural reform; and making greater headway in the coordinated development of the Beijing-Tianjin-Hebei region through relocation of functions non-essential to Beijing's role as the capital). Catering to the strategic requirement of building Beijing into a global model city for digital economy, we seized the opportunities of deepening

CSR SUMMARY

the SOE reform to further promote reform and innovation, independent R&D capabilities, and capital operation. We served the improvement of people's livelihood, digital government affairs development, and intelligent and digital governance of the megacity. We also continuously enhanced our core competitiveness, strengthened core functions, and strived to build a first-class model enterprise in the digital and platform-based information industry that serves the capital.

Strengthening corporate governance. We promoted standardized ESG disclosure to enhance responsibility and communication. In accordance with relevant requirements of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (Beijing SASAC), we built a supervision mechanism for decision-making and execution, with equal rights and responsibilities, coordinated operation, and effective checks and balances. We further improved the Company's modern enterprise system and corporate governance structure, enhanced compliance operations, and built a solid line of defense against corruption to guarantee Capinfo's high-quality development.

Contributing to the 30·60 Decarbonization Goal. We improved our environmental management system and integrated green and low-carbon concepts into our daily operation management. We advocated the green lifestyle, strengthened environmental protection publicity, and enhanced employees' green and low-carbon awareness to promote the Company's green and sustainable development.

Pursuing innovation-driven development to create an excellent brand. We provided high-quality products and services, contributed to the construction of a smart city, and promoted digital government affairs, digital healthcare, digital governance, and digital enterprises. We advanced the organizational and personnel work via intelligent and digital means to empower the city with refined and intelligent management.

Putting people first. Committed to building harmonious labor relations, we protected the legitimate rights and interests of employees, provided a platform for them to realize their career dreams, and helped them balance work and life, continuously improving employees' sense of gain, happiness, and belonging.

Building a responsibility value chain. We improved supplier management, strengthen the construction of supplier access mechanism, improved the process supervision and management of suppliers, and boosted the sustainable transformation of the supply chain, in order to build a new development pattern, promote industrial integration, and create a harmonious and win-win ecosystem.

CSR SUMMARY

Assuming SOE's responsibilities. We took concrete actions to further strengthen our image as a state-owned IT company with firm political stand and high sense of responsibility and reliability. We actively engaged ourselves in public welfare activities, various donations and volunteer services. To support local economic development, particularly that of Xizang, we explored new rural vitalization models with digital momentum.

To set sail and make new progress, Capinfo will integrate digital resources and technical experience to further enhance data innovation and provide customers with quality products and services. We will strive to become a leading enterprise in China's information service industry, a reliable force for the operation and guarantee of important systems, and a demonstration model for the market-oriented SOE reform, making contributions to the development of China's digital economy.

Chairman and Party Secretary of Capinfo Company Ltd.
Yu Donghui

STATEMENT OF THE BOARD OF DIRECTORS ON ESG

The Board of Directors attaches great importance to ESG governance and monitors ESG management that may impact our business operations and the rights and interests of stakeholders. We improve our ESG governance system, supervise our fulfillment of responsibilities regarding key ESG issues, and integrate ESG concepts into our production and operation.

Based on the external socio-economic macro environment and the Company's development strategy, the Board of Directors (the Board) of Capinfo discusses key areas and major opportunities for ESG risk control, strengthens the Company's ESG and key issue management, optimizes the Company's ESG management workflow, and reviews the Company's ESG reports through irregular meetings or other forms.

In 2024, the Board will continue to enhance its ESG management and ensure the integration of the ESG philosophy with the Company's strategy, striving to achieve the sustainable development of the Company.

ABOUT CAPINFO

CORPORATE PROFILE

Capinfo Company Limited (referred to as “Capinfo”), established in January 1998, is a state-owned backbone enterprise in the field of electronic government affairs in Beijing. Listed in the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited in 2001 and listed on the Main Board in 2011 (HK.1075), Capinfo is committed to becoming “a leading operator in the industries of smart cities and data”, We have developed a principal business pattern encompassing “one focus, two platforms and four fields”. Base on our rich experience in informatization of government affairs in Beijing, the capital of China, we have been providing continuous, reliable and stable information technology services for Beijing municipal e-government system, medical security system, housing provident fund system, air quality monitoring system, community services information system and points-based information system. Capinfo has ever undertaken and completed construction, operation and maintenance of multiple Beijing municipal and national major informatization projects. We have guaranteed system security for major national and important events. Having actively participated informatization of administrative in urban, we have built our own enterprise image as a “politically principled, accountable and trustworthy” state-owned information technology enterprise.

ABOUT CAPINFO

Capinfo is a national high-tech enterprise. We hold the CS4 Certificate for Outstanding Information Systems Construction and Service Capabilities, the CMMI5 Certificate for International Software Maturity, the (Level 1) Certificate for Security Engineering Enterprises' Design, Construction and Maintenance Capabilities, the Level 1 ITSS Certificate of Conformity with the Standards for Cloud Computing Services and Capabilities. Capinfo was listed as "Science and Technology Reform Enterprises", which was issued by State-owned Assets Supervision and Administration Commission of the State Council, and the first batch of General Artificial Intelligence Industry Innovation Partnership Program of Beijing. With 4 key municipal laboratories, namely Beijing Municipal Multimedia Network Laboratory and Beijing Municipal Research Center for IoT and Systems Engineering Technologies recognized by the Beijing Municipal Science & Technology Commission, Beijing Municipal Engineering Laboratory for Internet Technologies of the Smart Health and Elderly Care Industry recognized by the Beijing Municipal Commission of Development and Reform, and Beijing Municipal Enterprise Technology Center recognized by the Beijing Municipal Bureau of Economy and Information Technology, we have 2 municipal bases: the International Cooperation Base for Introducing High-end Foreign Experts and the Beijing Municipal International Scientific and Technological Cooperation Base for Internet and Cloud Applications recognized by the Beijing Municipal Science & Technology Commission. We have also built 3 advanced technology laboratories, including AI (Artificial Intelligence) Laboratory, Big Data Research Center and Blockchain Research Center. We have strengthened cooperation with universities and research institutes. We invited 32 academicians and experts to join the Capinfo Smart City Digital Economy Advisory Committee. Joint Laboratory of Capinfo and Beihang University was established.

Through over two decades of development, Capinfo has had more than 1,600 employees, 7 holding companies, 2 major joint-stock companies and 14 branches. Our businesses cover multiple fields, including the government, medicine, people's livelihood and finance. Successively granted awards and honors for Chinese TOP10 IT service provider, Chinese leading Internet brand, Chinese preferred informatization service provider, Chinese TOP10 (IT services) innovation enterprise, Chinese (IT) TOP10 credible brand, Chinese innovative cloud computing enterprise, Chinese TOP100 solution provider, creative proposal for Chinese government informatization, Chinese innovator of IT services, excellent Chinese e-government service provider, the Third Prize of Beijing Municipal Science and Technology Award, TOP100 Hong Kong listed company in brand value, TOP100 enterprise in ecology of data intelligence, enterprise ranked TOP100 in comprehensive strengths in software and information services in Beijing and successful application of ITSS, Capinfo has been included in the China's E-government Yearbook.

ABOUT CAPINFO

DATE OF 2023

- Total assets: RMB2,496.82 million
- Operating revenue: RMB1,425.58 million
- Total profit: RMB-90.23 million
- Total tax payment: RMB41.76 million
- Owner's equity attributable to owners of the Company: RMB1,144.95 million
- R&D input: RMB243.53 million
- Total employees: 1,624
- Training opportunities offered to employees: 14,072
- Social insurance enrolment rate of employees: 100%
- Coverage of employee health checks and health files: 100%
- The total social contribution is RMB473.62 million

RESPONSIBILITY

Corporate Vision:	To be a leading operator in the industries of smart cities and data
Corporate Culture:	Be politically principled, accountable and trustworthy
Corporate Mission:	Make innovation of digital services, so that our cities will be smarter and our lives will be more wonderful
Business Philosophy:	Give priority to services and pay attention to benefits
Business Pattern:	With the support of "one core" and coordination of "Capinfo+integrated network platform", promote vigorous development of "digital government affairs, digital medicine, digital governance and digital enterprise"

ABOUT CAPINFO

BUSINESS PATTERN

To implement the new development philosophy and promote new business development, Capinfo promoting the business pattern featuring one core, two platforms and four fields for new development.

ONE CORE

With the core concept of “creating value for customers”, Capinfo has conducted in-depth market research to know customer demands, established effective feedback channels, and strengthened the capability of providing solutions. Communication and cooperation among upstream and downstream companies have also been enhanced to further improve customer service in a collaborative way.

TWO PLATFORMS

During the Reporting Period, the integrated network platform operated smoothly with an availability rate of the backbone network of 99.999%, and provided government extranet services for nearly 20 thousand units in the city, and wireless broadband and cluster scheduling services for nearly 20,000 1.4G private networks. We provide stable network services for over 20 million people with medical insurance in Beijing, guaranteeing services for the convenience of citizens such as mobile payment with medical insurance and appointment register. The Capinfo cloud platform and over 700 applications on it continue to stay in safe and stable operation. Capinfo provides services to nearly 150 government commissions, offices and administrations, and more than 200 municipal enterprises in Beijing.

FOUR SECTORS

Capinfo continuously enhances its capability of ensuring the safe and stable operation of major systems for government and public affairs, and promotes the industrialization of the four fields with the core concept of “creating value for customers”.

In the field of digital government affairs, we have expanded our Party personnel management business in cities and counties of north and northeast China, with industry-leading status formed in Liaoning, Hebei, and Jilin provinces. The comprehensive business platform for civil servants has been selected as a “Beijing Digital Innovation Solution”. The business of administrative offices continues to develop in Beijing’s district-level markets. The integrated government service center in Dongcheng District has been built up.

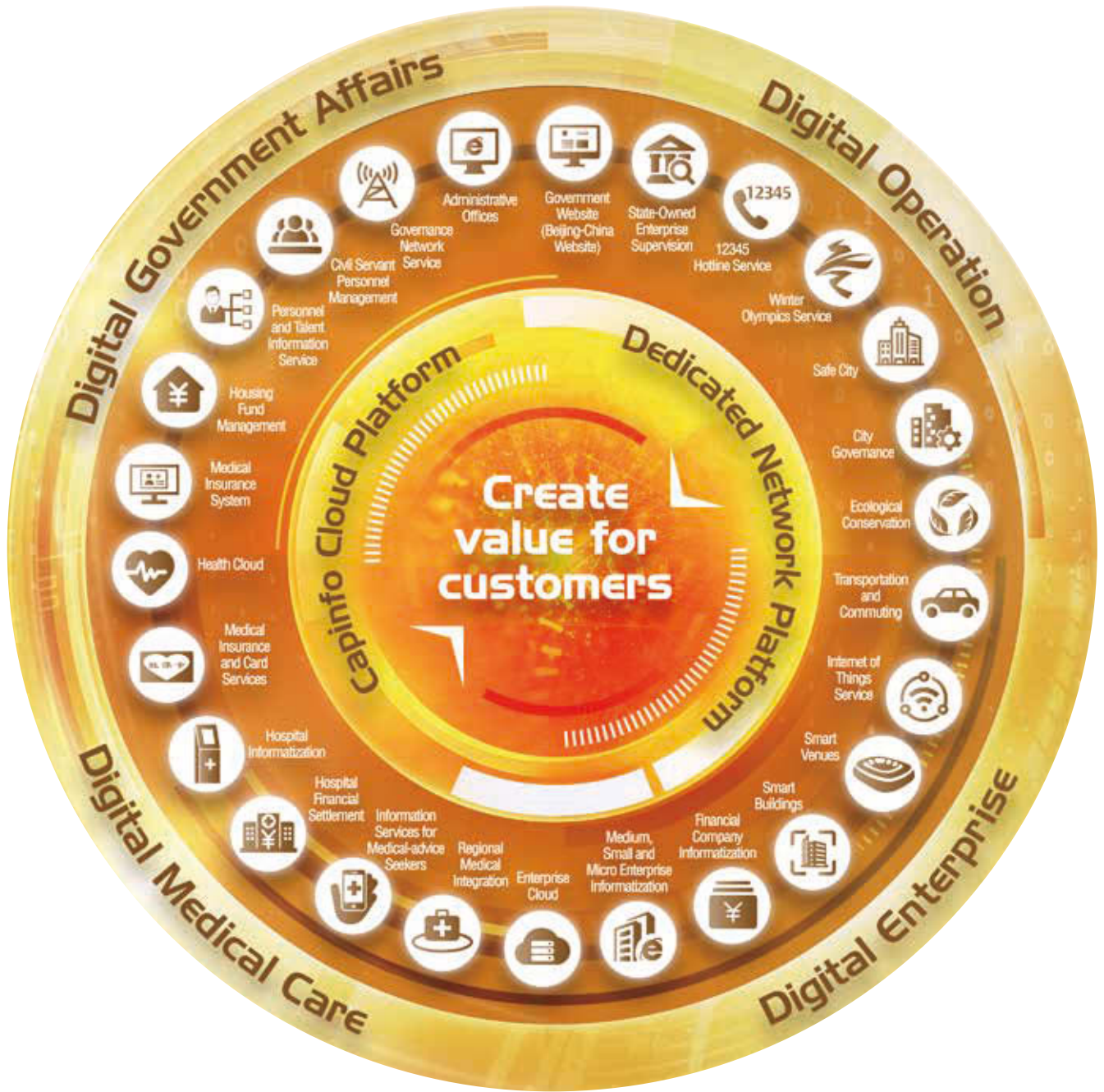
ABOUT CAPINFO

In the field of digital healthcare, we have promoted the development of the credit-based medical treatment platform in Haidian District and launched online trial operation of systems of 37 medical institutions after completing the transformation of interfaces. We finished the HIS transformation of Beijing Shijingshan Hospital's mobile payment, the authentication of mobile payment and Alipay with medical insurance, self-service register and payment for cross-provincial patients with medical insurance, and emergency one-code service transformation of Beijing Chaoyang Hospital, as well as the connection of the reconciliation platform of Aerospace Center Hospital with HIS, banks, and other systems.

In the field of digital Enterprise. We have made a major breakthrough in Chinese Central SOEs market, and signed contracts with CITIC Group and HuangnengGroup for their digital transformation business. We have sorted out processes of the business line, data line, and operation line of the state-owned assets cultural and sports digital platform, started the development of the state-owned assets cultural and sports mini program, and launched version 1.0; Capinfo cloud has signed a cooperation agreement with Beijing Yizhuang Smart City Research Institute Group Co., Ltd.; The final acceptance of the digital supervision platform for Beijing SASAC contributors has been completed. Capinfo cloud established the joint laboratory for the adaptation and validation of IT application innovation in collaboration with Software and Information Services Exchange.

In the field of digital governance, the business of handling complaints upon receipt has been transformed to be more intelligent, The "Digital Community Application Demonstration Project" has been promoted by Capinfo and Beijing Municipal Bureau of Economy and Information Technology to form technical standards and specifications. Research and service reports of streets, communities, and eco-enterprises, etc., have been formulated together with industry enterprises and the *Guide for Digital Community Construction Framework* has been compiled; digital governance and operational scenarios have been realized and contracts. We have ensured the stable operation of the comprehensive scheduling information platform of Beijing Municipal Commission of Development and Reform. The project to build the Management Platform for the Cultural and Tourism Industry of Dongcheng District, which has already been accepted.

ABOUT CAPINFO



Capinfo's innovative business pattern featuring one core, two platforms, and four fields

ABOUT CAPINFO

CSR IMAGE: CAPINFO EVENTS 2023

**JANUARY**

- Capinfo received a Letter of gratitude from Beijing Software and Information Service Industry Association (BSIA) for Capinfo's participation in the association's social and public activities in 2022 and its contributions to the promotion of the association.

**FEBRUARY**

- Capinfo was included in the 2022 industrial Internet pilot and demonstration list by the Ministry of Industry and Information Technology of China.

**MARCH**

- Capinfo developed the cloud original microservice basic enterprise architecture to provide technical services with higher performance.

**APRIL**

- Capinfo won the first prize of the Technological Invention Award from China Institute of Electronics.
- Capinfo's Capinfo cloud was awarded the China Information Data Sharing Innovative Achievement Award.
- Capinfo's smart Party personnel management and city brain businesses were displayed at the Beijing exhibition area of the Digital China Summit & Exhibition.

**MAY**

- Capinfo's Capinfo cloud joined the Beijing Artificial Intelligence Industry Alliance.
- Capinfo was selected into the list of the first batch of Beijing General Artificial Intelligence Industry Innovation Partners Program.
- Capinfo was included in the list of Science and Technology Reform Demonstration Enterprises by the SASAC of the State Council.

**JUNE**

- Capinfo became a member of the Information Technology Application Innovation Working Committee (ITAI).

**JULY**

- Capinfo was selected as a typical case of industry application of general artificial intelligence in Beijing at the Global Digital Economy Conference 2023.
- Capinfo created a new model of cultural and tourism supervision for Dongcheng District by launching the Management Platform for the Cultural and Tourism Industry of Dongcheng District.

**AUGUST**

- The Capinfo Catalog Blockchain Basic Service Platform independently developed by Capinfo has been launched in Beijing.

**SEPTEMBER**

- Capinfo strengthened the development of independent products and platforms to support the further development of Beijing's "smart parks".
- The Beijing Housing Provident Fund Management Platform developed and operated by Capinfo was unveiled at the China Beijing International Fair for Trade in Services (CIFTIS), and the new-generation housing provident fund management platform will be put into use soon.
- Capinfo was elected as the Vice President Unit of the Metaverse Professional Committee.

**OCTOBER**

- Capinfo and Beijing International Data Exchange launched strategic cooperation to promote industrial collaboration in the data element market.
- Capinfo's digital base product has obtained Huawei Kunpeng technology certification.
- Capinfo was elected as the Vice President Unit of the Beijing Information and Telecommunication Association.
- Capinfo successfully passed the re-evaluation of the CMMI5 V2.0 for International Software Maturity.
- Capinfo again passed the Level 1 ITSS evaluation of conformity with the operation and maintenance service capabilities.
- Capinfo successfully passed the re-evaluation of five ISO management systems.

**NOVEMBER**

- The Beijing Data Foundation Pilot Zone was launched and Capinfo's Capinfo cloud was one of the first batch of companies entering the zone.
- The joint laboratory for the adaptation and validation of IT application innovation was unveiled. It was built by the Software and Information Services Exchange under China Beijing Equity Exchange and Capinfo cloud under Capinfo.

**DECEMBER**

- A meeting was held to launch the Smart City and Digital Economy Expert Consultation Committee of Capinfo and the Joint Laboratory of Smart City and Data Element Innovation of Beihang University and Capinfo.
- Contributing to a digitized Xiongan and the digital development of enterprises - Capinfo won the bidding of Huaneng headquarters' IT application project
- Capinfo was selected as one of the "2023 Beijing Top 100 Enterprises".
- Capinfo and CITIC Group have reached a major project cooperation.

ESG MANAGEMENT

Capinfo continues to improve the ESG governance system and operating mechanism to strengthen ESG management and promote the integration of ESG governance with business operation, daily management and corporate culture. The Company responds to the expectations of stakeholders and strives to pursue sustainable development, coordinating economic, environmental and social benefits.

ESG MANAGEMENT STRUCTURE

The Board is the highest responsible and decision-making body for the ESG matters of Capinfo. The Board of Directors of Capinfo by listening to the ESG implementation report through regular meetings, the Board monitors ESG-related issues that may affect business operations and interests of stakeholders to ensure the integration of ESG philosophy with corporate strategies. The Board determines the results of communication with stakeholders and the results of major issues, and also reviews the Company’s ESG report. Capinfo has established an ESG management system, which is governed by a special department. Special posts have been set up to take charge of it while other departments participate with collaboration. The system has a complete and systematic ESG management structure for top-down implementation of various management measures.

IDENTIFICATION OF MATERIAL TOPICS

Attaching great importance to the identification and management of material topics, Capinfo, for the sake of stakeholders and taking into consideration the Company’s strategy and business development, has collected stakeholder appeals through various ways and then selected and prioritized the material topics that are of key concern to stakeholders from the two dimensions of “significance of economic, environmental&social impacts” and “influence on stakeholder assessments& decisions”, which served as a reference for the report compilation and information disclosure and also a help for the Company’s ESG management, practice, and business operations.

<ul style="list-style-type: none"> (1) Service quality improvement (2) Business expansion (3) Major event guarantee (4) Technological innovation (5) Business optimization 	<ul style="list-style-type: none">    	<ul style="list-style-type: none"> (14) Supplier management (15) Investor rights and interests protection (16) Industry development 	<ul style="list-style-type: none">  
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ESG MANAGEMENT

<ul style="list-style-type: none"> (6) Compliance operations (7) Improving governance system (8) Deepening SOE reform (9) Enterprise risk management (10) ESG management 		<ul style="list-style-type: none"> (17) Employees rights protection (18) Facilitating employee growth (19) Caring fro employees in need (20) Occupational health and safety 	<ul style="list-style-type: none">    
<ul style="list-style-type: none"> (11) Green and low-carbon operation (12) Environmental protection (13) Green office 	<ul style="list-style-type: none">      	<ul style="list-style-type: none"> (21) Promoting community Development (22) Supporting rural vitalization (23) Engaging in public welfare participation 	<ul style="list-style-type: none">    

STAKEHOLDER COMMUNICATION

The Company has established and improved mechanisms and channels to promote regular communication with stakeholders. By learning and responding to the expectations and requirements of stakeholders such as investors, customers, employees, suppliers, communities and regulatory authorities, the Company communicates with stakeholders about its development and operation, thus gaining their understanding and support and continuously improving CSR management.

ESG MANAGEMENT

Stakeholders	Concerns	Communication Mechanisms
Investors	<ul style="list-style-type: none"> • Information disclosure • Corporate governance • Financial performance • Protection of investors' interests 	<ul style="list-style-type: none"> • Improving internal management system • Regular report and announcement • General meeting, meeting of the Board of Directors, meeting of the Board of Supervisors
The government and superior regulators	<ul style="list-style-type: none"> • Security management • Financial performance • Environmental responsibilities • Rights and interests of employees • Public welfare 	<ul style="list-style-type: none"> • Special report • Research and visit • Project cooperation • Working conference • Statistics report
Customers	<ul style="list-style-type: none"> • Service quality • Technological innovation • Information security 	<ul style="list-style-type: none"> • Customers' feedback • Customer relationship management (CRM) • Online service
Employees	<ul style="list-style-type: none"> • Rights and interests of employees • Career development • Compensation and benefits • Democratic communication 	<ul style="list-style-type: none"> • Staff congress • Labor union • Suggestions, mailbox and Official Wechat • Staff service center
Suppliers/Peers	<ul style="list-style-type: none"> • Corporate reputation • Sunshine purchase • Communication and cooperation • Industry development 	<ul style="list-style-type: none"> • Business negotiations • Contract and agreement • Training and technical seminar • Forum and conference
Communities/Society	<ul style="list-style-type: none"> • Environmental responsibility • Public welfare • Community development 	<ul style="list-style-type: none"> • Charitable activities • Volunteer activities

ESG MANAGEMENT

CSR HONORS

- Capinfo won the first prize of the Technological Invention Award from China Institute of Electronics.
- Capinfo's Capinfo cloud was awarded the China Information Data Sharing Innovative Achievement Award.
- Zhai Jingqiao, an employee of Capinfo, was awarded the honorary title of "National May Day Women's Model".
- The Capinfo SOE IT application innovation Cloud Platform developed by Capinfo's Capinfo cloud won the China Information Data Sharing Innovative Achievement Award 2022.
- Capinfo's "Capinfo Connect" was awarded the 2nd Prize of the 2022 (8th) SOE Management Innovative Achievement Award.
- Capinfo's self-developed "Digital Capinfo" was selected into the list of "Excellent Cases of National Enterprise Digital Transformation and Empowerment" at the Global Digital Economy Conference 2023.
- Capinfo won the Innovative Breakthrough Award at the Create@Alibaba Cloud "Intelligent Manufacturing Track" Global Challenge.
- Capinfo was awarded the certificate of "Technical Activity Unit of the Information Technology Application Innovation Working Committee" from China Electronics Standardization Association.
- Capinfo won the title of "2023 Integrity Enterprise of Beijing Software and Information Service Industry".
- Capinfo was selected into the list of "Beijing Top 100 Enterprises 2023".
- Capinfo won the "Evergreen Award of GoldenBee Excellent CSR Report 2023".
- Capinfo won both the first and second prizes in the first Digital Economy Vocational Skills Competition of Haidian District.
- Capinfo's layout in the data element market – Capinfo won the Special Award for Leading Enterprises in the Beijing Innovation and Entrepreneurship Competition 2023.
- Capinfo won the special prize in the "Smart Security Track" of Beijing Big Data Skills Competition 2023.
- Capinfo won the title of "Software Enterprise in Beijing with Core Competitiveness 2023 (Market Application)".
- Capinfo was awarded "Beijing Digital Service Provider (2023)".

1. FORGING A BUSINESS ENVIRONMENT OF INTEGRITY AND COMPLIANCE

Capinfo continues to improve its corporate governance structure, promotes compliance operations, and works to establish a sound and improve the prevention mechanism for legal risks. Capinfo strengthens corporate risk management and puts emphasis on integrity to build a strong line of defense against corruption, while enhancing its value-creating capability and core competitiveness.

KEY TOPICS

- Corporate governance
- Compliance operations
- Anti-corruption and integrity
- Protection of Investors' Interests

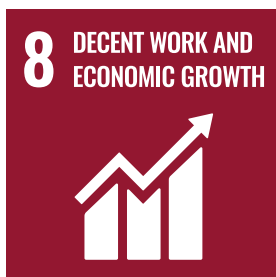
ACTIONS

- Improving corporate governance and building standard Board of Directors, specialized committees and Board of Supervisors.
- Sticking to compliance operations with integrity and improving risk prevention and resolution mechanisms to guarantee the standardized and stable operation of Capinfo.
- Adhering to business ethics and carrying out anti-corruption campaigns.
- Attaching great importance to information disclosure to fully protect the legitimate interests of shareholders, especially minority investors.

KEY PERFORMANCE

- Total assets: RMB2,496.82 million
- Operating revenue: RMB1,425.58 million
- Owner's equity attributable to owners of the Company: RMB1,144.95 million

SDGs WE FOCUS ON



1. FORGING A BUSINESS ENVIRONMENT OF INTEGRITY AND COMPLIANCE

1.1 CORPORATE GOVERNANCE

Capinfo has been constantly improving corporate governance regulations and procedures. In strict compliance with the Chinese laws and regulations, such as the *Company Law*, the *Listing Rules* and the *Articles of Association*, and based on its actual situation, Capinfo has been improving and effectively implementing the work systems and processes of the Board and its specialized committees. We have established an effective corporate governance mechanism with General Meeting of Shareholders as the highest authority, the Board as the decision-making body, the Board of Supervisors as the supervisory body, and the management as the executive body. In 2023, the Company's operation and management was further standardized and improved through the coordination of General Meeting of Shareholders, the Board and its specialized committees, the Board of Supervisors as well as the management. In 2023, Capinfo held 2 general meeting of shareholders and deliberated 15 proposals.

Regulating the development of the Board of Directors

Abiding by the *Articles of Association* and the *Board Rules of Procedure*, the Board of Capinfo has well-defined responsibilities, and the convening procedures comply with relevant laws and regulations. Directors are elected in strict accordance with relevant election procedures. The Company's Directors are professionals in finance, law, commerce, information services and human resources with extensive experience and expertise in various areas. Familiar with related laws and regulations, our diligent and conscientious directors attend Board meetings with a responsible attitude, fully exercise their rights and fulfill their obligations and responsibilities. They thus can better protect the legitimate rights of the Company. In 2023, there were twelve directors in the Board of Directors, including three executive directors, five non-executive directors, and four independent non-executive directors. On December 29, 2023, we adjusted the structure of the Board of Directors as 2 executive directors, 5 non-executive directors and 5 independent non-executive directors. 11 Board meetings were convened and 57 proposals approved.

In order to ensure the information exchange among board members, Capinfo provides orientation training and professional development to directors to guarantee the compliance with board procedures and improve board efficiency. When the director is appointed as a member of the Board, the Company provides them with introduction materials related to the Company's main business operations, laws and regulations, and responsibilities assigned to them by the Listing Rules, so as to assist them in achieving sustained professional development. In 2023, all directors participated in various kinds of training, in order to further improve their knowledge and skills, so that they could contribute to the Board with all-round professional qualities.

Specialized committees

Capinfo has established five specialized committees under the Board with different functions, including the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy Committee and the Legal Compliance Committee. We have further improved the corporate governance structure, and strengthened the internal control system to promote the standardized, stable, and sustainable development of the Company. The decision-making role of the Board has been enhanced to make more scientific decisions with higher efficiency. In 2023, the specialized committees of the Board held 15 meetings in total.

1. FORGING A BUSINESS ENVIRONMENT OF INTEGRITY AND COMPLIANCE

Regulating the development of the Board of Supervisors

Capinfo's Board of Supervisors fulfills its duties by supervising whether the resolutions of the Board of Directors comply with relevant laws and regulations, and the Company's daily operations, financial management, and executive performance, so as to protect the legitimate rights and interests of the Company and its investors, and promote its standard and compliant operation. In 2023, there were three supervisors in the Board of Supervisors and it held 4 meetings.

1.2 COMPLIANCE OPERATIONS

Following relevant national laws and regulations, Capinfo adheres to compliance operations with integrity, greatly enhances its risk identification and control capabilities and improves its risk prevention and resolution mechanisms. We strengthen internal audit and supervision functions and improve our capabilities of compliance management and law-based corporate governance, to ensure the sound and stable development of the Company.

Strengthening auditing-based supervision

Capinfo has strengthened the audits on key projects and funds, and expanded the scope and depth of audits. Special audits are conducted on key areas such as investor relations management, investment management, equity management, project management, and contract management. We promote the full coverage of audit-based supervision, provide audit consultation services and deepen the integration of internal audits with business operations. The *Internal Control Evaluation Measures and the Accountability Measures for Violated Business Operations and Investments* are revised to form institutionalized and standardized internal audits, supervise rectification, and effectively improve the quality of internal audits. In 2023, Capinfo carried out a total of 16 audit projects, with 51 audit-related issues of various types found and 33 audit opinions and suggestions proposed. All audit-related issues were tackled.

Enhancing risk control

Capinfo promotes the establishment of the legal and internal control compliance system to strengthen the prevention and control of legal compliance risks. We have strengthened the formulation or revision of our rules and regulations to effectively prevent and resolve major risks. In 2023, the Company made an annual plan to formulate or revise rules and regulations, such as the *Code of Conduct for Compliance, Interim Measures for Internal Control Evaluation, and Management Measures for Increasing and Reducing Holding Shares of Listed Companies*. We issued and updated a collection of rules and regulations. We also strictly implemented the requirements of the "Three Legal Reviews" (of major decisions, regulations and rules, and contracts) to ensure the legal and compliant operation of the Company.

1. FORGING A BUSINESS ENVIRONMENT OF INTEGRITY AND COMPLIANCE



1.3 ANTI-CORRUPTION AND INTEGRITY

Capinfo highly values anti-corruption and anti-bribery campaign, adheres to business ethics, promotes the culture of integrity, and enhances the ability of all employees to prevent and resist corruption risks. Party members and non-party members are required to sign the *Party Conduct Commitment* and the *Integrity Commitment* respectively. The Company continues to raise the awareness of both officials and employees in performing duties and staying self-disciplined. Bearing zero tolerance towards corruption, bribery and other illegal behaviors, we seriously investigate and punish any violations of laws and disciplines. In 2023, Capinfo organized 28 integrity education with a total of 1,955 participants and one anti-corruption training for 189 participants.



Integrity promotion wall



Visiting the warning education base

1. FORGING A BUSINESS ENVIRONMENT OF INTEGRITY AND COMPLIANCE

Case: Building a clean Capinfo

A series of integrity education activities were organized by Capinfo, in order to thoroughly implement the arrangement of the *Measures of Party Committee of the Beijing State-owned Assets Management Co., Ltd. to Implement the Opinions on Strengthening the Culture of Integrity in the New Era*, and enhance the ability to prevent and resist corruption risks.

We organized employees to watch documentaries online or offline to guide the orientation of integrity and anti-corruption, and strengthen the awareness of preventing corruption. Integrity materials were distributed to create an environment for all employees to pursue honesty and self-discipline, and contribute to the development of the Company as a pacesetter. The book *Warning Cases of Young Official Violating Discipline and Law* was distributed to young leaders born in the 1980s, so that they could learn from the cases and conduct self-warning and self-examination with a sense of awe and bottom line awareness. For middle-level and above officials, the book *Keep Your Family Away from Corruption* and the Clean and Integrity Initiative were distributed to remind Party members and officials to manage themselves and the people around them, and always be vigilant not to let their family members become the 'breakthrough point' of corruption, so as to establish the solid foundation for integrity. We have built an integrity promotion and education system consisting of 1 wall (the integrity promotion wall), 2 platforms (the "State-owned Assets Integrity" official WeChat account, and the "Capinfo Clear Wind" section), and 3 courses (integrity education courses, typical case warning education courses, and on-site visits and learning courses). We promote theoretical and business training in an integrated manner through "one course per month" and "study of discipline and law every two months", with courses like discipline and law lectures, warning education films, and integrity models in the new era etc. Through theory and case studies both online and offline, we are advancing in clean governance, injecting the power of integrity into our work to create a clean working environment.



Watching documentaries

1. FORGING A BUSINESS ENVIRONMENT OF INTEGRITY AND COMPLIANCE


1.4 PROTECTION OF INVESTORS' INTERESTS

Attaching great importance to information disclosure, Capinfo prepares and discloses regular reports or announcements of other major matters in a timely, accurate and complete manner. We deliver the Company's value to the market and enable investors to grasp the Company's production and operation situation, protecting investors' legitimate rights and interests and safeguarding their rights to know, to make decisions and to get profits.

Capinfo participated in **1** strategy meeting and online communication for securities firms and investors



2
Regular reports published



49
We have issued public notices, circulars and reports



2. CUSTOMER EXPERIENCE IMPROVEMENT

Dedicated to enhancing customer experience, Capinfo has carried out quality assurance and made every effort to improve system stability. With scientific and strict quality management standards, we continuously improve quality management of products and services, protect customer privacy, and provide customers with better services to promote the sustainable development of the industry.

KEY TOPICS

- Total quality management
- Provide quality service

ACTIONS

- Improve the quality management system and carry out total quality management
- Enhancing system stability/operation and maintenance (O&M) capabilities, and promoting standardization
- Passing ITSS re-certification
- Conduct customer satisfaction surveys to improve customer experience
- Continue to strengthen customer privacy protection

KEY PERFORMANCE

- 96.97% overall customer satisfaction
- No customer privacy leakage

SDGs WE FOCUS ON



2. CUSTOMER EXPERIENCE IMPROVEMENT

2.1 TOTAL QUALITY MANAGEMENT

Capinfo continues to improve its quality management system and carry out comprehensive quality management to promote business development, prevent business risks, enhance O&M capabilities and improve system stability.

2.1.1 Total quality management

Closely following the development goals of its strategic planning set for the 14th Five-Year Plan period, Capinfo comprehensively promotes the construction of quality management system, information security management system, environmental management system, and occupational health and safety system, etc. We aim to build a quality assessment and management system covering all businesses and processes.

By 2023, Capinfo has sorted out 23 system documents, including ISO 9001, ISO 20000 and ISO 27001 systems, formulated 11 ones, revised 14 ones, and deleted 5 ones. No problem was found by the ISO 9001, ISO 20000, and ISO 27001 external audits.



Focus of quality management systems

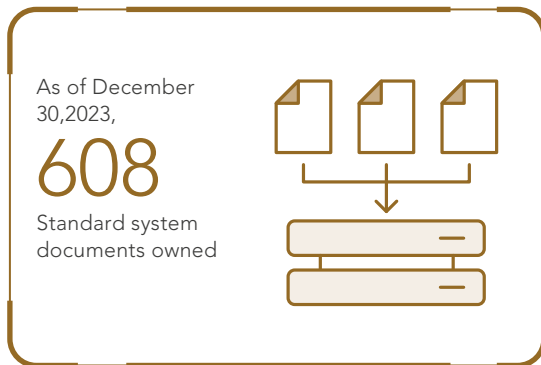
Information security management system construction. The development of information security management system involves departments related to O&M, integration and development. We keep improving relevant systems and updating the asset catalog. 117 risks were identified in a unified information security risk assessment, all of which have been disposed of to form an information security management system that covers every step of a project.

2. CUSTOMER EXPERIENCE IMPROVEMENT

2.1.2 Improve O&M capabilities

Capinfo makes every effort to improve system stability, ensure quality and secure services, improve the stability mechanism of business systems, and strengthen the construction of standard systems.

In 2023, Capinfo put emphasis on the ITSS re-certification and promoted the formulation and implementation of the O&M capability plan. The internal audit and external re-audit of ITSS Level 1 were conducted, and the *Implementation Plan for the ITSS Level 1 Re-certification* was formulated. An ITSS working group was also established and ITSS training was organized for the group on the implementation plan and working requirements. Meanwhile, we actively organized internal reviews and trained relevant personnel on the O&M service capability management system (ITSS capability maturity Level 1). We were finally certified by the Level 1 ITSS Operation and Maintenance Service Capability Maturity.



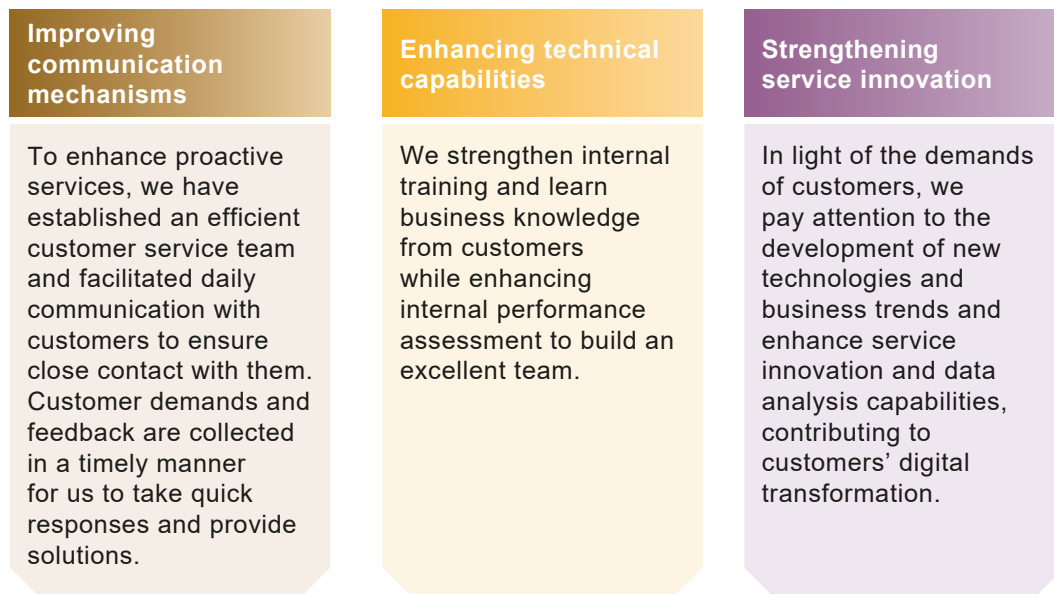
2.2 PROVIDE QUALITY SERVICE

With the core concept of "creating value for customers", Capinfo keeps improving service quality, enhancing service capabilities and awareness, and strengthening customer communication to provide customers with high-quality services.

2. CUSTOMER EXPERIENCE IMPROVEMENT

Customer satisfaction survey

In 2023, Capinfo conducted a customer satisfaction survey on 195 projects, with an overall customer satisfaction rate of 96.97%, which met the set target of $\geq 90\%$ and was slightly higher than that of 2022. We carried out rectification in light of our actual situations and visited customers in a timely manner to ensure that their problems were solved.



Measures to improve customer satisfaction

Customer privacy protection

Capinfo highly values information security and customer privacy protection, and strictly abides by relevant Chinese laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and the *Data Security Law*, etc. Through continuous security governance, we improve the information security management system, complete the responsibilities of the leading panel for cybersecurity and information technology, and form a sound mechanism for customer privacy protection, exploring new paths to safeguard customer privacy and information security.

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

With the core concept of “creating value for customers”, Capinfo is dedicated to serving government and public affairs. To advance with the times, we keep updating our technologies to ensure that every product or project well satisfies customer needs. We are also launching high-performance products and excellent solutions to promote the digitization of government affairs and make new contributions to the construction of a smart city.

KEY TOPICS

- Building smart cities
- Bridging the digital divide

ACTIONS

- Promoting digital government affairs
- Benefiting the people with digitization
- Contributing to the building of digital enterprises
- Facilitating the construction of a digital Lhasa

KEY PERFORMANCE

- Providing daily medical insurance settlement services to over 5,600 designated medical institutions, benefiting over 23 million citizens.
- Providing centralized website services to nearly 30 municipal-level institutions.

SDGs WE FOCUS ON



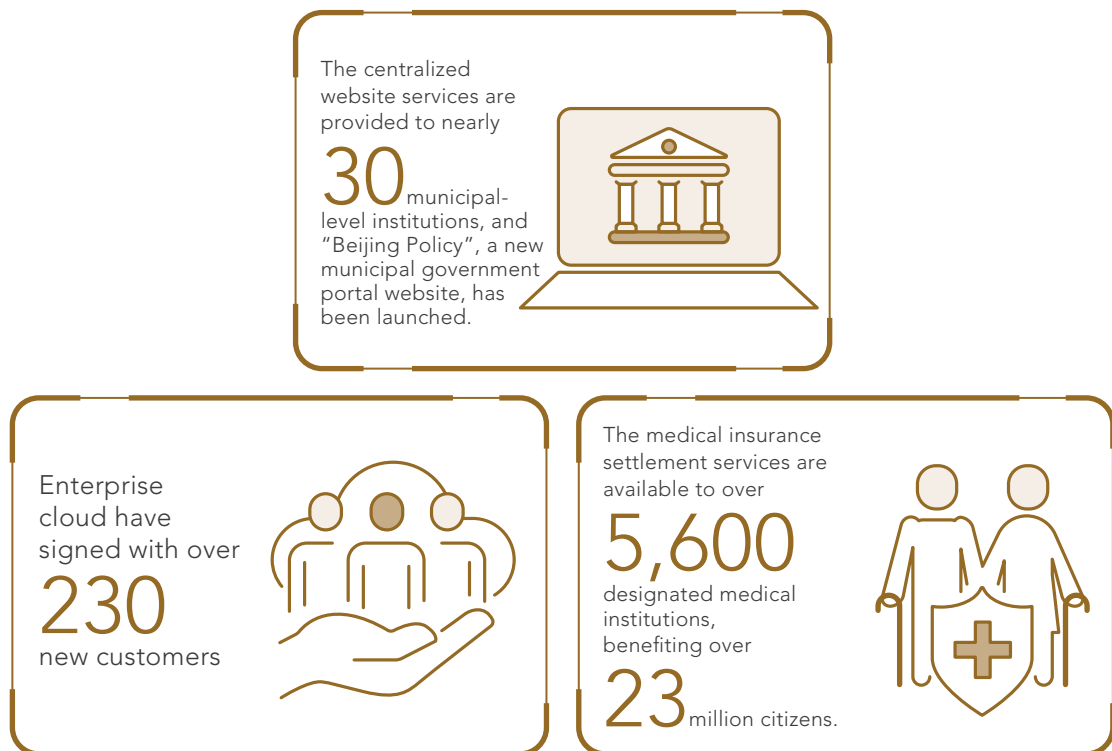
3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

3.1 BUILDING A SMART CITY

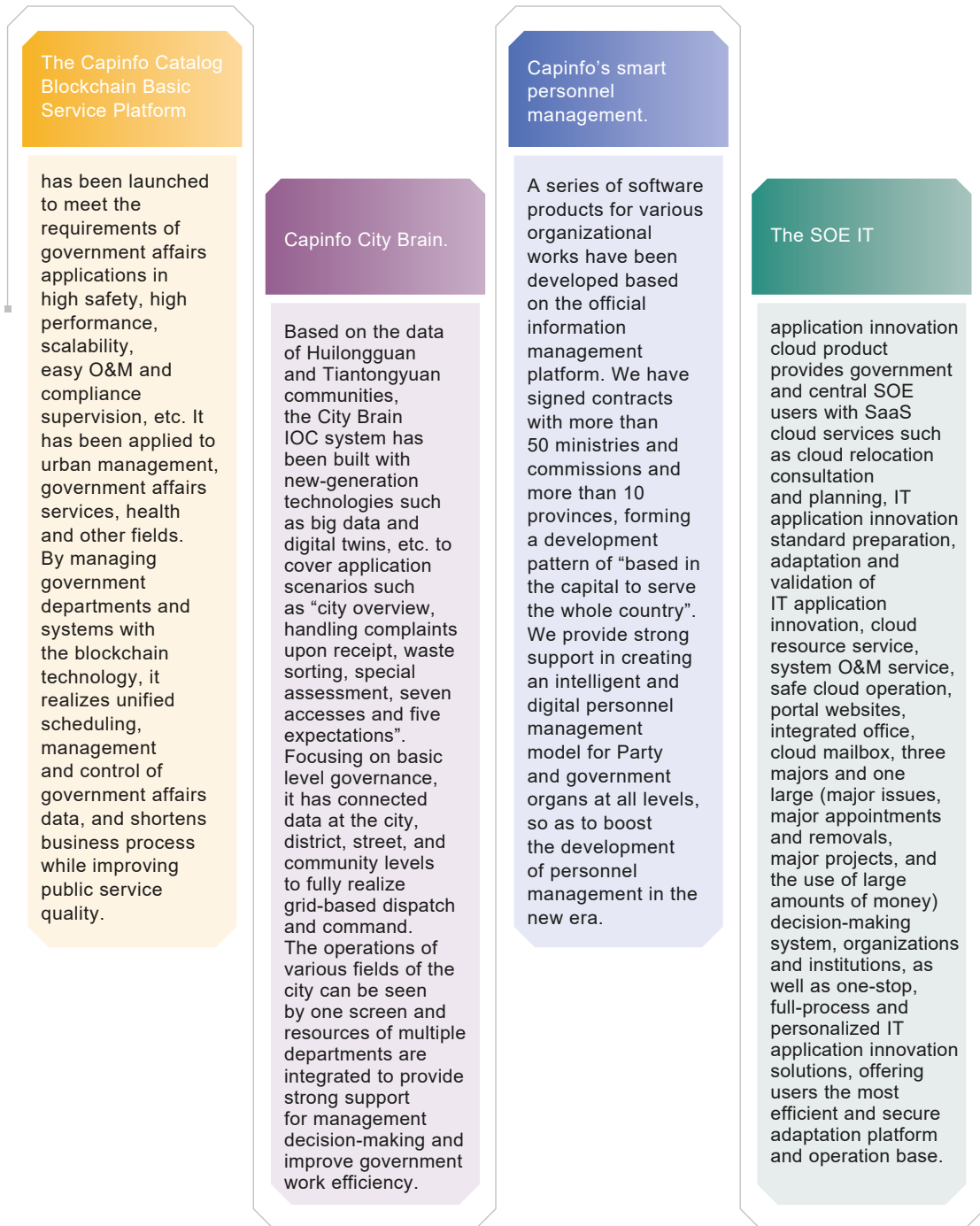
To put people first, Capinfo leverages its strength in digital technology to facilitate the digital transformation of government affairs, eliminating sharing barriers for better interconnectivity of government affairs data and providing more convenient and efficient government affair services for citizens.

3.1.1 Digital government affairs

Capinfo has been providing Beijing with secure, stable, efficient, and orderly government affairs cloud services for many years, which has laid a solid foundation for the application of government affairs big data and effectively promoted the coordinated and intensive development of electronic government affairs. It serves citizens in the capital and enhances their sense of gain, happiness, and security.



3. A BETTER LIFE EMPOWERED BY TECHNOLOGY



Capinfo's smart government affairs services

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

Case: Capinfo's self-developed product "Capinfo Connect" selected as an excellent case of the digital application scenario 2023.

On December 15, 2023, the Member Representative Conference of Zhongguancun Digital Economy Industry Alliance and the Forum on High-quality Development of Digital Economy were held in Beijing, on which the research report *National Digital Economy Typical Scenarios and Solutions 2023* was released. "Capinfo Connect" intelligent collaboration platform was selected, after expert review, as an excellent case of the digital application scenario (solution) 2023.

As a self-developed mobile digital office product for government agencies and enterprises, "Capinfo Connect" features low cost, high efficiency, and high security. It provides high-quality intelligent collaboration solutions for government agencies and enterprises, and has been successfully applied in the administrative office area of the Beijing Municipal Administrative Center. It provides workers in the area with high-quality instant communication and smart office services, making it simpler, securer and more efficient to work in the area while boosting the building of the area into a "smart park".

3.1.2 Digitization for the People

Capinfo is committed to creating high-quality and serialized digital products and solutions, and it is dedicated to areas such as "Internet + government affairs" and smart healthcare, etc, empowering efficient urban governance with technological innovation and consolidating a "digital base" for a smart Beijing.

Housing provident fund services

Adhering to the development strategy of "nationwide productization and industrialization", Capinfo provides services to housing provident fund management institutions in various regions. It accelerates the nationwide application and promotion of the "new-generation housing provident fund management platform", supporting government departments at all levels to serve the people with quality services and products.

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

Case: Accelerated application of the new-generation housing provident fund management platform

For over 20 years, Capinfo has been supporting Beijing Housing Fund Management Center in the building and operation of the comprehensive housing provident fund management platform. It has provided services to housing provident fund management institutions in mega-cities such as Shanghai, Chongqing, Guangzhou, as well as some small and medium-sized cities. Based on rich industry experience accumulated and cutting-edge technologies, Capinfo has developed the new-generation comprehensive housing provident fund management platform, which has already been applied in some cities.

By utilizing the cloud original microservice architecture, business rules engine, DevOps management process, CI/CD payment, container deployment, and other technical systems, the new platform strikes a balance between the standardization of information systems with personalized business, and achieves rapid system response. It has significant advantages such as "more comprehensive business scope, more efficient one-stop integration, more convenient and diversified channels, and greater data empowerment". Compared with traditional housing provident fund systems, it further strengthens information sharing, business collaboration, and data empowerment, promotes digital transformation, and becomes more intelligent. It is able to improve the service, management, and decision-making capabilities of the housing provident fund to better serve the people.



The new-generation housing provident fund management platform better serves people's livelihood

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

Credit medical treatment

Capinfo constantly focuses on solving the most pressing difficulties and problems that are of great concern to the people in medical services. We have launched and keep upgrading the tech-empowered credit-based medical care model of “diagnosis and treatment before payment”, so that more people can enjoy the new convenience brought by digitization.

Case: Capinfo contributes to the launch of “credit-based medical care”

In January 2023, the new “credit-based medical care” model was first launched at Zhongguancun Hospital, Haidian District. Based on the Smart Medical Insurance Service Credit Settlement Platform of Haidian District built by Capinfo, the “credit-based medical care” model utilizes “Internet+” and advanced technologies such as big data to explore the deep integration of “Internet+” and medical care, which serves the people and provides convenience for patients seeking medical treatment.

Through the “credit-based medical care” model, the Company continues to expand cooperation with banks to improve users’ credit limits, in an effort to meet the needs of most patients in one medical treatment, so that they do not have to worry about the credit limit during the medical treatment. Besides, it has optimized some key processes, such as the time of deducting credit limits, after fully considering the payment habits of patients, so that they can better experience the convenience of “diagnosis and treatment before payment”.



Patients using “credit-based medical care” model

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

Handling complaints upon receipt

Capinfo actively assists Beijing in exploring innovative development of primary-level governance driven by "handling complaints upon receipt". A "12345" digital and intelligent solution and an integrated platform have been formed for handling complaints upon receipt. Through the provision of underlying resources, we empower hotline services in all scenarios with and intelligent means, improve the hotline's response rate and accessibility, realize the unified access of state-owned asset demands, and enhance full response and coverage of handling complaints upon receipt. We connect the processing system in the four tiers of city, district, sub-district, and neighborhood committee, providing support to cross-level and cross-department cooperation while realizing a full-dimension perception from ear to fingertip. Thus, a IT-based, digital and intelligent model for handling complaints upon receipt is taking shape.

Case: Digital solutions for new scenarios boost primary-level governance efficiency

On December 22, 2023, Capinfo's integrated digital and smart platform for handling complaints upon receipt won the "Beijing Digital Innovation Solution (2023)" award from the Beijing Software and Information Services Association (BSIA). Based on years of experience in providing information services for the hotline, Capinfo assists government departments in overcoming the pain points and difficulties in their work processes. A special solution has been formulated to improve the primary-level processing efficiency and the accuracy and efficiency of the decision-making level. It has boosted the modernization of governance models and the overall efficiency, providing strong driving forces for integrating governance systems, improving governance efficiency, and achieving the goal of "proactive governance". While Capinfo's platform of handling complaints upon receipt has set up a benchmark in Beijing, it has also gradually expanded to other cities to form a radiation effect. We have started to build Datong's 12345 platform for handling complaints upon receipt and provided solutions and technical support to Qinhuangdao, Baotou, Hohhot, Hefei, and Baoding.

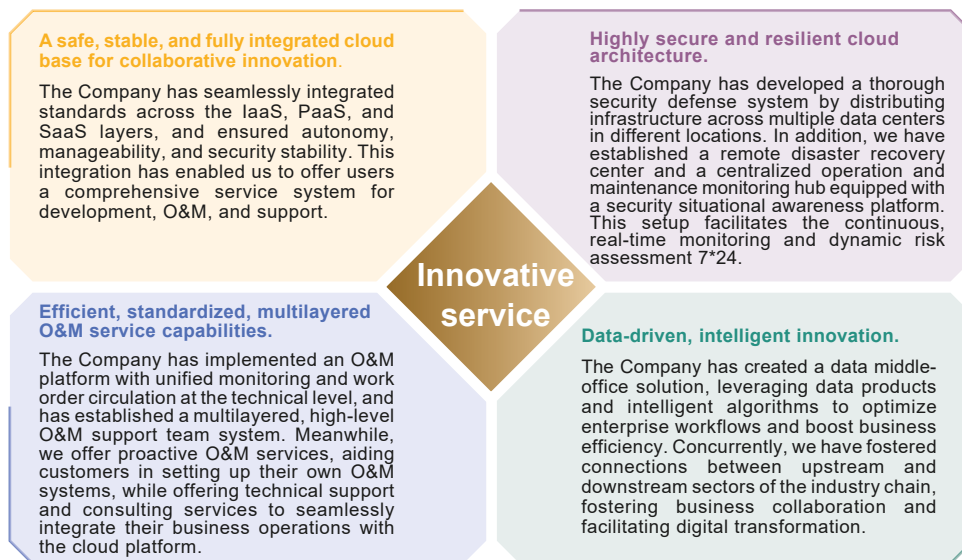


Capinfo was awarded "Beijing Digital Innovation Solution (2023)"

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

3.1.3 Digital enterprise

Capinfo has consistently utilized its technological strengths and extensive experience in catering to business needs, resulting in the establishment of a safe and stable cloud service platform as the cornerstone for a strong digital infrastructure. Focusing on diverse business scenarios including enterprise monitoring, production operations, management, user services, and industrial collaboration, the Company has developed integrated solutions customized to specific application needs, guiding businesses through their digital transformation journey.



Capinfo cloud platform' innovative service capabilities

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

Case: Capinfo boosts the advancement of the “smart administrative office area”

To fully implement the guiding principles of the *Action Plan of Beijing Municipal Administrative Center for Promoting the Building of Beijing into a Benchmark City for Digital Economy (2022-2024)*, Capinfo has crafted an integrated service platform, building upon the research and development of the “Capinfo Connect” instant messaging tool. Tailored for the administrative office area of the Beijing Municipal Administrative Center, this platform is geared towards bolstering its operation and development. It plays a pivotal role in providing essential technological support for establishing a demonstration zone for digital economy development in the Beijing Municipal Administrative Center.

The integrated service platform encompasses standard features such as information dissemination, alongside robust security and broad accessibility. It integrates five core functions: security authentication, information dissemination, address book, instant messaging, and application workspace, as well as four foundational services: unified user management, unified message management, unified task management, and unified configuration management. The platform offers more than 20 intelligent application services related to office operations, daily activities, and management. These include government service hotlines, property repair requests, meeting room reservations, visitor appointments, vehicle registration, and park dispatching, among others. These services cater to officials and staff in the administrative office area of the Beijing Municipal Administrative Center. Its primary goal is to unlock the substantial development potential of the smart administrative office area and furnish indispensable technical support for its advancement.

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

3.2 BRIDGING THE DIGITAL DIVIDE

By capitalizing on its technological and resource strengths, and drawing on its experience in advancing the “Internet Plus Government Services” initiative in Xizang and developing digital solutions for state-owned enterprises and public institutions, Capinfo has steadfastly advanced the upgrading of its platform for handling complaints upon receipt and bolstered digital management capabilities for human resources. Concurrently, the Company has advanced the integrated development of next-generation information technology across various sectors on the plateau, with the objective of furthering the construction of a “Digital Lhasa”.

Case: Capinfo supports the training by the Administrative Approval and Convenience Service Bureau of Lhasa City in Beijing

In April 2023, Capinfo assisted the Administrative Approval and Convenience Service Bureau of Lhasa City in conducting training sessions in Beijing, with a participation of 19 officials participating. The training covered various topics including deepening the reform of the approval system, enhancing services provided through integrated government service platforms, standardizing the integration of online and offline government services, and promoting initiatives such as “one-stop service” and “cross-provincial services”. Detailed explanations were provided during the sessions. Utilizing Beijing’s resources, this training provided theoretical guidance and practical learning opportunities for participants from Lhasa, enriching their understanding of governance theories and broadening their perspectives on government service management. It reinforced their service concepts and awareness, and the improvement of administrative approval and convenience service work in Lhasa.

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

Case: Capinfo supports the “Digital Lhasa” initiative

Capinfo has proactively extended its digital resource advantages to Lhasa, striving to facilitate the implementation of the capital’s model of handling complaints upon receipt and the information technology solutions supporting agriculture, education, healthcare, and poverty alleviation in Lhasa. The Company has played an active role in supporting the development of a digital economy with plateau characteristics by contributing more talent and intellectual resources to the construction of a “Digital Lhasa”.

In May 2023, the experiential exhibition of the Month for Improving Digital Literacy and Skills for All Citizens in the Tibet Autonomous Region, themed “Digital Life, Digital Future”, took place in Lhasa. Capinfo received an invitation to participate in the event, centering on the theme “Efficient Complaint Handling: A Model from the Capital”. On November 22, the 2nd National Conference on the Development of Human Resources Services convened in Shenzhen. Showcasing its work with the Xizang Human Resources and Social Security Department as a case study, the Company highlighted information technology solutions to support agriculture, education, healthcare, and poverty alleviation, and shared relevant experiences and insights.



Roadshow of Capinfo on information technology solutions supporting agriculture, education, healthcare, and poverty alleviation

3. A BETTER LIFE EMPOWERED BY TECHNOLOGY

Case: Capinfo drives the digital transformation of hospitals in the Xizang Autonomous Region

In 2023, Capinfo successfully secured the contract for the human resources system construction project at the People's Hospital of the Xizang Autonomous Region. The Company will systematically establish an employee data center, an information business platform, and a data application platform. Meanwhile, we will develop a cross-departmental digital platform for managing human resources information, striving to enhance inter-departmental collaboration, facilitate data sharing, streamline processes, and improve business coordination. This project aims to horizontally integrate various business systems and vertically construct a comprehensive network that fosters connectivity, integration, and seamless operation. Through this project, the Company intends to innovate in new approaches and models for managing human resources information, thereby advancing the "Digital Lhasa" initiative's goal of hospital informatization across the entire lifecycle.

4. **FORGING AN OUTSTANDING BRAND THROUGH INNOVATION**

In close alignment with the digital economic development objectives of the capital, Capinfo has consistently bolstered its innovation capabilities by leveraging the wealth of data accumulated over years of serving smart city construction. The Company remains fully committed to fostering the high-quality development of the capital's digital economy.

KEY TOPICS

- Increase scientific research and innovation
- Intellectual property protection

ACTIONS

- Increasing investment in scientific research
- Enhancing the mechanism for protecting intellectual property rights

KEY PERFORMANCE

- Invested 243.53 million yuan in scientific and technological research and development

SDGs WE FOCUS ON



4. FORGING AN OUTSTANDING BRAND THROUGH INNOVATION

4.1 INTENSIFYING EFFORTS TO DRIVE INNOVATION

We have continued to increase investment in research funds to enhance our technological innovation capabilities. We have bolstered the research and development of core technologies and conducted in-depth applied research, thus providing inexhaustible momentum for corporate development. In 2023, we invested 243.53 million yuan in scientific research.



Capinfo was included in the list of special action for 100 high tech enterprises to advance market-oriented reform and Innovation by the SASAC.

Capinfo was awarded the First Prize for Technological Invention Award by the Chinese Institute of Electronics.

Case: Capinfo's digital base product obtains Huawei Kunpeng certification

In October 2023, Capinfo's independently developed Digital Base (Big Data Middle-end) Product V1.3 successfully completed interoperability testing and certification with the Huawei Kunpeng 920 Processor. This demonstrates the high adaptability, maturity, and stability of Capinfo's digital base product, showcasing the Company's rapid responsiveness in homegrown information technology adaptability.

Capinfo's digital base product integrates mainstream big data technologies to create a shared platform that empowers upper-layer applications. Its goal is to break down data silos, unleash the value of data, and become an essential tool for users driving digital transformation.



The digital base product of Capinfo obtains Huawei's Kunpeng certification.

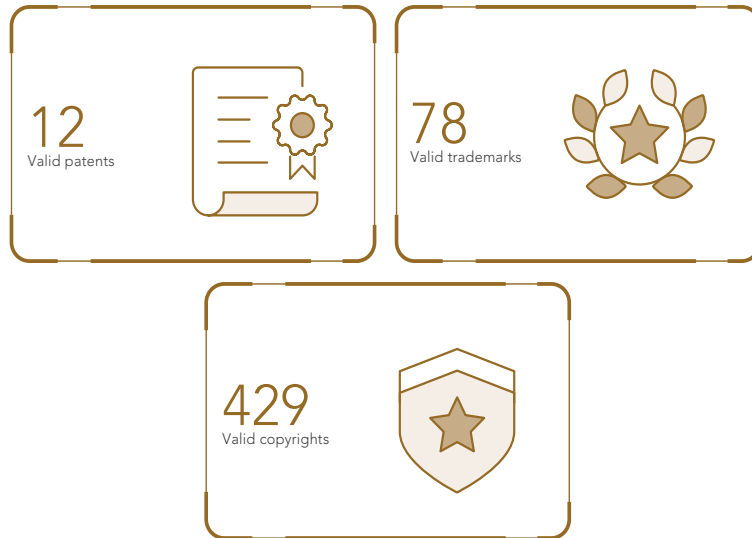
4. FORGING AN OUTSTANDING BRAND THROUGH INNOVATION

4.2 INTELLECTUAL PROPERTY PROTECTION

Adhering strictly to pertinent Chinese laws and regulations, including the *Patent Law* and the *Anti-Unfair Competition*, Capinfo has consistently bolstered intellectual property management and heightened employee awareness of intellectual property protection. The Company has persistently refined its top-level design on intellectual property protection, and has optimized the utilization, protection, and management of its intellectual properties in accordance with the *Measures of Intellectual Property Management*. The Company has established an intellectual property protection leadership group, led by the General Manager, with the Legal and Compliance Department overseeing administration, and relevant departments responsible for specific implementation. This setup aims to promote coordinated efforts in intellectual property protection. Meanwhile, the Company maintains its focus on training and education regarding intellectual property protection. For instance, training sessions such as “Practical Operation of Enterprise Intellectual Property Risk Prevention” and “Overview of Intellectual Property Compliance Governance for Open Source Software” have been conducted to enhance employees’ understanding of compliance operations and risk control. Moreover, ongoing screening and monitoring of intellectual property infringements have been conducted. These efforts comprehensively increased our endeavors in intellectual property risk prevention and control. Notably, there were no incidents of infringement of the Company’s intellectual property rights in 2023.

4. FORGING AN OUTSTANDING BRAND THROUGH INNOVATION

By the end of 2023, Capinfo had



The trademark registration certificate of Capitek issued by the China National Intellectual Property Administration was obtained.

4 invention patents of Capitek passed the preliminary review by the Beijing Intellectual Property Protection Center.

15 software copyrights and 3 product certificates were obtained by Capitek.

5. **ADVANCING GREEN DEVELOPMENT FOR SUSTAINABLE ECOLOGY**

In its pursuit of green and low-carbon development, Capinfo has enhanced environmental management, consistently advanced green operations, conducted environmental awareness campaigns, and improved resource utilization efficiency. The Company has remained dedicated to enhancing ecological conservation and fostering harmonious coexistence between humanity and nature.

KEY TOPICS

- Enhancing environmental management
- Promoting green operations
- Popularizing environmental concepts

ACTIONS

- Enhancing the environmental management system and pursuing relevant certification
- Advancing green operations, implementing energy conservation, and reducing emissions
- Engaging in environmental charity to advocate for green and low-carbon concepts

KEY PERFORMANCE

- Environmental satisfaction of our projects: 100%
- Toner cartridges replaced and recycled: 150

SDGs WE FOCUS ON



5. ADVANCING GREEN DEVELOPMENT FOR SUSTAINABLE ECOLOGY

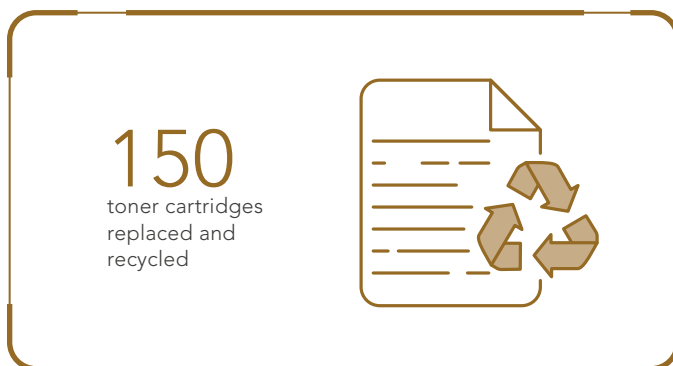
5.1 ENHANCING ENVIRONMENTAL MANAGEMENT

The Company strictly complies with pertinent laws and regulations governing environmental protection and energy conservation in China, including the *Environmental Protection Law* and the *Energy Conservation Law*. Concurrently, we have consistently enhanced our environmental management system, intensified environmental training, and conducted publicity activities. These efforts aim to cultivate an atmosphere of collective engagement in environmental protection. During the reporting period, the environmental satisfaction of our projects scored 100%.

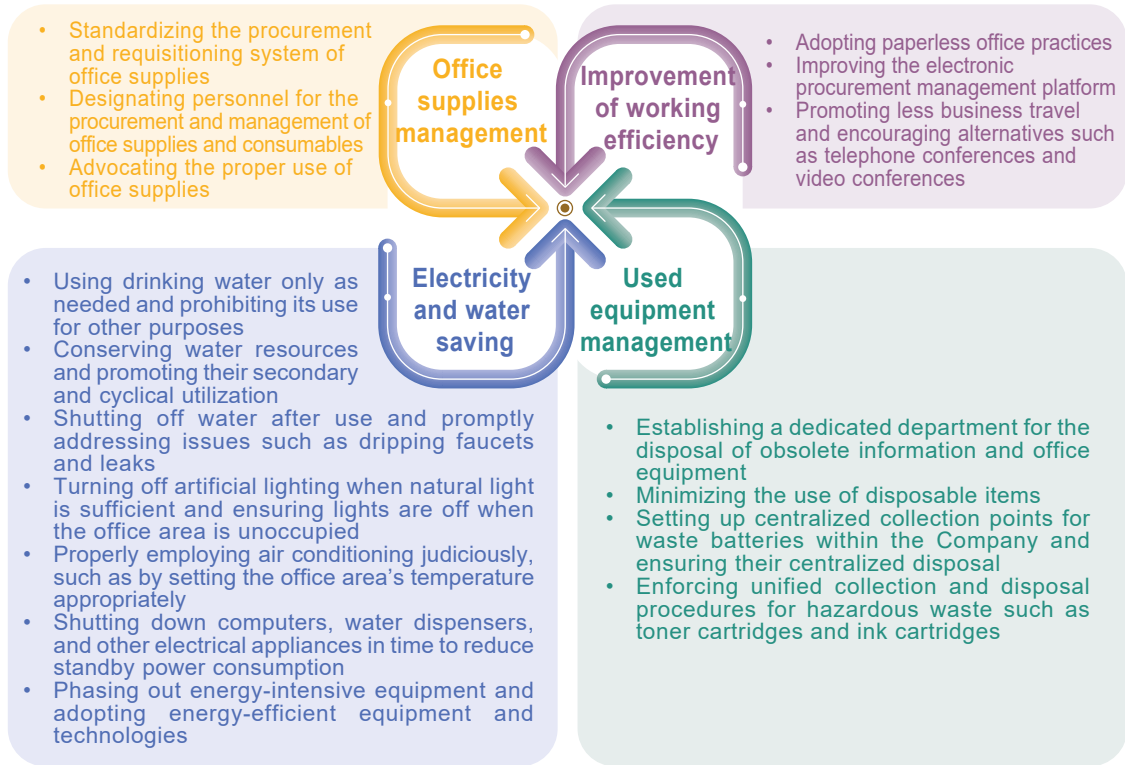
5.2 PROMOTING GREEN OPERATIONS

Capinfo has integrated green and low-carbon concepts into its daily production and operations, striving to enhance resource efficiency and minimize its environmental impact. Simultaneously, the Company engages in environmental publicity and educational initiatives to raise employees' awareness of environmental conservation. By implementing measures like standardized office supply management, water and electricity conservation, and adopting paperless office practices, Capinfo has actively promoted green office initiatives, fulfilling its commitment to energy conservation and emissions reduction.

In 2023, Capinfo continuously strengthen the management of various solid wastes, and strictly comply with relevant national laws and regulations for waste storage, transportation, disposal to prevent pollution risks and keep improving comprehensive utilization. The Company's water was mainly used in production operations and the water consumption mainly comes from domestic water use. The development and manufacturing process had a minimal impact on the local water resources and the atmosphere since it did not involve industrial use of water and the discharge of NO_x and SO₂.



5. ADVANCING GREEN DEVELOPMENT FOR SUSTAINABLE ECOLOGY



Green office measures

5. ADVANCING GREEN DEVELOPMENT FOR SUSTAINABLE ECOLOGY

5.3 POPULARIZING ENVIRONMENTAL CONCEPTS

Capinfo champions the ideals of green and low-carbon development, and has visibly displayed energy conservation slogans throughout office spaces to foster a deeper understanding of energy efficiency and consumption reduction. Simultaneously, the Company actively encourages employee to engage in environmental initiatives and hosts educational campaigns focused on energy conservation, striving to impart environmental knowledge and principles to a wider audience within its workforce. Furthermore, Capinfo has mobilized both employees and the broader public to actively participate in environmental protection efforts through tangible actions.



Reminders about paper conservation



Tips on waste sorting

6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION

Capinfo has persistently refined its supplier management system and intensified efforts in supplier management to empower their growth. We collaborate with suppliers, partners, and industry peers to build a responsible value chain in a responsible manner, thereby bolstering the development of an ecosystem conducive to generating shared value.

KEY TOPICS

- Building a responsible supply chain
- Promoting industry development

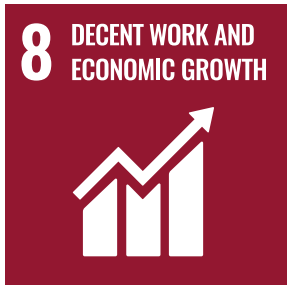
ACTIONS

- Continuously enhancing supplier management and cooperation to build a responsible supply chain
- Advancing IT and data-driven governance of suppliers to empower their growth
- Engaging in industry exchanges and cooperation to collectively create value

KEY PERFORMANCE

- The scheduled delivery rate of the purchased product was up to 100%
- Attaining a 100% on-time service request processing rate
- Had 1,034 partners on the supply side

SDGs WE FOCUS ON



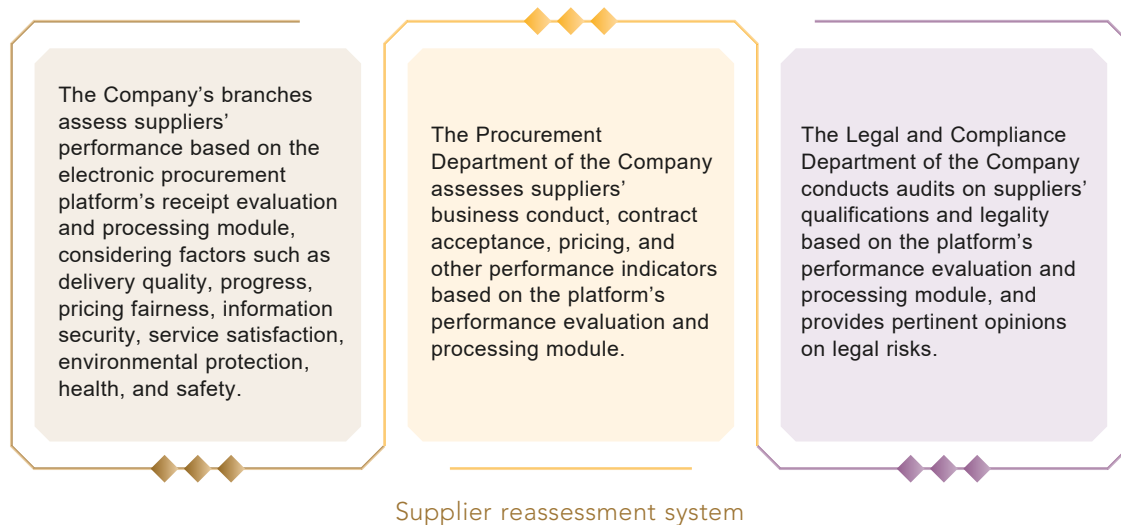
6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION

6.1 BUILDING A RESPONSIBLE SUPPLY CHAIN

Capinfo works to establish a sound supplier management system, We keep reinforcing and standardizing the assessment, selection, and management of suppliers, and support suppliers in enhancing their compliance operation and CSR capability. Together with our suppliers, we strive to foster a responsible value chain and realize mutual growth. In 2023, the Company achieved a 100% on-time delivery rate for purchased products and processed service requests promptly with a 100% success rate.

Supplier assessment

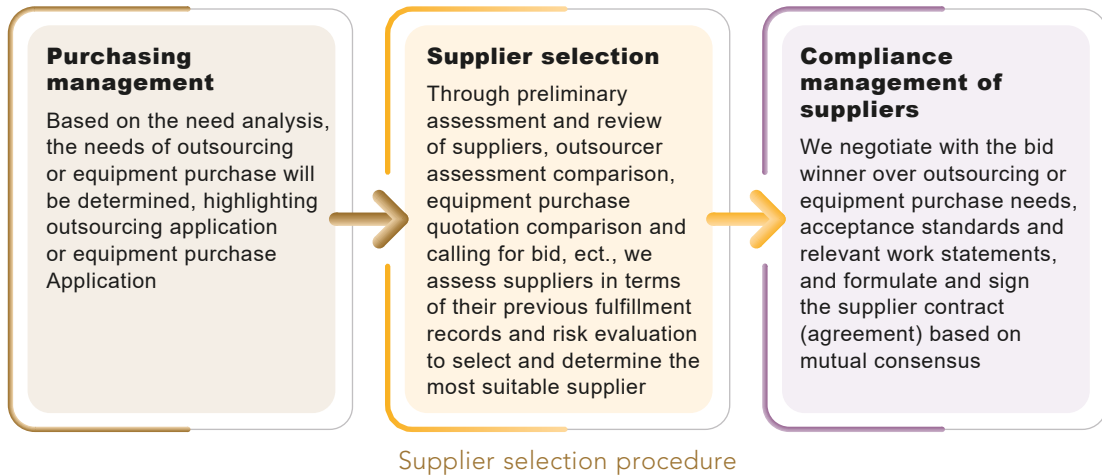
The Company rigorously enforces its supplier assessment system, and conducts initial assessments of new suppliers not listed in the *Supplier Directory*. Once approved, these suppliers are classified as temporary suppliers. Furthermore, we perform annual reassessments of suppliers and update the *Supplier Directory* accordingly.



Supplier selection

Capinfo rigorously selects qualified suppliers using methods such as procurement inquiries, single-source direct procurement, competitive negotiations, urgent negotiations, bidding, tendering, and invitation to bid. Concurrently, the Company signs contracts with selected suppliers in accordance with relevant laws. In 2023, the Company signed a total of 1,900 purchasing orders.

6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION

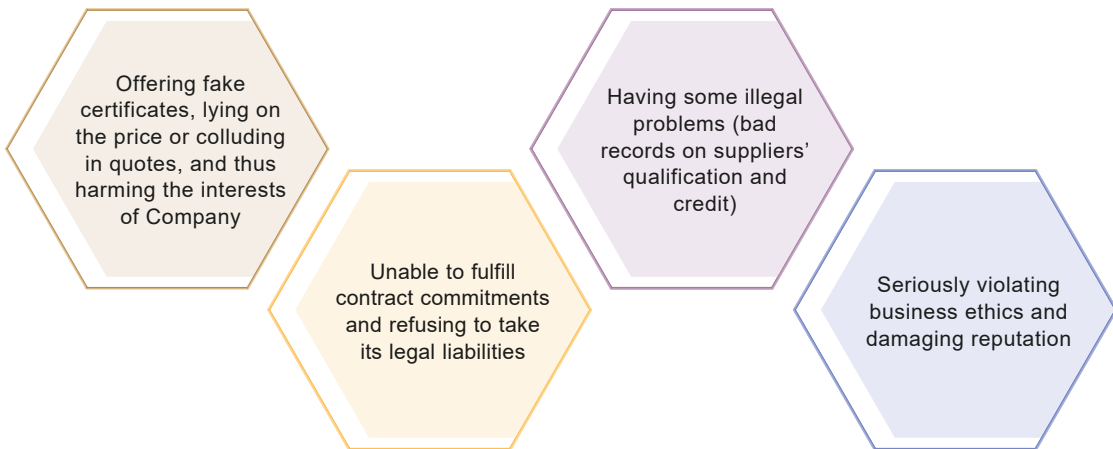
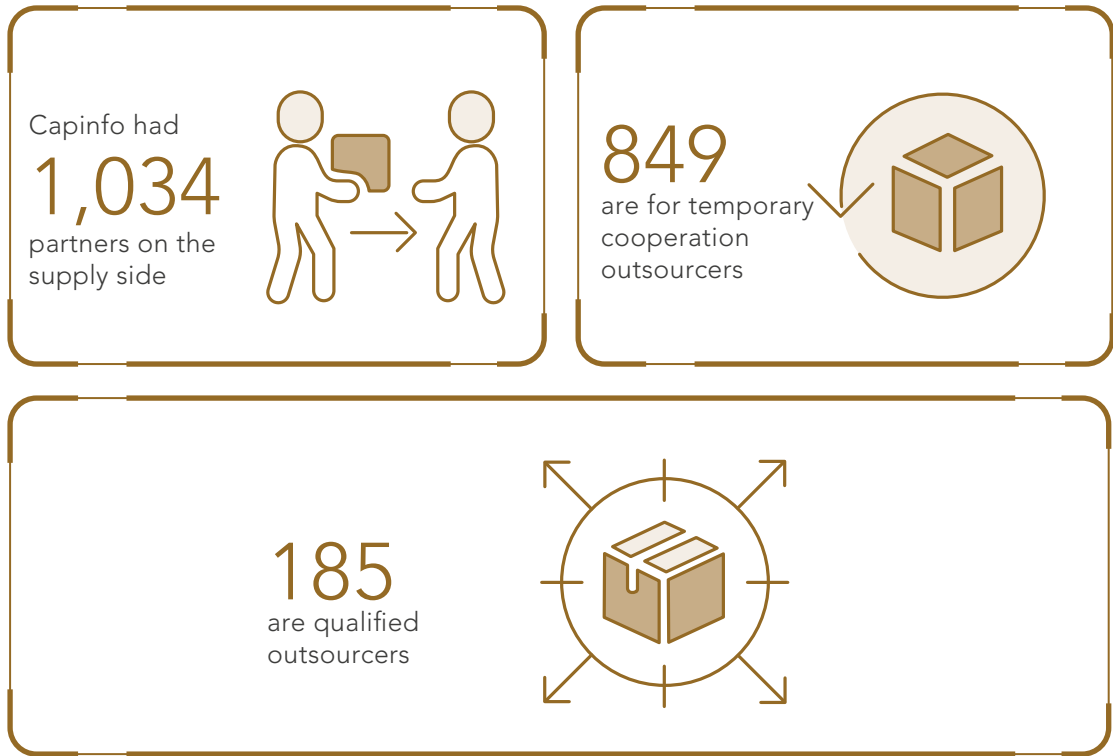


Supplier management

Capinfo has tightened process management, acceptance inspections, and ex-post evaluations of external suppliers to ensure stable supply. Meanwhile, in order to avoid any violations and risks in procurement caused by the entry of inferior suppliers, Capinfo reviews suppliers' background, historical performance, online credit information, bank credit certificate and other materials, and communicates with the referrers of suppliers to collect information like targeted cooperation projects, supplier products, and recommendation reasons. For suppliers that have been in its supplier pool, Capinfo strengthens the classification and hierarchical management by conducting regular evaluation and classifying them into class A for core strategic suppliers, class B for preferred suppliers and class C for temporary suppliers.

In 2023, Capinfo completed the revision of its supplier management measures and further enhanced the electronic procurement management platform by focusing on two key aspects: ensuring system stability and optimizing workflow efficiency. As a result, we successfully transitioned supplier information to electronic format, archived supplier contracts, and streamlined supplier business approval processes online. This effort has significantly increased procurement transparency and bolstered the Company's procurement data governance capabilities.

6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION



Suppliers in the blacklist

6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION

Suppliers by region

Number of suppliers		Year 2023
Suppliers by region	Located in Beijing	823
	Outside Beijing	211
	Domestic	1,029
	Foreign	5

Supplier empowerment

Capinfo has advanced the IT-based and data-driven governance of suppliers, and continually optimized the "Supplier Hub". We have analyzed and addressed supplier concerns, and issued documents like the *Supplier Classification Directory and Corresponding Supplier Nature Explanation*, *Guidelines for Including Winning Suppliers in Public Bidding*, *Operational Manual for Supplier Reassessment in 2023*, all aimed at aiding suppliers in efficiently navigating the electronic procurement platform. Furthermore, we have enhanced communication with suppliers, and conducted on-site visits to their offices to ensure their adherence to our ethical and regulatory standards. This initiative seeks to heighten supplier compliance awareness, foster their self-management, and bolster their capacity to fulfill responsibilities.

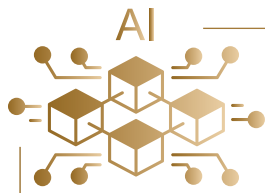


Supplier hub

6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION

6.2 PROMOTING INDUSTRY DEVELOPMENT

Embracing the ethos of “cooperation for win-win results”, Capinfo has consistently utilized its resource and experiential advantages in collaboration with industry peers, universities, and research institutions. Concurrently, the Company has intensified its endeavors to foster win-win partnerships across the industry chain, synergize strategic development with industry expansion, and contribute to Beijing’s ambition of becoming a global benchmark city for the digital economy.



Capinfo joined the Information Technology Application Innovation Committee of the Beijing Informatization Association.

Capinfo was elected as the Vice Chairman Unit of the Metaverse Committee of the China Electronics Chamber of Commerce.

CapCloud Technology joined the Beijing Artificial Intelligence Industry Alliance.



Capinfo and Beijing International Data Exchange signed a strategic cooperation agreement to jointly promote the coordinated development of industries on the data element market.



Capinfo attended the “Yuntian Zhongwei • Digital Housing Provident Fund Sub-Forum” during the Yuntian Conference in 2023.



Capinfo and the Beijing Academy of Blockchain and Edge Computing hold a talk on strategic cooperation.

6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION

Case: Capinfo wins the Innovation Breakthrough Award at the 2023 Create@Alibaba Cloud “Intelligent Manufacturing Track” Global Startup Contest

The Create@Alibaba Cloud Global Startup Contest, which commenced in 2015, is celebrated as the “Olympic Games” of the technology realm. The 2023 edition of the event focused on diverse sectors, including industrial internet, intelligent equipment, industrial software, and system integration. It attracted participation from over 400 innovative enterprises and teams engaged in cutting-edge technologies such as AI, big data, and automation from China, the United States, and beyond. Following four months of rigorous competition, Capinfo emerged triumphant, demonstrating remarkable technological prowess and exceptional quality, and receiving the “Innovation Breakthrough Award”.



The final

6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION

Case: Capinfo becomes the Metaverse Committee's Vice Chairman Unit

In response to the development of the "metaverse", Capinfo extensively utilized big data technology to empower scenarios like smart parks and business districts, and has created the technologically advanced, digitized, and intelligent "metaverse" business district known as Digital Longfu Temple. The initiative employs a wide array of digital technologies to craft immersive experiences, such as AR coffered ceilings. Capinfo employed 3D modeling to construct the spatial model of the Longfu Temple business district, achieving both modeling display and data integration. This effort highlights distinctive features such as digitized operational management, immersive consumer experiences, and online core business operations. These elements have played a pivotal role in driving the digitization of Longfu Temple and establishing a smart business district system that preserves historical culture. Through the exploration of new consumption models in the digital economy and the profound integration of traditional culture with digital technology, the Company has successfully interconnected the digital transformation of traditional industries in the Longfu Temple area and regional cultural elements. It has established corresponding online virtual spaces for the physical locations steeped in ancient historical culture, ushering Longfu Temple into the era of "metaverse" commerce. In September 2023, the Company was appointed as the Vice Chairman Unit of the Metaverse Committee of the China Electronics Chamber of Commerce, underscoring its commitment to actively participating in industry ecosystem development and expediting the creation of smart application scenarios empowered by metaverse concepts and new technologies.



6. EMPOWERING PARTNERS THROUGH WIN-WIN COOPERATION

Case: The joint laboratory for the adaptation and validation of IT application innovation officially unveils

To ensure the high-quality progress of information technology application innovation within enterprises under the administration of the Beijing Municipal Government, the unveiling ceremony of the joint laboratory for the adaptation and validation of IT application innovation in Beijing on November 22, 2023. The laboratory is a collaborative effort between the Software and Information Services Exchange under the Beijing Stock Exchange and CapCloud Technology, a subsidiary of Capinfo. The laboratory provides a range of services, such as compatibility verification for innovative IT applications, compliance testing for IT innovation standards, business system adaptation testing, business system adaptation migration services, SOE IT application innovation cloud, desktop cloud services, etc. It is dedicated to devising adaptation verification plans based on customers' practical application scenarios, improving the technical precision for widespread use of customers' IT products, and offering technical guidance for their technology and product selection.



The unveiling ceremony

Case: Establishment ceremony for both the Capinfo Smart City Digital Economy Expert Consultation Committee and the Beihang – Capinfo Smart City and Data Element Innovation Joint Laboratory

On December 19, 2023, Capinfo and the School of Computer Science and Engineering at Beihang University jointly organized the establishment ceremony for both the Capinfo Smart City Digital Economy Expert Consultation Committee and the Beihang – Capinfo Smart City and Data Element Innovation Joint Laboratory in Beijing. The committee is positioned as a consulting agency specializing in smart city data element development and the digital transformation of state-owned enterprises. It will aid Capinfo in interpreting policies related to the digital economy and smart cities, and provide policy consultation. Meanwhile, Capinfo and Beihang University established the Smart City and Data Element Innovation Joint Laboratory, aiming to integrate the technological personnel, achievements, engineering practices, market channels, etc., of both parties, and collaboratively establish a technological innovation consortium.

7. *BUILDING A BETTER FUTURE TOGETHER*

Putting people first, Capinfo respects and protects the legitimate rights and interests of every employee. We insist on equal employment, keep improving our training system and also safeguard employees' occupational health and safety. While unblocking the development pathway for employees, we dedicate to creating a harmonious labor relationship by carrying out diverse employee activities, caring for the physical and mental health of employees, and facilitating employee career development.

KEY TOPICS

- Employee Rights Protection
- Occupational Health and Safety
- Employee development
- Employee Care

ACTIONS

- Protecting the legitimate rights and interests of employees and building a competitive compensation and benefit system.
- Improving the employee occupational health management system to protect their physical and mental health on all fronts.
- Providing employees with platforms and opportunities for self-improvement and career development.
- Carrying out diverse cultural and sport activities to help employees realize work-life balance.

KEY PERFORMANCE

- 1,624 on-the job employees
- Labor contracts signing rate: 100%
- Occupational health examination coverage: 100%
- Social insurance enrolment rate of employees:100%
- RMB466,200 invested in employee training
- RMB80,000 spent in helping the needy employees

7. BUILDING A BETTER FUTURE TOGETHER

SDGs WE FOCUS ON



7.1 EMPLOYEE RIGHTS PROTECTION

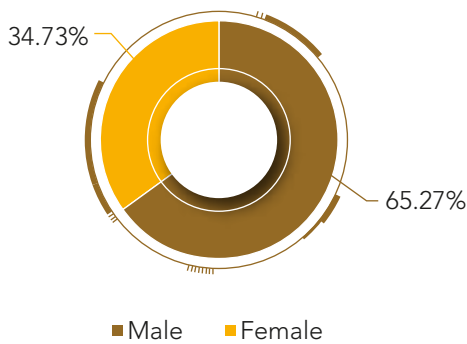
In strict compliance with the requirements of Chinese laws and regulations, such as the *Labor Law*, *Labor Protection Law*, *Law on the Protection of Minors*, and *Law on the Protection of Women's Rights and Interests*, the Company protects the legitimate rights of employees by establishing a proper compensation and benefits system with democratic management. We protect employees' occupational health and safety, and commit to creating a fair, open, harmonious and inclusive working and living environment for employees, so as to improve their sense of belonging, fulfillment and happiness.

7. BUILDING A BETTER FUTURE TOGETHER

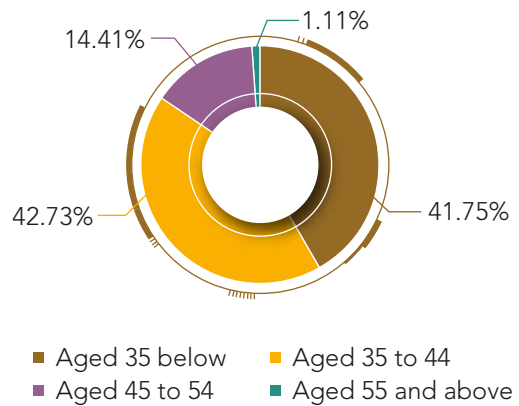
Pursuing equal employment

In strict compliance with the requirements of Chinese laws and regulations, such as the *Labor Law* and *Law on the Protection of Labor Rights and Interest*, we forbid child labor and forced labor, and oppose all discriminatory behaviors due to factors such as gender, age, geographical region, religious belief, disability and other factors. With an open, fair and just recruitment system, we adhere to equal employment and protect the legitimate rights and interests of employees. We sign labor contracts with employees to build a harmonious labor relation and create a safe and healthy workplace for them. In 2023, we had 227 new employees, among which 213 were from social recruitment and 14 were from campus recruitment.

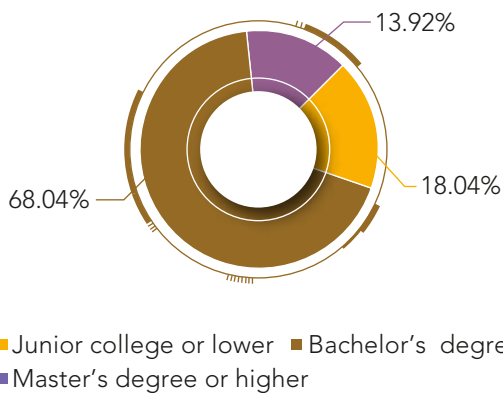
Employees by gender



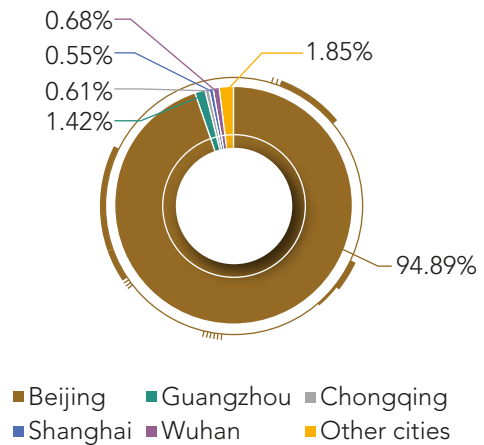
Employees by age groups



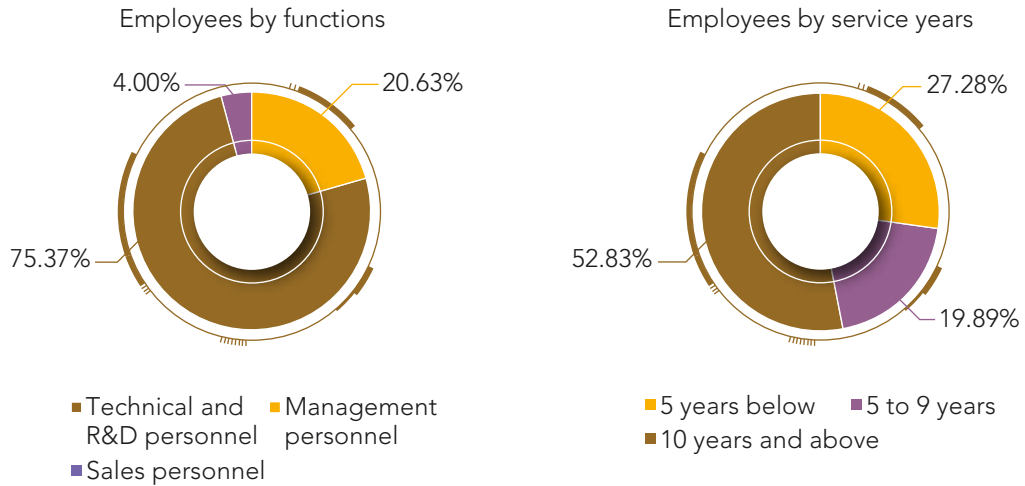
Employees by educational background



Employees by geographical region



7. BUILDING A BETTER FUTURE TOGETHER



Improving compensation and benefits system

Capinfo strictly implements the national policies and regulations on employee benefit. We pay for employees’ pension, medical, unemployment, work-related injury, and maternity insurances, as well as housing provident fund on time and in full, and guarantee their right to paid leaves. In 2023, the Company deepened the reform of payroll management system and highlighted the incentive and constraint role of performance assessment to stimulate the endogenous motivation and enthusiasm of the employees.

Social insurance enrolment rate of employees

100%

Average paid leave per employee

10.8 days

7. BUILDING A BETTER FUTURE TOGETHER

Implementing democratic management

Emphasizing democratic management, we have established and improved the collective negotiation system, organized staff congresses, and set up the labor union committees. Matters of immediate interest to employees are listened to and deliberated on, which fully protects employees' right to know, participate, express and supervise and mobilizes the enthusiasm of employees to participate in the Company's affairs. In 2023, Capinfo held five sessions of staff congresses, with 17 supplement staff representatives. The 4th labor union committee organized 8 meetings to discuss on 19 issues.



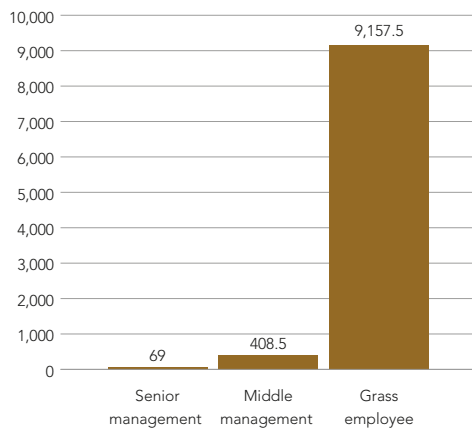
Capinfo holds the 6th session of the 4th staff congress

7. BUILDING A BETTER FUTURE TOGETHER

7.2 OCCUPATIONAL HEALTH AND SAFETY

Abiding by the requirements of relevant Chinese laws and regulations, such as *Law on Work Safety* and *Law on Prevention and Control of Occupational Diseases*, Capinfo continuously improves the occupational health and safety management system. The Company continuously operates the ISO 45001 Occupational Health and Safety Management System, and has passed both the internal and external audits. As for the identification of occupational health and safety hazards, we identified a total of 17 hazards including body injury, electric shock, and fire in 2023. Therefore, we formulated the targeted management programs, and appointed the representatives of occupational health and safety affairs of each division/subsidiary to ensure the effective operation of this management system. In 2023, all of the Company’s occupational health and safety indicators met the standards, the compliance rate of safety inspections was 99.82%, the coverage rate of occupational health check-up was 100%. There were no work-related fatalities, no serious accidents, and no occupational diseases. The number of days lost due to work-related injuries was 197.

In order to improve employees’ safety and health awareness, the Company conducts safety education and training to promote a culture of safety culture. In 2023, the Company invested RMB66,500 in safety education and training, and carried out 18 training sessions on work safety production, with 4,693 employee participants involved.



Safety education and training hours by training type



Capinfo conducts annual fire safety training

7. BUILDING A BETTER FUTURE TOGETHER

Case: Guarding and empowering mental health

Capinfo attaches great importance to the physical and mental health of employees. We invite experts to give lectures on health knowledge on a regular base, spreading the concept of health, and better caring for the physical and mental health of employees. On June 29, 2023, we carried out the 2023 Health and Mind Management Lecture, with more than 130 employees attended.

The lecture was close to the actual work and life of the employees. From the point of Chinese medicine theory, the invited expert guided the employees to release the work pressures with humorous wordings. Employees were also taught to deal with the pressure and sub-health, and ways to realize work-life balance. The lecture helped employees build a concept of healthy life manage their mind in a scientific manner and protect their physical and mental health.



7. BUILDING A BETTER FUTURE TOGETHER

7.3 EMPLOYEE DEVELOPMENT

Valuing the construction of talent team, Capinfo improves the vocational training system, optimizes the promotion channel, and expands the development space for employees. All these measures provide employees with platforms and opportunities for self-improvement and career development and stimulate their potential to realize the common growth of employees and the Company.

Improving the training system

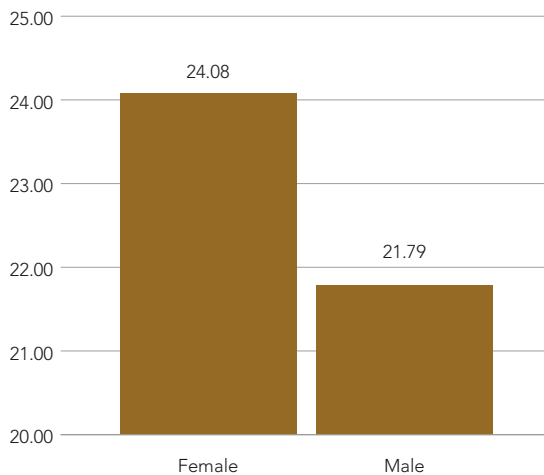
The Company fully understands the needs of employees' career development, improves the employees' vocational training system, and carries out diversified employee training sessions to meet the employees' needs to improve their vocational skills.



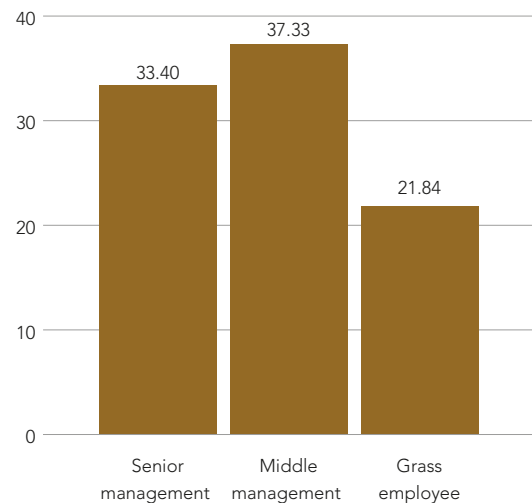
On December 25, 2023, Capinfo held Graduation Presentation and Closing Ceremony for the 2023 Youth Cadre Camp



Capinfo Medical Information Technology Co., Ltd held salon series on the theme of "Nurturing youth, injecting vitality and promoting development" for the cultivation of young and middle-aged talents



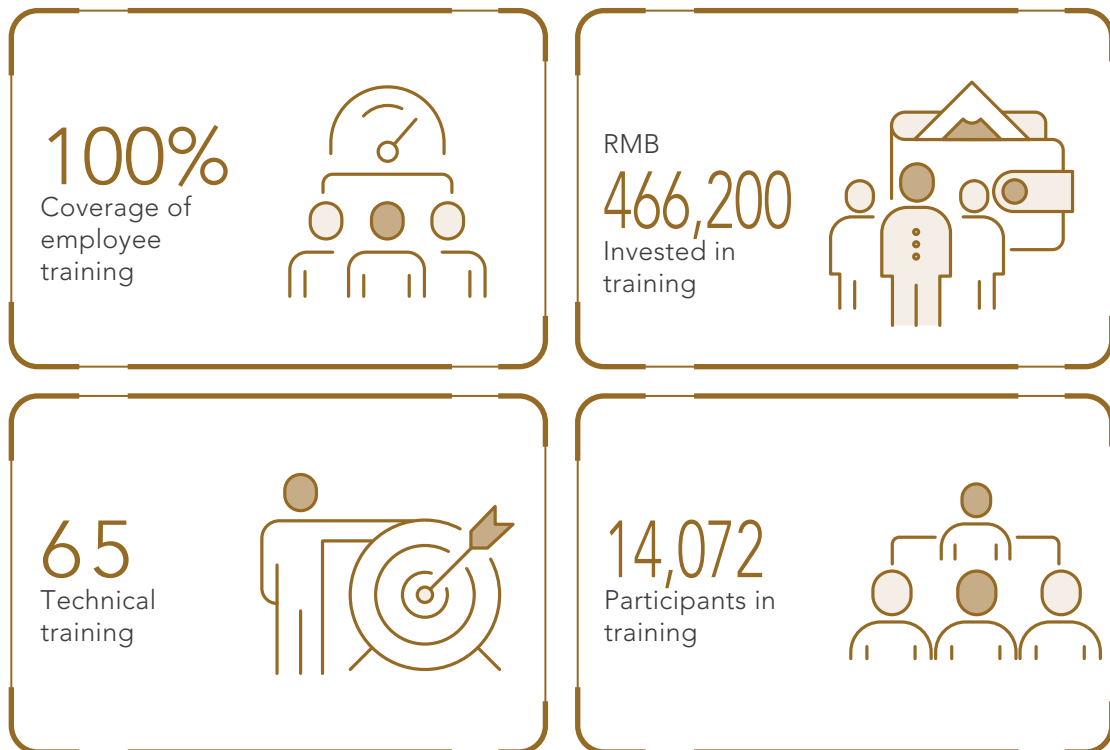
Training hours per employee by gender (in hours)



Training hours per employee by employee type (in hours)

7. BUILDING A BETTER FUTURE TOGETHER

Key Performance



Case: Capinfo hosts 2023 training series for testing positions

In order to improve the Company's testing and R&D capability, and enhance the capability of software testing and automation testing of some technicians, from August to November 2023, Capinfo carried out a series of training and exchange activities on testing technology. The heads of testing-related departments and technical cadres were selected and dispatched to participate in the world's top quality management and testing technology summit, the 12th Testing Summit Conference China 2023. During the conference, the technical cadres systematically learned the most cutting-edge software testing theories and technologies at home and abroad, and understood and mastered the overall trend of automation testing and advanced technologies at home and abroad. The Company invited experts from the testing department of iFLYTEK to offer training for testers on AI testing technology. The technical cadres from the testing department was selected to share the topic based on the relevant application cases. Through a series of training and exchange activities on testing technology, the Company further strengthened internal testing technology exchanges and experience sharing, and laid a good foundation for further improvement of the automation testing level.

7. BUILDING A BETTER FUTURE TOGETHER

Case: Capinfo holds 2023 business plan workshop

From February 10 to 11, 2023, Capinfo held 2023 business plan workshop to improve the employees' operation and management ability, promote the innovation and breakthrough of business development, and realize the Company's goal of comprehensively improving quality and efficiency. More than 260 employees participated in the training, including middle and senior managers, secondary department managers, and key position staff of project management, marketing, product development. They participated in the training on-site or online.

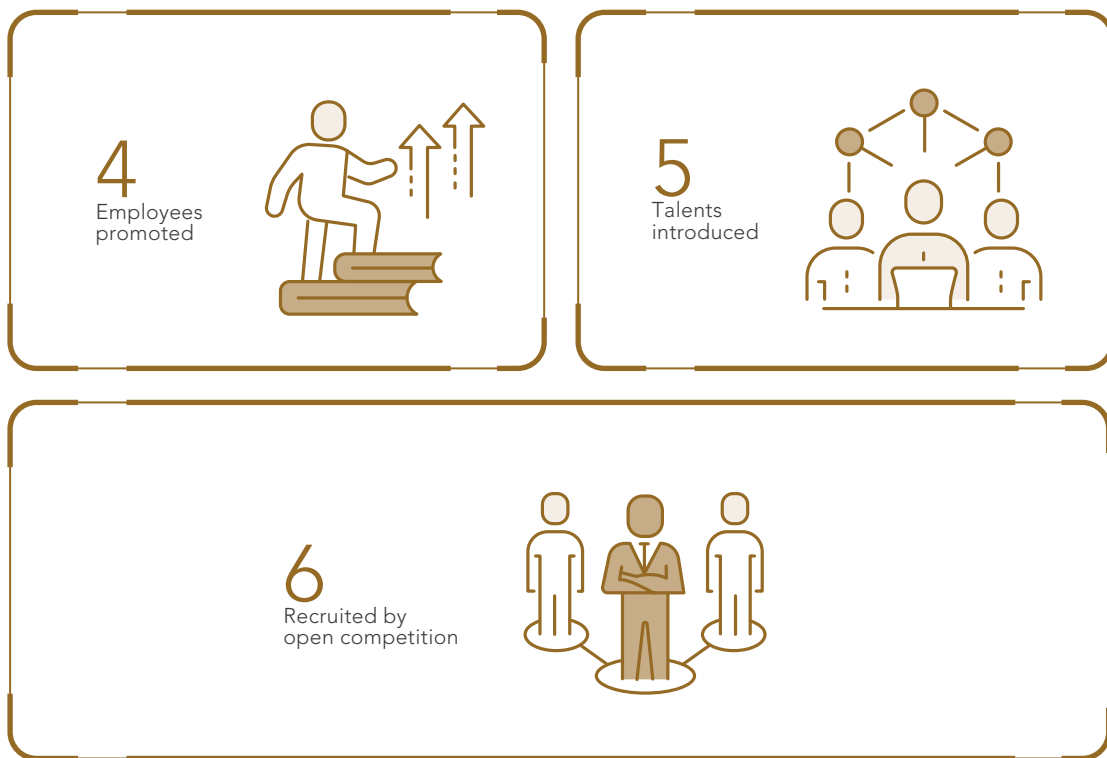
During the two-day training, focusing on the business direction and goals, with in-depth experience brought about by the sand table simulation and practical rehearsal, the participants enhanced the understanding to the whole process of market positioning, budget management, business development, product delivery, and assessment realization. The training enhanced the "Iron Triangle" teamwork awareness, promoted the collaboration and adhesion between the Company's business front-end and technical center, and improved employees' all-round abilities.



7. BUILDING A BETTER FUTURE TOGETHER

Unblocking career channels

Adhering to the science-based, democratic, open, competitive and merit-based selection and appointment mechanism, Capinfo sets up a career planning sequence of “three channels and six levels” to unblock employees’ development pathway. While reasonably planning talent echelon, the Company provides employees with broad platform for career development, which will further promote the common development of employees and the Company.



7. BUILDING A BETTER FUTURE TOGETHER

7.4 EMPLOYEE CARE

Capinfo pays attention to the life and physical and mental health of employees, and respects their interests and hobbies of the employees. The Company shows concerns for the employees in difficulty, female employees and other special groups through colorful cultural activities. With these efforts, we enhance the cohesion and build a happy family together with the employees.

Diverse cultural and sports activities

The Company carries out a variety of cultural and sports activities to enrich the spiritual and cultural life of employees, and create a vibrant atmosphere to help them realize work-life balance. In 2023, the Company built a staff library and set up 10 interest groups and carried out nearly 20 activities, including psychological counseling, cultural and sports activities, and touring. The Company also organized employees to participated in external activities for 8 times, including Model Worker Lecture among the state-owned enterprises in Beijing and artistic performance on the theme of "Forging Ahead in the New Era to Fulfill the Dream". During these activities, all the participants demonstrated the upright posture and vigorous mental attitude of Capinfo.



Visiting National Speed Skating Oval



Visiting Xiangshan Museum of Founding of New China



Staff Men's Basketball Game on the theme of "Forging Ahead in the New Era"



Theme Birthday Party of "Celebrating National Day and welcoming the Mid-Autumn Festival"

7. BUILDING A BETTER FUTURE TOGETHER

Case: Women's day theme activities of "beauty of women in realizing the dreams of new era" in 2023.

To continue the care actions for female employees, on the occasion of International Women's Day in 2023, the Company organized a series of thematic activities on "beauty of women in realizing the dreams of new era".

In the afternoon of March 7, the Company organized female employees to participate in opera experience activities of "understanding the charm of opera" at Jixiang Theatre. They experienced the special charm of opera and appreciated the beauty of the quintessence of Chinese culture. In the morning of March 8, the Company carried out DIY activities of preserved flowers and mosaic lights. Under the guidance, female employees made the most beautiful preserved flowers and bright mosaic lights to celebrate their own festivals in an elegant way. On the group birthday party, flowers and wishes were presented to the "birthday girls" and female employees. In the evening, female employees watched the "Colorful Rose" Concert presented by Beijing Symphony Orchestra at National Centre for the Performing Arts. They also visited the exhibition of Intangible Cultural Heritage of Northern and Southern China. This evening, they had a close-up experience of symphonic music and cultural exchanges. The series of activities fully reflected the respect and care for female employees and the Company's harmonious and friendly cultural atmosphere.

7. BUILDING A BETTER FUTURE TOGETHER

Case: Capinfo organizes the first staff fun e-sports competition

In order to enrich the spare-time activities and promote the communication among the staff, on the occasion of E-sports competition, Honor of Kings (Asian Games Version), at the 19th Asian Games has caused multiple concerns. In order to enrich the spare-time activities and promote the communication among the staff, the Company held the first staff Honor of Kings e-sports competition, with the theme of "Developing the Spirit of Digital Athletics and Gathering the Strength to Forge Ahead".

17 battle teams, formed by 105 players from the Company participated in the competition. After three rounds of 106 knockouts and semi-finals, we had the final on November 7. Two teams from Capinfo Technology Development Co., Ltd won the first and second place, and technical center team won the third place. In the competition, the players united and cooperated with each other, and brought a wonderful visual feast to the audience. Their performance was an excellent manifestation of the spirit of daring to explore and setting the trend, which created a strong atmosphere of proactivity. All the employees were motivated to contribute their youthful strength to the development of the Company.



Awarding ceremony

7. BUILDING A BETTER FUTURE TOGETHER

Case: Organizational services division organizes brisk walking

The organizational services division organized brisk walking on September 15 and 22, 2023, in order to enrich the staff cultural activities, enhance the physical fitness of the staff and the cohesion of the Company. More than 50 employees participated in the activities with high spirits. During the activity, their cheerful laughter and mutual encouragement formed a bright landscape of harmony. The activity presented the youthful vigor, and inspired the enthusiasm to move forward to the new goal.



Caring for employees

The Company cares for female employees and front-line employees, and helps distressed employees to solve practical difficulties in their life. By offering a wide range of benefit package in winter and summer, the Company conveys organizational care, improves the employees' sense of well-being and belonging, and let every employee feel the warmth of the Company.

If an employee is hospitalized due to illness or accident, he or she may confront financial burden caused by both the increased medical expenses and the decreased income. To alleviate the difficulties caused by this situation, the Company paid the membership fees of Employee Hospitalization Allowance Mutual Assistance for permanent employees, as well as the membership fees for Female Workers' Special Disease Mutual Assistance in 2023.

7. BUILDING A BETTER FUTURE TOGETHER



8. GIVING BACK TO SOCIETY

To share the development fruits with communities, Capinfo continuously engage ourselves in charity activities and deliver our love and warmth to society with concrete actions. As an active response to rural vitalization strategy, we take full advantage of information technology to promote rural vitalization and contribute to a beautiful countryside.

KEY TOPICS

- Love to give back to society
- Boost rural revitalization

ACTIONS

- Engaging in social welfare activities to deliver love
- Strengthening targeted assistance to boost local development

KEY PERFORMANCE

- RMB276,400 input for targeted poverty alleviation

SDGs WE FOCUS ON



8. GIVING BACK TO SOCIETY

8.1 GIVING BACK TO SOCIETY

Capinfo attaches equal importance to dedication and development. While improving the quality of enterprise development, the Company actively gives back to society and encourages the employees to carry out various voluntary service activities, and contribute our share to the community development.



Waste sorting guide



Capinfo Medical Information Technology Co., Ltd organizes Party members to make a charitable donation



Guiding pedestrians to obey traffic laws

8. GIVING BACK TO SOCIETY

Case: Volunteer market spreads warmth in Jingshan

In March 2023, Capinfo held series activities of learning from Lei Feng month to guide the young staff to deeply grasp the connotation of the Lei Feng spirit. Capinfo participated in 2023 Jingshan Volunteer Market and “Learning from Lei Feng” Volunteer Service Activity on the theme of Volunteers brought a wide variety of volunteer services, including free medical care, legal services, policy consultation, and convenient services such as knife sharpening and hair-cutting. During the activity, volunteers from the youth league committee of Capinfo introduced to the community residents about the protection of young people’s rights and interests, and presented books such as *Di Zi Gui*, *Mathematics* and *The Rainbow English-Chinese Dictionary* for adolescent readers. Through this activity, we vigorously publicized the corporate culture and brand of being politically principled, accountable and trustworthy. We fully developed the role of youth league members and presented their positive attitude. All the volunteers from Capinfo were warmly welcomed by the residents in Jingshan Street, and were affirmed by the staff of Jingshan Street.



Jingshan Volunteer Market and “Learning from Lei Feng” Volunteer Service Activity

8. GIVING BACK TO SOCIETY

Case: Capinfo awarded the honorary title of “Public Welfare Enterprise of National Reading”

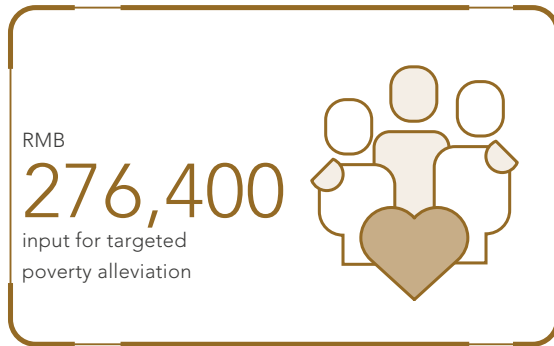
Since 2019, based on digitization, intelligence and networking, Capinfo has provided a package of solutions as well as the operation and maintenance services for the construction of “Smart Fengtu” for the Fengtai District Library in Beijing. The solution built an integrated smart library platform in line with “six unified” principles, which means the unified operation and management, unified data management, unified resource management, unified readers’ service, unified interaction, and unified business support. In addition, Capinfo, in conjunction with the People’s Bank of China’s Digital Currency Special Working Group, the Fengtai Branch of Industrial and Commercial Bank of China, realized the application of digital RMB smart contracts in Fengtai Library, which is China’s first application case of the digital RMB payment in public libraries. The case realized the unified reconciliation of multiple payment channels and the unified withdrawals (settlements), and significantly improved the efficiency of payments and settlements.

As a public library and cultural center, Capinfo provides a full-life-cycle one-stop service including offering prospective planning and consulting, integrated construction, informatization operation and maintenance services, and socialized operation in the field of public culture. We boosted the digital development and prosperity of public welfare, and strived to create an atmosphere where everyone loves reading, has good books to read and knows how to gain from reading, thus promoted the high-quality development of Beijing’s cultural tourism. On April 23, 2023, Capinfo was awarded the honorary title of “Public Welfare Enterprise of National Reading”.

8. GIVING BACK TO SOCIETY

8.2 CONTRIBUTING TO RURAL VITALIZATION

Capinfo pair assists the Rural Vitalization Company of Taishang Village, Qingshui Town, Mentougou District for the rejuvenation of rural industry. Following the strategy of “labor union assistance”, we take measures including driving consumption of agricultural products, pairing up assistance, and creating industrial highlights which can help the villagers in a practical way. We not only simply injected help into poverty-stricken areas but also enabled them to help themselves, thus energizing high-quality rural development. Adhering to the problem-oriented principle, we try by every means to boost agricultural prosperity and implement every task meticulously. To the best of our ability, we contribute to rural vitalization with high quality and high level.



8. GIVING BACK TO SOCIETY

Case: Contributing Capinfo strength to rural vitalization

Capinfo assumed SOE's responsibility to rural vitalization. On October 18, 2023, Capinfo carried out the theme activity of "carrying forward revolutionary traditions and heritage, contributing Capinfo strength to rural vitalization". We went to Taishang Village, Qingshui Town, Mentougou District, one of our assistance targets, to carry out the theme activities.

Capinfo came to the village committee of Taishang Village, visited the first secretary of Taishang Village, Wang Yi. At the symposium with officers of Taishang village and Qingshui town, Capinfo learned the reconstruction of Taishang Village after the floods. Together, reviewed the Capinfo assistance from 2021 to 2023 and diverse measures, such as consumption-driven assistance and industrial development. Over the past three years, we invited experts to advise the village's economic development, cultivated high-quality village industry, and expanded the market of local specialties. Altogether, we increased the income of the village for more than RMB340,000, more than RMB100,000 per year. Focusing on Taishang Village's high-quality cultural tourism branding, the Company donated to build the "Red Journey" cultural tourism micro-route along the mountain trail around the village, and constructed "micro-exhibition of Party history" display facilities. Taishang Village will combine the surrounding resources to actively promote the line as a cultural and tourism card which will bring a new growth point for the village collective operating income.

The Company played an exemplary and leading role in rural vitalization as a SOE. Capinfo offered the power of support to the key aspects of rural development, built the projects that the people really need and created industrial boutiques. Gathering other parties, we have empowered Taishang villages to make new progress in the collective economy development.



Theme activity of vitalizing the rural area

FUTURE OUTLOOK

2024 is a crucial year for the implementation of the 14th Five-Year Plan, as well as the further advancement of the reform and development of the Company. In response, we will work hard to promote the reform and development of the Company. Strengthen the core functions and core competitiveness. We will strive to draw a more brilliant picture on the broad scroll of the new era and stride forward to a better future.

Advancing reform and innovation to improve operational efficiency. Focusing on the major tasks such as the reform of state-owned enterprises and special action for 100 high tech enterprises to advance market-oriented reform and Innovation, we will deepen reform and continue to improve the governance and management of the Company. Aiming at providing customers with high-quality services and products, we will actively explore the market and drive the Company's business innovation and development with technology. We will contribute our wisdom and strength for the construction of a smart and digital capital.

Guarding the ecological environment and exploring green and low-carbon development. We will continue to implement the new development philosophy and improve the environmental management system. The green and low-carbon concept will be integrated into our daily production and operation to increase the energy efficiency. As the advocator and demonstrator of environmental protection, we will take proactive actions and enhance employees' awareness in related promotional campaigns, so as to contribute to the construction of a beautiful China.

Working together with partners to build a harmonious society. We will build a responsible value chain with our employees, customers, suppliers and community stakeholders, create sustainable value for investors and provide customers with quality products and services. The employee growth is also a great concern for the Company. Their career value will be achieved with our help. We will continue to empower our suppliers and help them improve the ability to fulfill their responsibilities. We will leverage our information technology resources to bridge the digital divide. We will continuously participate in social welfare activities to give back to the community. Rural vitalization and local development is also an important topic of great concern to us. By bring together a broader range of forces, we will create a more harmonious and better society together.

INDEX TABLE OF THE SEHK ESG

Aspect	Index number	Environmental		Notes
		Disclosure	Report location	
A1: Emissions	General Disclosure	disclosed	45-48	
	A1.1	undisclosed		The Company produces fewer emissions in production and operation, and plans to carry out carbon inventories in the future.
	A1.2	undisclosed		Few green house gas is emitted in production and operation, and plans to carry out carbon inventories in the future.
	A1.3	undisclosed		Not applicable
	A1.4	undisclosed		Not applicable
	A1.5	disclosed	46-48	
	A1.6	disclosed	46-48	
A2: Use of Resources	General Disclosure	disclosed	47	
	A2.1	disclosed	47	
	A2.2	undisclosed		Not applicable
	A2.3	disclosed	47	
	A2.4	disclosed	47	
	A2.5	undisclosed		Not applicable
A3: The Environment and Natural Resources	General Disclosure	disclosed	46	
	A3.1	disclosed	46	
Climate Change	General Disclosure	undisclosed		The product development and manufacturing did not involve the emission of nitrogen oxides and sulfur dioxide, exerting little impact on the air.
	A4.1	undisclosed		The product development and manufacturing did not involve the emission of nitrogen oxides and sulfur dioxide, exerting little impact on the air.

INDEX TABLE OF THE SEHK ESG

Aspect	Index number	Social		Notes
		Disclosure	Report location	
B1: Employment	General Disclosure	disclosed	59-62	
	B1.1	disclosed	59-62	
	B1.2	disclosed	59-62	
B2: Health and Safety	General Disclosure	disclosed	63-64	
	B2.1	disclosed	63	
	B2.2	disclosed	63	
	B2.3	disclosed	63	
B3: Development and Training	General Disclosure	disclosed	65-68	
	B3.1	disclosed	65	
	B3.2	disclosed	65	
B4: Labour Standards	General Disclosure	disclosed	60	
	B4.1	disclosed	60	
	B4.2	disclosed	60	
B5: Supply Chain Management	General Disclosure	disclosed	49-57	
	B5.1	disclosed	53	
	B5.2	disclosed	50-53	
	B5.3	disclosed	50-53	
	B5.4	disclosed	50-53	
B6: Product Responsibility	General Disclosure	disclosed	25-28, 41-44	
	B6.1	undisclosed		Not applicable
	B6.2	disclosed	28	
	B6.3	disclosed	43-44	
	B6.4	disclosed	28	
	B6.5	disclosed	28	
B7: Anti-corruption	General Disclosure	disclosed	22-23	
	B7.1	disclosed	22	
	B7.2	disclosed	22	
	B7.3	disclosed	22-23	
B8: Community Investment	General Disclosure	disclosed	74-78	
	B8.1	disclosed	74-78	
	B8.2	disclosed	77	

2023 FOCUS: PROGRESS IN IMPLEMENTING SDGs



ACTION

- Capinfo pair assists rural vitalization of Taishang Village, Qingshui Town, took assisting measures including consumption of agricultural products, pairing up assistance, helps Beautiful Village Construction



ACTION

- importance the employee Occupational Health and Safety and paying attention to the physical and mental health of employees



ACTION

- Improving the employee training system to carry out diversified training programs



ACTION

- Adhering to equal employment and providing fair and equitable employment and development opportunities.



ACTION

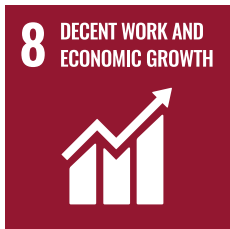
- Advocating water conservation and using water on demand



ACTION

- Using energy-saving and water-saving appliances, and eliminating energy-consuming equipment

2023 FOCUS: PROGRESS IN IMPLEMENTING SDGs



ACTION

- Providing all-round compensation and benefits guarantee for employees to help them realize career values



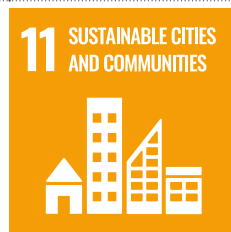
ACTION

- Promoting business and technological innovation



ACTION

- Opposing all discriminatory behaviors due to factors such as gender, age, geographical region, religious belief, disability and other factors.



ACTION

- Promoting industrialization in the fields of digital government, digital healthcare, digital enterprise and digital governance.



ACTION

- Improving resource utilization efficiency in production and operations to build an environmentally friendly enterprise.



ACTION

- Adhering to the concept of green and low-carbon development, and continuously improving the green development capability.



ACTION

- Strengthening audit supervision and improving governance.

FEEDBACK FORM

Dear readers:

Thank you for reading this Report during you busy day. There are inevitable deficiencies in the reporting preparation. We hereby hope listen to your comments and suggestions so as to continuously improve our report and promote our social responsibility.

1. Your overall assessment of this Report:

Very Good Good Average Poor Very Poor

2. Your opinion on the structure of this Report:

Very Good Good Average Poor Very Poor

3. Your opinion on the layout design of this Report:

Very Good Good Average Poor Very Poor

4. Your opinion on the readability of this Report

Very Good Good Average Poor Very Poor

5. Your opinion on the quality of social responsibility information disclosed in this Report:

Very High High Average Low Very Low

6. What are your comments or suggestions on this CSR report or our performance?

How are you related to CAPINFO COMPANY LIMITED?

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Add: 5/F, Longfu Tower, No. 95 Longfusi Street, Beijing, PRC

Postcode: 100191

Tel: (8610) 88511155

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Capinfo Company Limited

www.capinfo.com.cn

