

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 2019





CONTENTS

02	About this Report
03	Message from the Chairman
06	About Us
09	Sustainability Management
13	Feature: Capinfo undertakes important tasks, showing the true quality of a responsible enterprise
18	New Journey: Pursuing Leapfrog Development to Build an Enterprise With Integrity
25	New Chapter: Igniting Our Dynamism to Foster Innovation-Driven Development
30	New Era: Making Concerted Efforts to Build a Happy Home
38	New Ecology: Promoting Green and Low-Carbon Development to Protect Our Environment
43	New Vitality: Benefiting People's Livelihood to Create a Better Society
45	Outlook
47	Index Table of the SEHK ESG
49	Opinion Feedback Form





ABOUT THIS REPORT

This is the fourth annual corporate Environmental, Social and Governance Report released by Capinfo Company Ltd. The report shows how Capinfo focused on the mission of “growing into a leading smart city service provider” and “innovating in IT services for smarter cities and more convenient life” to maximize the comprehensive value and performance in economy, environment and society.

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, 2019, 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 Central Government on Fulfilling Corporate Social Responsibilities* issued by the State-owned Assets Supervision and Administration Commission of the State Council, and *Guidelines to 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.

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. All currency is in Chinese Yuan unless otherwise specified.



2019 was an extraordinary year. Capinfo forged ahead in face of the fierce market competition. With its rich experience and resources in providing information services for governance in the capital city, Capinfo stayed true to the original aspiration and founding mission, pressed ahead with concrete efforts to pursue new goals, firmly fulfills the social responsibility of state-owned enterprises, and created comprehensive value for the Company, customers, employees, partners and other stakeholders. This year, the Company satisfactorily guaranteed the celebrations on the 70th founding anniversary of the PRC achieved the goal of “pursuing excellence and perfection” with Capinfo’s iron-clad determination that “emphasizes on politics and can be trusted”.

We are dedicated to building the three platforms. We have improved the “three platforms”, and as the “core stabilizer” for the integrated online governance platform, we have ensured the security and reliability of the governance network over the past year. We have completed the base station construction of 1.4G frequency private network and realized the broadband integration function of the whole network. We have accelerated the development of Capinfo Cloud platform, and provided services for more than 100 government departments. As for the big data innovative service platform, the big data system platform for medical insurance and Capinfo Anke Government Affairs and Public Services Big Data Platform are under continuous development and improvement, laying a foundation for the Company to tap into the big data business. The self-developed development framework has been further upgraded, and the Company continues to explore large-scale and company-wide application, so as to open a shortcut for technological exchange, resource sharing and collaborative operation.

We step up efforts in the “five business sectors”. We have achieved progress in the “five business sectors”, and especially in smart government service. In 2019, we won the bid for the project of integrated building of Beijing municipal government website, securing another victory in the e-governance services of the capital city. The upgrade projects for “12345” citizen service hotline and online service website of Beijing municipal government, etc., have contributed to our corporate performance. The Company deepened smart city management business, and opened up smart building business. Capinfo Technology acquired the “Second Class Qualification for Specialist Contractor of Electronic and Intelligent Engineering” and secured new projects for the Company, such as weak-current engineering for the Traditional Chinese Medicine Science and Technology Industrial Park of Cooperation between Guangdong and Macao, the BSD Huairou 6002 Project and the Changping Campus of Beijing Information Science & Technology University. With the police project of security video of Dongcheng Branch at the celebration of the 70th founding anniversary of the PRC, project of 113 video surveillance system of Miyun Branch and other projects, the Company made further achievement in the field of security. In respect of smart medical and health service, the Company accomplished the task of technical support for important reforms such as the centralized medicine procurement reform in “4+7” pilot cities, comprehensive reform in medical supplies, and reform of medical insurance payment by disease type. Our self-developed credit medical care settlement platform was officially launched in Changping District as the first “integrated medical settlement and payment platform” in Beijing, enabling the connection of multiple organizations such as medical care, medical insurance, commercial insurance, finance, third-party payment, and credit guarantee. Smart livelihood service business forged ahead. The Beijing housing provident fund service system passed the final acceptance, and housing provident fund systems for Shanghai, Guangzhou, Chongqing, Nanning and other cities have all been accepted operated smoothly. The Company signed an ICT framework contract with China Mobile Beijing and became a partner of China Mobile Beijing 5G industry alliance. Our Venue Alliance APP was officially launched, expanding new business of smart venues.

We continuously improve the governance system. Focusing on improving the development quality and efficiency, we constantly enhance our systems to reduce operational risks and ensure the healthy development of the Company. Policies such as the *Interim Measures on the Accountability of Non-compliance Operating Investment*, the *Administrative Measures for Economic Responsibility Audit* are formulated, with more than 150 systems improved. A complete internal control management mechanism has been established. Functions of the organizational structure have been further strengthened, ensuring effective risk management and operation monitoring. In addition, we have carried out the education campaign themed “staying true to the founding mission” to steadily improve the Party building quality of Party branches, and worked to improve Party conduct and clean governance in our production and operation, striving to build a long-term anti-corruption mechanism and a new political atmosphere of integrity.

We fulfill our responsibility with responsible actions. We promote cooperation with suppliers with a responsible attitude and enhance their CSR performance. We work closely with our partners and jointly carry out strategies. Respecting and caring for talents, we build a platform for employees to realize their dreams, striving to achieve common development of both employees and the Company. To achieve sustainable development, we adopt green and sustainable development mode, constantly improve the environmental management system, and enhance the efficiency of resource and energy use. In this way, we hope to minimize the impact of our production and operation on the environment. We also keep carrying out environmental protection activities and support sustainable urban development with concrete actions. Meanwhile, putting equal emphasis on development and public services, we take advantage of our strengths to support poverty alleviation. We have become a council member of the Red Cross Society of China Beijing Branch, and donated the targeted “Red Cross Village Construction and Poverty Alleviation Fund”, contributing to social harmony and stability with love.

In 2020 , we will keep in mind the General Secretary Xi Jinping’s New Year message to seize the day with no fear of dangers and barriers. We will continue to focus on Party leadership, aim at accomplishing the 13th Five-Year Plan, and concentrate on the “Three Big Events” of the capital. To this end, we will strengthen the innovation of products and business models, intensify the reform of technological capability and management, enhance sales and service capabilities, build an industry honorable brand, spare no effort to develop industrialized and nationalized markets, so that we can foster our overall core competitiveness, and facilitate the Company to achieve sustainable, healthy and high-quality development!

Lin Yankun
Chairman and Party Secretary

COMPANY PROFILE

Capinfo Company Limited (hereinafter referred to as “Capinfo” or “the Company”) was founded in January 1998, as the leading enterprise in the field of E-governance in Beijing. The Company was listed on the GEM of the Hong Kong Stock Exchange in December 2001, and transferred its listing to the Main Board of the Hong Kong Stock Exchange (stock code: 1075) in January 2011. Capinfo devotes its efforts to growing into a “leading smart city service provider”. Leveraging its extensive experience in information service and abundant information resources, it has been provided continuous, reliable and stable information technology services for Beijing e-governance system, medical insurance and social security card system, housing provident fund system, air quality monitoring system and community service information system, credit settlement information systems and others; it has completed the construction, operation and maintenance of various major information technology application projects in Beijing and across the whole country. The Company has provided system guarantee for Beijing Olympics, APEC Summit, the Belt and Road Forum for International Cooperation, the National and Beijing People’s Congress of the People’s Republic of China, the 19th National Congress of the Communist Party of China, the 2018 Beijing Summit of the Forum on China-Africa Cooperation, Beijing Marathon, Conference on Dialogue of Asian Civilizations, International Horticultural Exhibition 2019, the celebration of the 70th Anniversary of the Founding of the People’s Republic of China and other major national events. Besides, it actively participated in the IT-based infrastructure project of Beijing municipal sub-center administration office network, the construction of the Xiong’an New Area, and the preparation of the Beijing 2022 Winter Olympics, and established the image of a state-owned information technology enterprise that “emphasizes on politics and can be trusted”.

As a well-known domestic smart city service provider, Capinfo is a key software company and emerging enterprise in the national planning and layout. It has a first-level qualification certificate for computer information system integration, a design and maintenance capability certificate for security engineering enterprises (Level 1), a CMMI5 Certificate with the highest level of maturity, and a ITSS Level 1 Certificate with the highest ITSS service standards, ITSS cloud computing service capability standard certificate (public cloud, private cloud). It owns 4 municipal key laboratories, including Beijing Internet Multimedia Lab identified by Beijing Science and Technology Commission, Beijing Internet of Things Technology and System Engineering Technology Research Center, Beijing Engineering Laboratory for Internet Technology for Smart and Healthy Pension Industry identified by Beijing Development and Reform Commission, and Beijing Economic and Information Technology Bureau identified Beijing Municipal Enterprise Technology Center, as well as the Beijing International Science and Technology Cooperation Base for Internet Cloud Applications identified by the Beijing Science and Technology Commission, and International Cooperation Base for the Introduction of High-End Foreign Experts. The Company has also established three cutting-edge technology laboratories including AI (artificial intelligence) Laboratory, Blockchain Research Center, and Big Data Research Center.

As of the end of 2019, Capinfo has 1,787 employees, 6 subsidiaries, 3 associate companies and 9 branches, covering government, medical care, livelihood, finance and other fields. It has won Top 10 Leading Companies in China's IT Services, The Leading Internet Brand in China, Preferred Information Service Provider in China, Top 10 Innovative Companies in China (IT services), Top 10 Integrity Brand in China (IT services), The Chinese Cloud Computing Innovation Company, and Top 100 Solution Providers in China, Innovation Award of Chinese Government IT Solution Cases, China IT Service Innovation Unit Award, China E-Government Outstanding Supplier, Third Prize of Beijing Science and Technology Award, Top 100 Hong Kong Stocks in terms of Brand Value, Top 100 Data Intelligent Ecology, Top 100 Software and Information Service Providers in Beijing and ITSS Successful Application Award and other awards and honors. It was successfully selected in the China E-Government Yearbook.

HIGHLIGHT 2019

- Total assets: RMB 2,314.58 million
- Operating revenue: RMB 1,331.36 million
- Total profit: RMB 152.27 million
- Net profit attributable to owners of the Company: RMB 127.65million
- R&D input: RMB 80.49 million
- Total employees: 1,787
- Training input: RMB 760,000
- Labor contract signing rate: 100%
- Health file coverage: 100%

CSR PHILISOPHY

Corporate Vision: A leading smart city service operating provider

Corporate Mission: To be innovative in IT service; To build a smarter city; To make a better life

CSR IMAGE: CAPINFO EVENTS 2019

JANUARY



The Beijing housing provident fund comprehensive management system constructed by Capinfo passed the "double implementation standard" acceptance by the Ministry of Housing and Urban-Rural Development with the highest score in China.

MARCH



Capinfo held a conference for governance over the Party in 2019.

MAY



The construction project of IT-based infrastructure of Beijing municipal sub-center administration office network undertaken by Capinfo satisfactorily completed trial operation.

JULY



Cai Qi, Secretary of the CPC Beijing Municipal Committee, gave recognition to the establishment of data analysis system of municipal 12345 government service hotline undertaken by Capinfo, during the inspection to the work of "handling a complaint upon receipt" municipal 12345 public service hotline.

SEPTEMBER



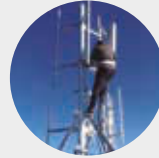
Tongzhou branch company of Capinfo was established to serve the sub-center of the city.

NOVEMBER



With the support of the self-developed Capinfo Anke Government Affairs and Public Services Big Data Platform, Capinfo initially built a medical insurance big data platform and a 12345 big data platform with independent intellectual property rights.

FEBRUARY



Being the unit responsible for construction, operation and maintenance of 1.4G frequency private network, Capinfo monitored 110 command centers and other important nodes to safeguard all important activities during the Spring Festival.

APRIL



Capinfo provided high-quality information technology services at the Second Belt and Road Forum for International Cooperation, the Conference on Asian Civilizations Dialogue and International Horticultural Exhibition 2019, Beijing.

JUNE



Capinfo won the bid for research and application project of key technologies of intelligent service for the National Speed Skating Hall.

AUGUST



Lin Yankun, the Party Secretary and Chairman of Capinfo, attended the press conference of "Judicial Application of Internet Technology" of Beijing Internet Court.

OCTOBER



Capinfo satisfactorily fulfilled the mission in guaranteeing the celebration of the 70th founding anniversary of the People's Republic of China, and the security work on Beijing wired governance network, 1.4G frequency network, government cloud and important municipal government websites, critical systems etc. were fully recognized and appreciated by the central government and Beijing municipal government.

DECEMBER



Capinfo held the 2019 Annual Meeting of Academic Committee of Beijing Network Multimedia Research Laboratory and Capinfo Strategy Analysis Seminar.

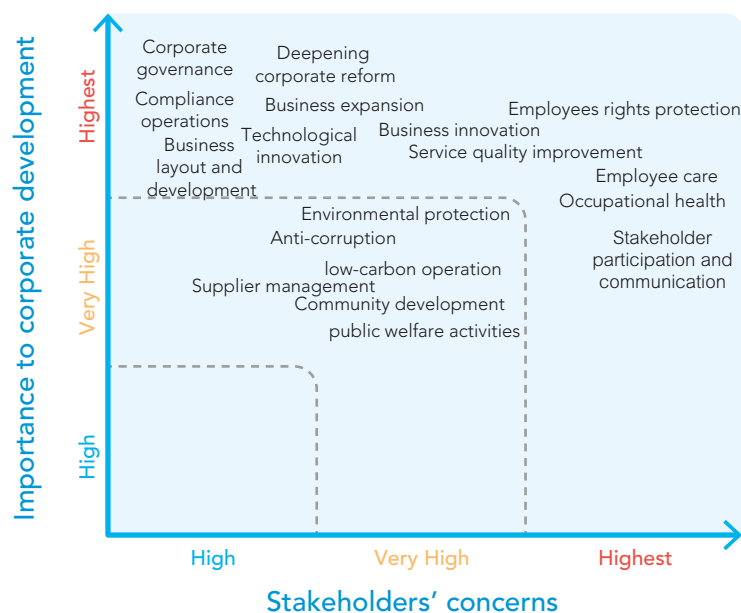
CSR management has become a global trend of economic and social development and an important way for an enterprise to achieve sustainable development. Integrating CSR philosophy into its business operation, daily management and corporate culture, Capinfo has constantly improved the social responsibility management mechanism, set up a platform for communication with stakeholders, and laid a solid foundation for social responsibility management, aiming to achieve balanced economic, social and environmental progress.

CSR MANAGEMENT SYSTEM

Capinfo continuously strengthens social responsibility management, further sorts out and improves the social responsibility work flow, and actively promotes the development of a CSR management system. We have established a CSR management system which appoints specific department and personnel as the liable subject and highlights coordination with other departments.

IDENTIFICATION OF MATERIAL TOPICS

Guided by national macro policies, Capinfo takes stakeholders into account, sorts out domestic and international CSR standards and indicators based on its corporate strategies and business development, and benchmarks the material topics of sustainability against peer companies. Through the process of identification, prioritization, validation and review, and from the dimensions of "importance to corporate development" and "stakeholders' concerns", we have identified and selected material topics that are important to both the Company and stakeholders and drawn a materiality matrix, which provides a basis for report compilation and information disclosure, and also guides our CSR management and practices as well as business operation.



Materiality matrix

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.

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 support 	<ul style="list-style-type: none"> Charitable activities Volunteer activities

CSR HONORS

- At the 11th ICT Industry Standard Promotion Conference and China's Information Technology Service Standards Annual Conference (2019) , Capinfo's Cloud-based Big Data Platform project standard won the ITSS Successful Application Award.
- At the "2019 China's New Economic Brand Summit and Innovation Model Tour", Capinfo and Lin Yankun, Party Secretary and Chairman of Capinfo, were awarded the Top 10 Innovative Companies and Top 10 Innovative Entrepreneurs in China (IT Services), respectively.
- At the 2019 "Belt and Road" Most Influential Brand Innovation Forum, the brand of Capinfo that "emphasizes on politics and can be trusted" was awarded as the Top 10 Integrity Brand in China (IT).
- At the 4th China Informatization Integration, Development and Innovation Conference , Capinfo Anke Government Affairs and Public Services Big Data Platform won the "2019 China Informatization (Digital Government) Model Practice Award".
- At the Software Engineering and Quality Forum of the 23rd China International Software Expo, Capinfo won the Standard Development Contribution Award for participating in the compilation of *GB/T 36964-2018 Software Engineering Software Development Cost Measurement Specifications*.
- At the 2019 China's Digital Ecosystem Conference , Capinfo was selected as top 100 Solution Providers in China for two consecutive years given its stable operating income and comprehensive strength of application software development and IT services.
- At the 2019 Enterprise Cloud Service Conference , Capinfo was awarded the China's Leading Cloud Computing Service Brand in Construction of Digital China.
- At the 9th member congress of the Beijing Software and Information Service Industry Association, Capinfo won the title of 2019 Top 100 Software and Information Service Providers in Beijing.
- Beijing-China Website, constructed, operated and maintained by Capinfo, ranked first in the performance evaluation of government websites of municipalities, provinces, and autonomous regions nationwide, and was awarded China's Most Influential Party and Government Website in 2019.

- In the selection of 2019 China's most influential "Internet + Government and Legal Services" platform, www.bj148.org and New Media of Beijing Government and Legal Affairs, constructed, operated and maintained by Capinfo, were awarded China's Most Influential Government and Legal Service Website in 2019 and China's Most Influential New Media of Government and Legal Affairs in 2019, respectively. "Smart Little Gov" on www.bj148.org was awarded Top 10 Typical Model of China's Smart Government and Legal Services in 2019.
- Capinfo was honorably selected as China's Top 100 Smart O&M Service in 2019 by China IT Service Omni-media Platform.

FEATURE: CAPINFO UNDERTAKES IMPORTANT TASKS, SHOWING THE TRUE QUALITY OF A RESPONSIBLE ENTERPRISE

壮丽70年

中华人民共和国成立70周年
The 70th Anniversary of the Founding of
The People's Republic of China

Great achievements have been made in the past 70 years. In 2019, when people celebrated the 70th anniversary of the founding of the People's Republic of China, Capinfo, fought as an "iron army" on another front, ensuring the absolute security of the information system during the celebration. With the determination and belief to "pursuing excellence and perfection", Capinfo completed a series of tasks in a professional and responsible manner, expressing best wishes for China in its own way.

Under the unified deployment of Beijing municipal government, Capinfo undertook the tasks to ensure the security of Beijing wired governance network for Beijing and 1.4G frequency private network, as well as the important government websites and key systems such as the government cloud and the websites of Beijing-China and the Supreme People's Court.



FEATURE: CAPINFO UNDERTAKES IMPORTANT TASKS,
SHOWING THE TRUE QUALITY OF A RESPONSIBLE ENTERPRISE

Ensuring the safe and stable operation of Beijing wired governance network. Capinfo Technology Development Company ensuring the safe and stable operation of Beijing wired governance network. Provided high-quality video conferencing services for the main venue and sub-venues of the celebration headquarters, and ensured the real-time communication of the wired governance network for the celebration.



Ensuring the safe and stable operation of the wired e-government service network. Holding the bottom line, the E-Government Private Network Department is clear about and ready for dealing with potential dangers to the wired government service network, making sure that key nodes and networks work well. We have ensured the safe and stable operation of the network as well as the data transmission of major information systems such as the video conference system for emergency operation and the "Sharp Eyes Project" image.



FEATURE: CAPINFO UNDERTAKES IMPORTANT TASKS, SHOWING THE TRUE QUALITY OF A RESPONSIBLE ENTERPRISE

Ensuring that the 1.4G frequency private network bears broadband digital cluster system. The E-Government Private Network Department has successfully ensured the safe and stable operation of the broadband digital cluster systems of the operation center of the celebration headquarters, command centers, national radio monitoring command center and the Chaoyang branch of Beijing Municipal Public Security Bureau, providing a strong support for their commanding and dispatching work. It has also ensured the safe and stable transmission of the moving images of the armed police forces and the municipal public security bureau in the core area of the military parade route, as well as some other areas.

Ensuring the safe and stable operation of the government cloud (Capinfo Cloud). Capinfo Cloud Technology Company is responsible for the operation security of the public cloud of the Supreme People's Court, and cloud systems of national ministries and commissions such as the Ministry of Justice, dozens of government departments in Beijing, and hundreds of municipal SOEs. With advanced technologies, we have provided support for the operation and security of major systems such as Beijing-China Website, civil servant mailbox system, China Judgements Online, and ERP systems. We had personnel 24/7 on duty to conduct real-time monitoring and ensure the security and reliability of the cloud system.

Ensuring the safe and stable operation of the "12345" citizen service hotline system. The E-Government Informatization Department supported the "12345" hotline to deal with citizens' complaints on the National Day. It ensured the telephone communication and provided real-time analysis of incoming calls to identify the destabilizing factors and emergencies for the National Day celebration system. Capinfo Research Institute supported the data services for "12345" hotline by providing daily complaint data, group analysis, data of incoming calls and data push for the "12345" hotline daily report system.



FEATURE: CAPINFO UNDERTAKES IMPORTANT TASKS,
SHOWING THE TRUE QUALITY OF A RESPONSIBLE ENTERPRISE

Ensuring the safe and stable operation of Beijing municipal medical insurance system. During the National Day holiday, the Social Security Department guaranteed normal medical insurance settlements of more than 3,000 designated medical institutions and ensured timely services for more than 23 million people with social security cards. It also enabled 600,000 companies to apply for social insurance, and ensured the stable operation of Jingyitong system in 33 hospitals as well as the websites of Beijing Municipal Human Resources and Social Security Bureau and Beijing Municipal Medical Insurance Bureau, so that citizens could enjoy stable and convenient social security and medical insurance services during the holiday.



Capinfo Yilian Information Technology Company ensured the security of hundreds of medical insurance servers in VIP hospitals and dozens of servers of commercial insurance settlement platforms in dozens of hospitals, as well as the core system (HIS) of Beijing Chaoyang Hospital and Beijing Shijingshan Hospital during the National Day holiday. It enhanced the login passwords, updated the patches, and detected virus for hundreds of servers. Besides, it completed virus detection and security patch upgrade for internal machines in VIP hospitals, guaranteed stable operation of the entire medical insurance system during the National Day holiday and provided citizens with safe and stable medical insurance services.

FEATURE: CAPINFO UNDERTAKES IMPORTANT TASKS, SHOWING THE TRUE QUALITY OF A RESPONSIBLE ENTERPRISE

Ensuring the safe and stable operation of 6 service hotlines. From September to 24:00 on October 7, the call center ensured stable operation of the 6 hotlines. During the holiday, we received more than 2,600 calls with no line faults or work safety accidents, and ensured the system security and stability during the National Day holiday.



Ensuring the safe and stable operation of the integrated Beijing housing provident fund service system, the network of the Beijing Housing Provident Fund Center and Beijing Fangshan Information Center. During the National Day holiday, the Provident Fund Department made detailed plans, prepared for major potential risks and conducted continuous monitoring to ensure the security of the system, successfully completing the task during the National Day holiday.

During the National Day, the Company sent more than 500 personnel to undertake security tasks and achieved the goal of zero accident. With advanced technology and high-quality services, the Company successfully ensured the network security and information services and passed the test of the 70th anniversary celebration of the founding of the People's Republic of China, which shows the image of a reliable "iron army" with high political integrity, and writes a splendid chapter in the development history of Capinfo.



1. NEW JOURNEY: PURSUING LEAPFROG DEVELOPMENT TO BUILD AN ENTERPRISE WITH INTEGRITY

Actively adapting to the new era, new situation and new requirements, Capinfo has further promoted corporate governance, explored new management models, established and improved the legal risk prevention mechanism, and operated in compliance with laws and regulations. We step up efforts in full and strict governance over the Party by promoting Party building, good Party conduct and clean governance, as well as anti-corruption work. Moreover, strategic plans are launched together with our partners to promote industry development and create value through cooperation.

Key Topics

- Corporate Governance
- Compliance Operations
- Party Conduct and Clean Governance
- Win-win Cooperation

Key Performance

- Total assets: RMB 2,314.58 million
- Operating revenue: RMB 1,331.36 million
- Total profit: RMB 152.27 million
- 8 compliance trainings organized

1.1 CORPORATE GOVERNANCE

Good corporate governance is essential for a company to improve its management. Focusing on improving development quality and efficiency, Capinfo constantly improves the rules and procedures of corporate governance, establishes a standard and sound corporate governance structure, and strictly abides by relevant laws and regulations such as the *Company Law of the People's Republic of China and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* as well as the Articles of Association. Based on the situation of the Company, Capinfo formulates, improves and effectively implements various systems and related procedures. By continuously enhancing the quality management systems, Capinfo has further improved its vitality and laid a foundation for healthy corporate development.

1. NEW JOURNEY: PURSUING LEAPFROG DEVELOPMENT TO BUILD AN ENTERPRISE WITH INTEGRITY

1.2 COMPLIANCE OPERATIONS

Capinfo has established a comprehensive legal risk prevention and continuously strengthened internal supervision and audit in accordance with national laws and regulations. In this way, we have gradually improved our ability of compliance management and law-based corporate governance, and reduced operational risks, safeguarding the healthy development of the Company.


1.2.1 Strengthening supervision and audit

Based on the *Internal Audit Management System*, Capinfo standardizes internal audit management by combining self-assessment and external assessment, and improves internal audit systems, documents, rules and standards. The Company has continuously promoted a systematic, standard and sound internal audit process and enhanced the quality and effectiveness of internal audit, further improving the internal control system. In 2019, Capinfo strengthened internal audit trainings and professionalization of internal audit personnel to improve their quality. The Company formulated the *Implementation Plan for Comprehensively Enhancing the Internal Audit System*, and completed the establishment and revision of the *Audit Management System* and internal audit procedure.

1.2.2 Improving risk management

The Company continues to improve the risk management and control system and optimize the internal control environment. By improving various financial management systems, the Company has built a financial internal control system ensuring that regulations are put in place and observed, so as to keep financial risks and operational risks under strict control. Meanwhile, it keeps improving the management of business risks through integrating relevant risk monitoring systems and further enhancing the mechanisms for connected transactions, major risk warning and emergencies. Capinfo has improved its capability, scope and depth of risk management, and effectively ensured the healthy development of the Company.

In 2019, Capinfo established a mechanism requiring its Party committee to hear the report about progress in law-based governance, as well as a major contract tracking system. Meanwhile, the performance of law-based governance was included in the year-end performance appraisal of the management and leaders in subsidiaries. In 2019, Capinfo organized 8 compliance trainings. Focusing on strategic transformation, regulatory requirements, business objectives and customer satisfaction, our risk management has effectively promoted the optimization and adjustment of business structure, kept all risks under control, and contributed to good asset quality.



1. NEW JOURNEY: PURSUING LEAPFROG DEVELOPMENT TO BUILD AN ENTERPRISE WITH INTEGRITY

1.3 PARTY CONDUCT AND CLEAN GOVERNANCE

Capinfo constantly improves the Party conduct and anti-corruption systems, carries out the education campaign themed “staying true to the founding mission”, and strictly implements various Party organization systems, so as to steadily improve the quality of the Party branch. Giving full play to the leading role of the Party branches. we have worked to improve Party conduct in our production and operation and striven to build a long-term anti-corruption mechanism and a new political atmosphere of integrity that provides strong support for the Company’s development. In 2019, Capinfo organized Party members to sign the *Letter of Responsibility for Party Conduct and Clean Governance*, and other staff signed the *Letter of Commitment to Integrity*, so as to enhance employees’ awareness of integrity and self-discipline and build clean governance and the anti-corruption system.

Case: The Party branch of Capinfo Call Center carries out an education campaign with the virtual Party history museum

The Party branch of Capinfo Call Center took advantage of the self-developed VR Party history museum to build a 3D virtual platform for Party affairs and carry out the education campaign themed “staying true to the founding mission”. Featuring three-dimensional interactive experience, the VR Party history museum brought the exhibition hall and its exhibits online by using texts, videos, pictures, documents, links and other forms, which was a brand-new way of publicity and education for Party affairs. The history and knowledge about the Party was presented into such vivid scenes that employees felt it very real and obtained a strong impression. The activity greatly improved employees’ learning experience and aroused their enthusiasm.

1. NEW JOURNEY: PURSUING LEAPFROG DEVELOPMENT TO BUILD AN ENTERPRISE WITH INTEGRITY

1.4 WIN-WIN COOPERATION

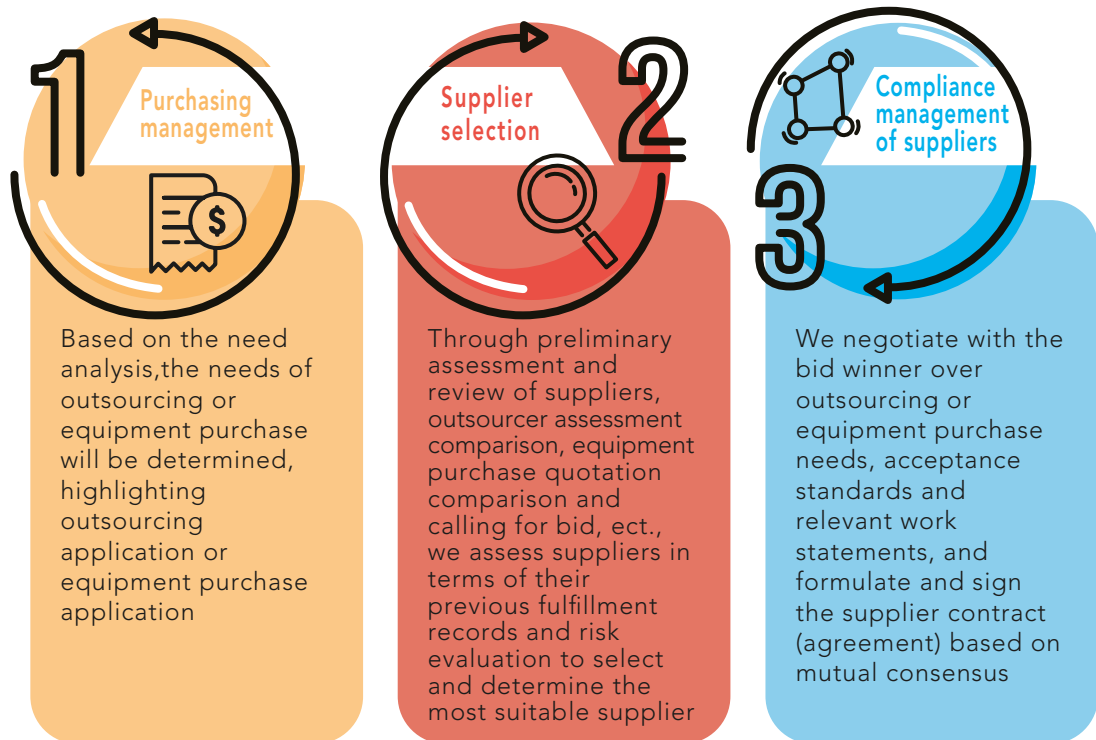
Capinfo has established a fair, just and open procurement system, promoted cooperation with suppliers with a responsible attitude and enhanced their CSR performance. We work closely with our partners and take strategic actions to promote industry development and win-win cooperation.

1.4.1 Responsible Procurement

Pursuing our business objectives, we strengthen and standardize supplier management to improve the CSR performance and ability of our partners. We continuously improve regulations on procurement and outsourcing, and strengthen process management, acceptance check and evaluation of suppliers and outsourcers. In 2019, the scheduled delivery rate of the purchased product was up to 100%, and the timely response of service request process was 95%.

Supplier selection

Capinfo adopts a strict and transparent supplier selection system, making sure that relevant rules comply with current laws and regulations as well as common requirements of the industry. In 2019, the Company signed a total of 1282 purchasing orders.



Supplier selection procedure

1. NEW JOURNEY: PURSUING LEAPFROG DEVELOPMENT TO BUILD AN ENTERPRISE WITH INTEGRITY

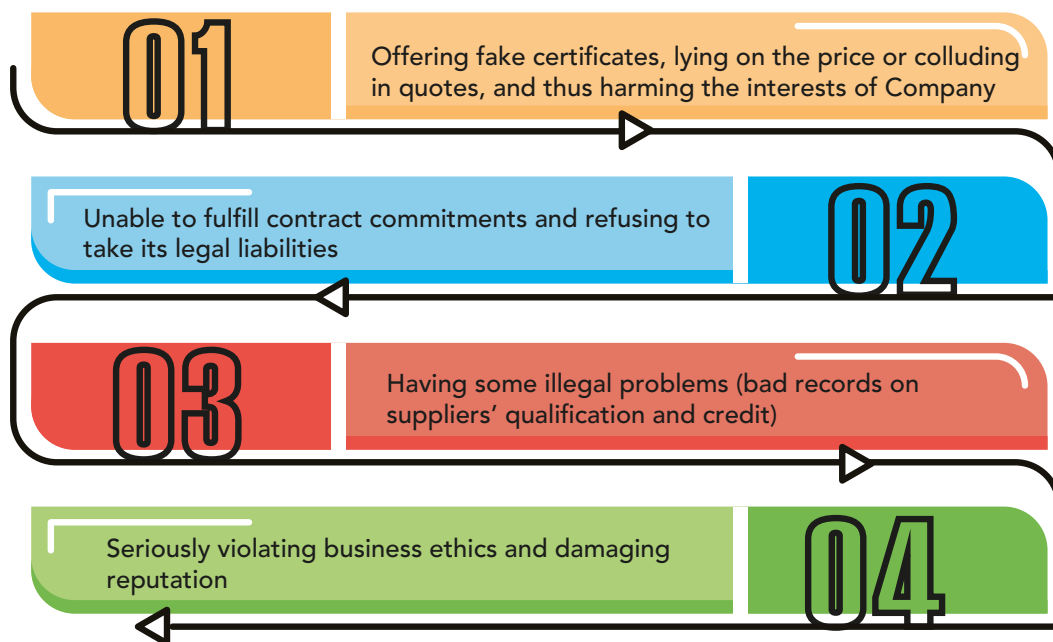
Supplier management

We strictly implement the Supplier Management System, strengthen and standardize the process management, acceptance and evaluation to ensure stable supply. In addition, we also establish a blacklist management system. If suppliers are found violating relevant regulations, we will stop cooperation with them and add them in the blacklist. In 2019, the Company received 540 scheduled deliveries and no delay occurred. We finished approval of 2,322 items on time.

By the end of 2019, Capinfo had 647 partners on the supply side, including 240 suppliers (145 are for temporary cooperation and 95 are qualified) and 407 outsourcers (219 are for temporary cooperation and 188 are qualified).

Suppliers by region

Number of suppliers		Year 2019
Number of suppliers by geographical region	located in Beijing	207
	Outside Beijing	33
	domestic	240
	foreign	0



Suppliers in the blacklist

1. NEW JOURNEY: PURSUING LEAPFROG DEVELOPMENT TO BUILD AN ENTERPRISE WITH INTEGRITY

1.4.2 Strategic Cooperation


Believing that “cooperation leads to win-win results”, Capinfo follows closely with national strategies and policies, and conducts strategic cooperation with governments, enterprises and organizations for harmonious and all-win development of them and cities.

Case: Capinfo cooperates with Huawei to build a secure and reliable government cloud platform that is totally independently-developed

Using the servers, network devices, and cloud operating system based on the Huawei Kunpeng processor as the underlying infrastructure, Capinfo established a secure and reliable government cloud platform that is independently-developed on July 19. The platform provides a variety of products and services such as big data analysis and domestic databases. With advanced super-computing capability in the industry, the platform has independent and controllable technological capabilities, intellectual property rights and innovations, which will further enhance the security and reliability of Beijing government applications.

Case: Capinfo’s commercial insurance platform successfully launched in Peking Union Medical College Hospital, Ping An Pension and Taikang Insurance Company

On August 8, the hospital commercial insurance settlement platform independently developed by Capinfo Yilian Information Technology Company, a subsidiary of Capinfo, was successfully launched and worked very well in Peking Union Medical College Hospital, Ping An Pension Company and Taikang Insurance Group. Through the hospital commercial insurance settlement platform, the claims platforms of these insurance companies are connected with the hospital’s internal service system. The insured can make claims through a mobile phone, and the commercial health insurance claim can be settled in a second, solving the problems in traditional time-consuming and complicated reimbursement procedure. This case is another successful application of Capinfo’s smart healthcare -- “Medical Care+ Commercial Insurance” mode in major hospitals, which meets Beijing government’s requirements to carry out “100-day campaign of providing convenient medical care and one-stop services jointly with commercial insurance companies” and “make full use of information technology for citizens’ convenience”.



1. NEW JOURNEY: PURSUING LEAPFROG DEVELOPMENT TO BUILD AN ENTERPRISE WITH INTEGRITY

1.4.3 Industry Development

Committed to boosting industry development, the Company actively participates in industry exchange activities at home and abroad. By attending industry conferences, exchanging and sharing ideas about technologies, the Company steers technological development of the ICT industry. It also promotes industry-university-research exchanges and cooperation to foster industry development.

Case: Committed to the development of domestic artificial intelligence technology, we organize experts to carry out academic exchange activities in universities

In order to promote the cultivation of domestic technical talents in artificial intelligence technology, Capinfo College cooperated with China Agricultural University, Beijing Information Science and Technology University, Beijing City University, and Shandong Transport Vocational College. Focusing on topics such as AI, robots, sensors and intelligent transportation, they carry out a series of academic exchanges and trainings about artificial intelligence, which have aroused the interest of college teachers and students in artificial intelligence.

Case: Capinfo becomes a member of China Mobile Beijing 5G Industry Alliance

On October 25, Capinfo, as a partner in the ICT project of China Mobile Beijing, became a member of China Mobile Beijing 5G Industry Alliance at the conference. Since we became an ICT business partner of China Mobile Beijing in July 2019, we have signed a cooperation framework agreement with China Mobile Beijing. We would focus on 5G applications, and actively support the projects of China Mobile Beijing, including the development of smart 5G cultural centers, transformation of pedestrian streets and "5G+AR" display project, contributing to the capital's 5G industry ecology.

2. NEW CHAPTER: IGNITING OUR DYNAMISM TO FOSTER INNOVATION-DRIVEN DEVELOPMENT

Fully aware of the importance of innovation-driven development, Capinfo focuses on diversified and differentiated market demands, and actively promotes business and technological innovation to foster comprehensive and steady business development. With high quality products and services, the Company strives to achieve the mission of “innovative IT services for smarter cities and more convenient life”.

Key Topics

- Business Development
- Technological Innovation
- Service Quality

Key Performance

- Capinfo recorded an operating revenue of RMB 1,331.36 million in 2019
- Capinfo Technology Development Company has obtained the Level 2 Professional Contracting Qualification Certificate of Electronic And Intelligent Engineering

2.1 BUSINESS DEVELOPMENT

Seizing the opportunity of deep integration of the Internet, big data, artificial intelligence and the real economy, Capinfo continuously expands business sectors and optimizes the business layout. The Company recorded a revenue of RMB 1,331.36 million in 2019, representing a year-on-year increase of 17.66%. The net profit attributable to the owners of the parent company reached RMB 127.65 million, representing a year-on-year increase of 105.32%.

2. NEW CHAPTER: IGNITING OUR DYNAMISM TO FOSTER INNOVATION-DRIVEN DEVELOPMENT



Business development in the "five business sectors"

2.2 TECHNOLOGICAL INNOVATION

Capinfo continues to promote technological development and product innovation, strengthens protection of intellectual property, and enhances employees' awareness of intellectual property protection, ensuring healthy and sustainable development of the Company.

2. NEW CHAPTER: IGNITING OUR DYNAMISM TO FOSTER INNOVATION-DRIVEN DEVELOPMENT

2.2.1 Product Innovation

Based on its strengths in information technology, Capinfo has channeled efforts in intelligent services, developed core competence with its own characteristics, and improved its brand perception and comprehensive competitiveness.

Case: Capinfo's Anke Government Affairs and Public Services Big Data Platform wins the "2019 China Informatization (Digital Government) Model Practice Award"

On June 13, the 4th China Informatization Integrated Development and Innovation Conference was held by the China Electronics Chamber of Commerce in Beijing. Capinfo's Anke Government Affairs and Public Services Big Data Platform won the "2019 China Informatization (Digital Government) Model Practice Award".



Conference site

Based on our medical insurance business and services for "12345" hotline, the platform provides the big data analysis as well as supporting products and solutions for government affairs and public services. Guided by the *Beijing Big Data and Cloud Computing Development Action Plan (2016-2020)*, the platform applies big data, artificial intelligence, and business scenarios in the fields of healthcare, pensions, credit, energy, environmental protection, and city management.

Case: Capinfo's "WeChat Service" promotes the IT-based management of Shunyi government services

Guided by the idea of "getting services with one click" and based on the "Shunyi Government Service WeChat Account", Capinfo applied new mobile technologies to improve the 24-hour "WeChat Service". Since we connected it with the unified governmental review and approval platform of Shunyi District, progress have been made in "Shunshouban" WeChat service center: it has seven major functions including "taking the registration access number online", "making an appointment", "consultation service", "citizen service", "questionnaire survey", "services I need" and "relevant documents". It has also added query functions of weather forecast, delivery information, real-time traffic information and results of license plate lottery in Beijing, so that more than a thousand government services can be accessed and appointed online.

2. NEW CHAPTER: IGNITING OUR DYNAMISM TO FOSTER INNOVATION-DRIVEN DEVELOPMENT

2.2.2 Intellectual Property Protection

Attaching great importance to the protection of intellectual property rights, the Company sums up common infringements of intellectual property rights and key points of compliance, and examines its trademarks, software copyrights, and domain names. In 2019, the Company applied for software copyright registration for Capinfo big data platform, the street information platform for total-factor and delicacy management, and the reporting system for the data platform of the Ministry of Housing and Urban-Rural Development. In 2019, Capinfo obtained a total of 7 authorized patents.

2.3 SERVICE QUALITY

Focusing on providing high-quality products and services, Capinfo has further enhanced its core competence in quality management, software development, IT service management and information security management based on its strategic objectives.

2.3.1 Service Quality

Capinfo constantly optimizes business management processes, enhances its software process as well as operation and maintenance, and wins customer satisfaction with high-quality products and services. The Company ensures that its service quality is steadily improved, and creates value for society.

Case: Capinfo's performance in the reform of medical supplies recognized by users

On June 25, 2019, the Medical Insurance Bureau of Beijing Dongcheng District sent a letter to thank Capinfo for supporting comprehensive reform of medical supplies. We had employees on duty for 72 hours to solve various problems in designated medical institutions in a patient manner. When the network failure occurred in Hepingli Hospital, we identified the problem immediately and made a plan to properly solve it, which was highly praised by the hospital. The hospital also acknowledged the Company's support for the medical care cause of Dongcheng District.



2. NEW CHAPTER: IGNITING OUR DYNAMISM TO FOSTER INNOVATION-DRIVEN DEVELOPMENT

Case: Beijing 2022 Organizing Committee sends a thank-you letter to Capinfo

In February 2019, Beijing Organizing Committee for the 2022 Olympic and Paralympic Winter Games sent us a letter to thank the operations team and e-mail team of Capinfo Technology for its technical service in 2018. They followed the rules and regulations of the Organizing Committee and provided technical support, technical equipment management and e-mail services with high quality, ensuring a successful convening of PyeongChang 2018 Debrief. It is hoped to provide better services for the 2022 Winter Olympics in future.

2.3.2 Customer Privacy

The Company raises employees' awareness to protect the privacy of customers, improves their professional ethics and awareness of information security, and strictly supervises the outsourcing services. When signing outsourcing agreements with outsourcers, the Company also signs the confidentiality agreement to clarify their obligations of confidentiality.



3. NEW ERA: MAKING CONCERTED EFFORTS TO BUILD A HAPPY HOME

Capinfo always regards employees as the most valuable asset of the Company. Adhering to the people-oriented principle, Capinfo protects the legitimate rights and interests of employees, and provides a platform for them to realize their dreams, aiming to build a harmonious and happy home, and achieve common development of both employees and the Company.

Key Topics

- Rights and interests of Employees
- Employee Development
- Employee Care

Key Performance

- A total of 1,787 employees
- The labor contract signing rate reached 100%
- The employees' social security coverage reached 100%
- RMB 760,000 invested in trainings

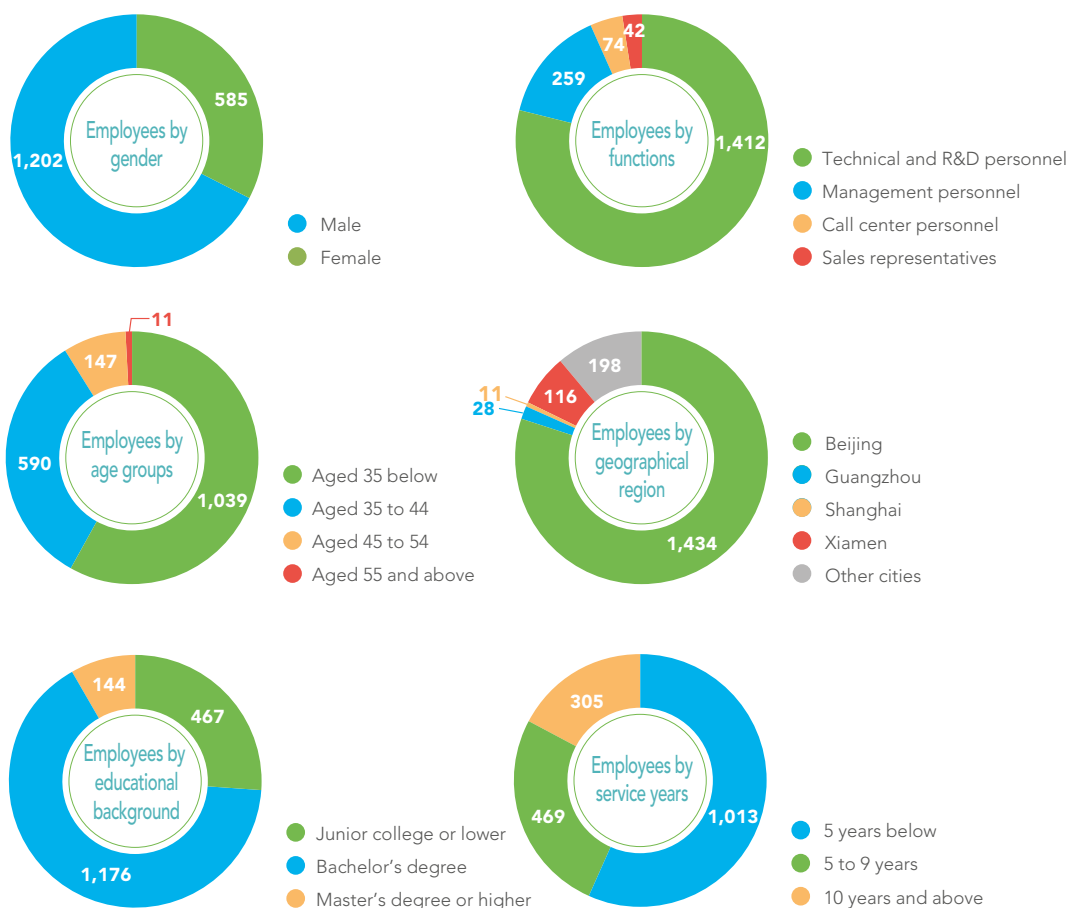
3.1 RIGHTS AND INTERESTS OF EMPLOYEES

Abiding by the *Labor Law* and *Labor Contract Law*, the Company adheres to the principle of equal employment. Capinfo regulates its labor employment by providing equal employment opportunities, strengthening democratic management and supervision, and safeguarding the legitimate rights and interests of employees, striving to create a better life for employees. In May 2019, Capinfo won the "2018 Outstanding Enterprise Award in Human Resource Development and Management".

3.1.1 Equal Employment Opportunities

Following the principles of non-discrimination and equal pay for equal work, we fully respect employees from different backgrounds, ensure that employees will not face any discrimination due to race, skin, gender or age, and provide them with equal opportunities. In 2019, the Company had a total of 1,787 employees, among which 1,412 were technical and R&D staff, 259 were functional management at all levels, 74 were call center staff, and 42 were sales representatives. The employee turnover rate was 18%. The Company had 406 new employees, and the labor contract signing rate reached 100%.

3. NEW ERA: MAKING CONCERTED EFFORTS TO BUILD A HAPPY HOME



3.1.2 Employee Benefits

We continue to improve the salary management system, and pay pension insurance, medical insurance, unemployment insurance, work injury insurance, supplementary medical insurance, and housing provident fund for employees on time and in full. In 2019, each employee can enjoy paid leave of 11 days.

3.1.3 Democratic Participation

Continuously promoting democratic management, we improve the democratic management system and implement the labor union system to fully protect employees' rights to know, participate, express and supervise. We listen to good opinions and suggestions of employees and encourage them to participate in company affairs, so as to make them feel involved and enhance their sense of belonging.

3. NEW ERA: MAKING CONCERTED EFFORTS TO BUILD A HAPPY HOME

3.1.4 Employee Health

Caring for the physical and mental health of employees, we provide employees with a working environment that meets health and safety standards. We organize physical examinations for employees each year, hold lectures on psychological health, and provide trainings on occupational health and safety to improve the safety awareness. In 2019, we invested RMB 98,300 in safety education, and organized 31 trainings on work safety with 1,140 participants. The physical examinations and health records covered all employees, and the lost days due to work injury was 9 days.

Case: Holding a series of health lectures

In 2019, the Company invited experts to give lectures on series of topics such as “stress management” and “fatty liver prevention and treatment”. Through the video conference system, we organized all employees to watch the lectures in 6 offices. The practical lectures were explained in easy-to-understand language, which won recognition from the employees and improved their skills and knowledge to deal with psychological problems and prevent diseases.



Lectures on psychological health for employees

3.2 EMPLOYEE DEVELOPMENT

The Company taps the potential of employees, improves their ability, and opens up career development channels to provide them with a broad development platform. We also carry out various trainings to comprehensively stimulate the creativity of employees and support their development.

3.2.1 Training Systems

In order to encourage employees to better realize self-fulfillment, the Company has learnt about their demands for career development and formulated a more reasonable training system to support employee development. In 2019, Capinfo invested RMB 760,000 in staff trainings, and organized a total of 36 technical trainings for 1,048 participants, cultivating a group of innovative and technical talents needed in the market.

Training management

To enhance the ability of employees in 17 positions, we have carried out training requirement investigation and analysis, and designed training courses. We conduct training process control and closed-loop management, summarize and evaluate the training effect, ensuring that the training quality achieves the desired effect.

“Into the mold” courses

We provide an one-week “Into the mold” training for fresh graduates and new employees before they start work, which helps them grow quickly and adapt to their jobs.

Young leaders with entrepreneurship and high sense of responsibility

Based on results of the written test, leaderless group discussion and psychological assessment, we selected employees for 2019 youth training camp. We used a variety of tools to simulate the actual situation and focused on practical problems in management. The course design emphasized the content, practices and reflection.

Middle management: From “technical skills” to “management skills”

We have added 7 training courses about management, policies and political theories to help middle managers improve their ability to make management strategies, use management tools, exercise leadership and know the industry norms.

Major measures for improving trainings

3. NEW ERA: MAKING CONCERTED EFFORTS TO BUILD A HAPPY HOME

3.2.2 Employee Competence

In order to build a better development platform for employees, the Company opens up career development channels, creates a professional and equal working environment, and provides targeted trainings for employees, which comprehensively improves their comprehensive qualities, and cultivates high quality talents for corporate development.

Case: 2019 Capinfo youth training camp officially launched

On the morning of March 28, the opening ceremony of 2019 Capinfo Young Leader Training Camp was held at Capinfo College. The youth training camp used a variety of tools to simulate the actual situation and focused on practical problems in management. The course design emphasized the content, practices and reflection. The instructors, together with Career Development and Training Department, provided trainees with chances to practice so that they could face the world and brave the storm, improve their abilities, and examine themselves, which also served as the basis for the Company to evaluate, and inspired the trainees to maintain enthusiasm and learn new things.

Case: Capinfo organizes a training themed "Requirements Analysis and Planning Training Camp"

On April 10, the 2019 "Requirements Analysis and Planning Training Camp" of Capinfo was held in Capinfo College. 79 technical staff from more than ten positions participated in this training, including requirements engineers, consultants, presales managers, development managers, project managers from different centers (departments/offices), subsidiaries and branches. Aiming at solving practical problems in business development, the training courses focused on role recognition, requirements analysis and planning with task boards, which helped technical staff quickly improve their knowledge and skills about requirements analysis and planning. They could guide customers to plan for the project rather than just responding to customers' demands. Thus, the camp played a positive role in further promoting our business development and project implementation.



Training Session

3. NEW ERA: MAKING CONCERTED EFFORTS TO BUILD A HAPPY HOME

3.3 EMPLOYEE CARE

The Company is committed to making employees work happily and live a healthy life. We not only care for employees' work, but also organize various activities for them to enjoy leisure time. We also help employees solve difficulties to promote the unity of the team.

3.3.1 Work-life Balance

Advocating a healthy and pleasant work and life style, the Company organizes activities such as brisk walking and sports meeting for employees to help them balance work and life, and build a united team.



Brisk walking



Birthday party for employees



Yoga, folk dance and fitness salon

Case: Capinfo successfully holds the 4th workers sports meeting

On May 10, a total of more than 1,000 employees from the 10 representative teams of Capinfo took part in the 4th workers sports meeting at the Guang'an Stadium. In this sports meeting themed "Unity and Honor", the ten teams marched in high spirits and were inspected in front of the platform, chanting slogans, which showed the good morale of our employees. In the radio calisthenics competition, they performed perfectly with each other, showing both strength and beauty. Their mettle in the race demonstrates the Olympic motto of Faster, Higher, Stronger. This sports meeting has united all employees, and inspired employees to "roll up our sleeves and work with added energy" to contribute its share to building a world-class harmonious and livable capital.



The sports meeting

3.3.2 Employee Care

The Company takes every employee's needs seriously, and organizes activities to provide care for them. We help employees in need and their families overcome difficulties, let employees feel love from of the Company, and create a caring corporate culture.



The Party branch of Call Center visits employees suffering from diseases



Symposium on employee care

Case: Tiding over the difficulties with love

In 2015, the father of our employee Xie was diagnosed with nasopharyngeal carcinoma. Xie's mother suffered from cerebral hemorrhage due to overwork in 2016 and could not take care of herself since then. Years of treatment increased the financial burden to common family. To help Xie's family make it through, Guangzhou branch and Nanning office organized employees to make donations on April 8, 2019. In just one week, employees donated about RMB 11,000 through fund-raising platforms or in cash. Perhaps the donation was not enough for a family that needed to pay high medical expenses, but it showed the care, best wishes and support from all our employees.



4. NEW ECOLOGY: PROMOTING GREEN AND LOW-CARBON DEVELOPMENT TO PROTECT OUR ENVIRONMENT

Capinfo strictly implemented national policies and laws on green development and environmental protection, actively promotes the green development model, and carries out environmental protection publicity activities. The Company integrates environmental protection in each part of our operation and enhances resource and energy use efficiency to minimize the impact on environment, and promote sustainable urban development with actions.

Key Topics

- Environment Management
- Green Operations
- Promotion of Green Development

Key Performance

- Electricity saved 28,996 kWh
- Water saved 4,728.8 tons
- Paper saved by green office 100,000 pieces

4.1 ENVIRONMENT MANAGEMENT

Capinfo strictly abides by the *Environmental Protection Law of the People's Republic of China*, as well as other relevant laws and regulations. Based on our environmental protection work and the goal of energy conservation and emission reduction, we improve the environmental management system, conduct environmental protection trainings, so as to promote scientific and systematic management on environmental protection, energy conservation and emission reduction, and achieve green and sustainable development of the Company.

4.1.1 Environmental Management System

Adhering to the responsibility concept of green development, Capinfo constantly improves the environmental management system. After carrying out trainings and investigations, developing the system, promoting and conducting trial operation of the system, Capinfo has obtained the ISO 14000 Environmental Management System (EMS) certification for the first time. The Company and its three subsidiaries had obtained the certificates.

4. NEW ECOLOGY: PROMOTING GREEN AND LOW-CARBON DEVELOPMENT TO PROTECT OUR ENVIRONMENT

The environmental management system is implemented in all centers (departments/offices) of Capinfo and its subsidiaries in Beijing. The Company identifies key environmental factors in its operation, further strengthens supervision and management on environmental issues, optimizes the process of energy conservation and emission reduction, and actively organizes environment management trainings to ensure the green and efficient development.

Identification of environmental factors

	Key environmental factors	Measures
Identification of environmental factors in the Company	<ul style="list-style-type: none"> Electricity consumption in the operation and maintenance of the server room (cabinets, air conditioners, etc.) Consumption of office supplies (notebooks, pens, ballpoints, pencils, erasers, glue, carbon paper, staples, paper clips, refills, etc.) Consumption of toner cartridges and ink cartridges of the printer Electricity consumption of our server room in central tower Fire caused by electrical equipment or lighting in the social security card warehouse 	<ul style="list-style-type: none"> Formulating plans on management and control Based on calculation results, setting environmental targets and making evaluation For key environmental factors, making the <i>Management Plan Implementation Chart</i> and controlling environmental factors in accordance with the implementation plan
Identification of environmental factors in projects	<ul style="list-style-type: none"> Disposal of solid waste 	<ul style="list-style-type: none"> Strictly abiding by relevant laws and regulations and taking necessary environmental protection measures in project implementation Requiring to buy environmentally friendly and energy-saving products in project procurement

4. NEW ECOLOGY: PROMOTING GREEN AND LOW-CARBON DEVELOPMENT TO PROTECT OUR ENVIRONMENT

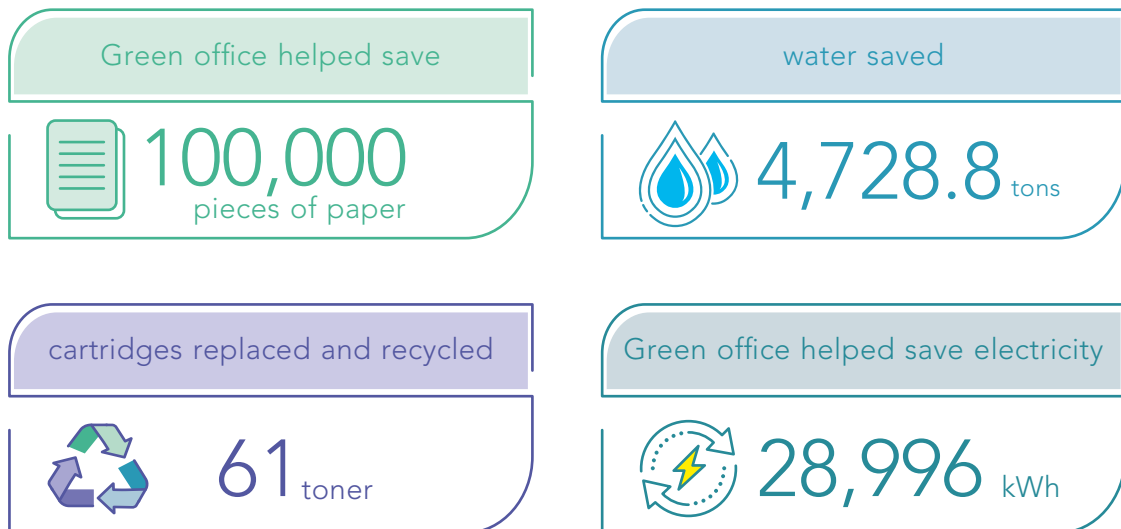
4.1.2 Environmental Protection Trainings

To constantly improve the environmental awareness of all employees, Capinfo carries out extensive environmental protection trainings to popularize environmental science knowledge, help prevent and reduce the occurrence of various environmental accidents. In 2019, according to the requirements of our environmental management system, we carried out trainings on ISO 14000 and Capinfo environmental management system. Through internal audit trainings and evaluation, 22 employees were qualified as internal auditors of ISO 14000.

4.2 GREEN OPERATIONS

Adhering to the idea of green development in daily operation, Capinfo actively promotes green office, and takes multiple measures to explore an environmentally friendly office mode that saves water, electricity and energy. Capinfo ensures that green office is practiced in the daily work and raises employees' environmental awareness. In 2019, the Company mainly consumed domestic water for operations and production. The product development did not involve the use of process water or any emission of nitrogen oxides and sulfur dioxide, exerting little impact on local water resources and the air.

In 2019



4. NEW ECOLOGY: PROMOTING GREEN AND LOW-CARBON DEVELOPMENT TO PROTECT OUR ENVIRONMENT



Measures to promote green office

Office supplies management

- Standardize the allocation, procurement and requisitioning system of office supplies
- Special personnel are assigned to take charge of the procurement and management of office supplies and consumables

Improving working efficiency

- Implement paperless office
- Starting to build a e-procurement management platform
- Call for reducing business trips and advocate teleconference, videoconference, etc.

Used equipment management


- Designating departments to deal with outdated information equipment and office facilities
- Set up an internal recycle center for the centralized disposal of waste battery

Saving water

- Repair leaking taps timely and turn off the tap when leaving
- Encourage recycling use of water
- Use the drinking water as needed and prohibit other uses

Saving electricity

- Turn off or lock the screen of computers when they are not in use
- Turn off lights when leaving, use natural light as much as possible as well as energy-efficient bulbs
- Power off electric equipment to reduce standby power consumption
- Use air conditioners properly and control the temperature
- Eliminate high energy-consuming equipment and adopt energy-efficient technologies



4. NEW ECOLOGY: PROMOTING GREEN AND LOW-CARBON DEVELOPMENT TO PROTECT OUR ENVIRONMENT

4.3 PROMOTION OF GREEN DEVELOPMENT

Capinfo has set up an environmental management system column on our website, and promoted the policy on highlighting “energy saving and consumption reduction, environmental protection and green development” on its intranet. The energy saving and consumption reduction posters are put up. In addition to advocating green office and enhancing employees’ environmental awareness inside the Company, we also promote an energy-saving, low-carbon and environmentally friendly society through environmental protection activities, and call on people from all walks of life to work on it and build a green and beautiful home together.

5. NEW VITALITY: BENEFITING PEOPLE'S LIVELIHOOD TO CREATE A BETTER SOCIETY

Capinfo contributes to the society by giving full play to its own technical strengths while pursuing its own business development and contributes to the society with love. We actively support poverty alleviation and public welfare and undertake our responsibility to promote social harmony, stability and sustainability.

Key Topics

- Community Development
- Public Welfare Activities

Key Performance

- RMB 200,000 donated in public welfare activities
- RMB 23,750 donated in the "CPC Members are here for You" campaign

5.1 COMMUNITY DEVELOPMENT

While achieving rapid business development, the Company also responds to the needs of communities and assumes the social responsibility of SOEs to support targeted poverty alleviation, help solve social problems and promote community development. In 2019, the Company donated RMB 200,000.

Case: Capinfo fulfills the responsibility of SOEs to make targeted donations

Capinfo has followed the instructions of President Xi Jinping on making solid progress in poverty alleviation, and shouldered the social responsibility of SOEs. In June 2019, according to the *Law of the People's Republic of China on Donation for Public Welfare Undertakings, Regulations on Funds, and Donation Management Measures of Capinfo*, we donated the targeted "Red Cross Village Construction and Poverty Alleviation Fund" through Red Cross Society of China Beijing Branch, which would be used for the "Red Cross Village Construction and Poverty Alleviation Fund Project". Capinfo has always followed the business philosophy of Beijing State-owned Assets Management Co., Ltd. to "give top priority to social benefits while pursuing business benefits as the basic task", stayed true to the founding mission, and taken its responsibility as a SOE in the capital city to support poverty alleviation, and contribute to economic and social development.



5. NEW VITALITY: BENEFITING PEOPLE'S LIVELIHOOD TO CREATE A BETTER SOCIETY

5.2 PUBLIC WELFARE ACTIVITIES

Keeping the original aspiration in mind that the wealth of enterprises comes from society and enterprises must take social responsibilities, Capinfo continuously contributes to the society and engages in public welfare. By carrying out various public welfare activities, we promote the building of a moderately prosperous society in all respects.

Case: "CPC Members are here for You" campaign

In June 2019, according to the *Notice on Carrying out the Donation Activity themed "CPC Members are here for You"* released by the Party committee of Beijing State-owned Assets Management Co., Ltd., Party branches of Capinfo carried out the "CPC Members are here for You" campaign. Based on the principle of voluntary participation, 228 employees donated a total RMB 23,750. This donation further promoted the Chinese nation's traditional virtue of helping people in need, and strengthened the Party's influence and cohesion.

Case: "Warm Winter" campaign

In December 2019, Beijing committee of the Communist Youth League of China, Beijing Youth Federation, Beijing Volunteer Federation, Beijing Student Federation, and Beijing Donation Center of Project Hope jointly launched the "Warm Winter" campaign. Capinfo made unified arrangements and called on subsidiaries to donate unused winter coats to those in need. The activity made employees realize that they could start out small things to help others, promote the spirit of mutual assistance, and benefit the society with actions.



Donating winter clothes

2020 is a decisive year for securing a victory in building a moderately prosperous society in all respects and realizing the first centenary goal. It is also the year for Capinfo to wrap up the 13th Five-Year Plan and prepare for the 14th Five-Year Plan. We will further carry out the new development philosophy, follow the new normal of economic development in the new era, and spare no efforts to be a leading smart city service provider. We will focus on “Three Big” Events of the capital, improve our core competence and continue to support the development of “Digital Beijing” and “Smart Beijing”.

STRENGTHENING PARTY BUILDING TO ACHIEVE STEADY AND HIGH QUALITY DEVELOPMENT

We will further carry out the new development philosophy, give full play to our leading role, and continuously improve our modern governance ability and performance, striving to achieve steady and high-quality development. We will promote the development of various Party systems, further enforce rigorous self-discipline of the Party, and continuously improve the Party committee’s capability and performance in “scientific, law-based and strict corporate governance” to create an atmosphere of integrity. We will continue to optimize the risk management system, improve supply chain management and supplier management, and enhance the core competitiveness of dealers, thus promoting sustainable development of the industry.

PROMOTING INNOVATION AND REFORMS TO ACHIEVE SCALED DEVELOPMENT

We will steadily promote business development around the country and explore the potential for scaled development based on our services of building a smart Beijing. We will continuously adopt the productization development approach and strengthen application of new technologies. We will optimize and integrate technology development resources at the Company level so as to greatly enhance our overall technical strength. We will establish a joint product development mechanism and accelerated delivery capability system to promote the productization process. Moreover, we will strengthen the application of new technologies in our business, and explore new business models.

UPHOLDING A PEOPLE-CENTERED PRINCIPLE TO SUPPORT EMPLOYEE DEVELOPMENT

With the human resources strategy of “attracting, cultivating, motivating and developing the talents” and the people oriented philosophy, we will protect employees’ rights and interests, carry out reforms and make improvements to establish a competitive performance appraisal and salary system based on the market, and set up an employment system featuring rewards and punishments and flexibility; besides, we will keep highlighting employee growth and provide a development platform and a sound work environment for them. We will care for employees so as to make them have a sense of belonging and happiness.

PROMOTING ENVIRONMENTAL PROTECTION TO ACHIEVE GREEN DEVELOPMENT

We will improve the environmental management system, incorporate environmental protection in the whole process of production and operation, improve energy efficiency, promote energy saving and emission reduction, and explore a green development model. We will enhance green office practice, carry out various publicity activities on environmental protection, and enhance employees' environmental awareness, striving to promote sustainable development of the Company.

STAYING TRUE TO THE ORIGINAL ASPIRATION AND FOUNDING MISSION TO ENGAGE IN COMMUNITY DEVELOPMENT

We will stay true to the original aspiration and founding mission, and emphasize both business development and contribution to the society. We will give full play to our industrial strengths, fulfill our obligations and social responsibilities as a corporate citizen, and contribute to the society by actively participating in poverty alleviation, promoting local economic and technological development, and supporting the community and public welfare. We will undertake our responsibility to promote social harmony, stability and sustainability.

INDEX TABLE OF THE SEHK ESG

Aspect	Index number	Environmental		Notes
		Disclosure	Report location	
A1: Emissions	General Disclosure	disclosed	40	
	A1.1	undisclosed		not involved
	A1.2	undisclosed		not involved
	A1.3	undisclosed		not involved
	A1.4	undisclosed		not involved
	A1.5	partial disclosed	42	
	A1.6	partial disclosed	41	
A2: Use of Resources	General Disclosure	disclosed	40	
	A2.1	undisclosed		not involved
	A2.2	partial disclosed	41-42	
	A2.3	undisclosed		not involved
	A2.4	partial disclosed	41-42	
	A2.5	undisclosed		not involved
A3: The Environment and Natural Resources	General Disclosure	undisclosed		not involved
	A3.1	undisclosed		not involved
A4: 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		
		Disclosure	Report location	Notes
B1: Employment	General Disclosure	disclosed	30	
	B1.1	disclosed	30	
	B1.2	disclosed	30	
B2: Health and Safety	General Disclosure	disclosed	32	
	B2.1	undisclosed		No deaths due to work related
	B2.2	disclosed	32	
	B2.3	disclosed	32	
B3: Development and Training	General Disclosure	disclosed	32-34	
	B3.1	disclosed	31	
	B3.2	disclosed	31	
B4: Labour Standards	General Disclosure	disclosed	30	
	B4.1	disclosed	30	
	B4.2	undisclosed		No child labor or forced labor related incidents occurred during the year
B5: Supply Chain Management	General Disclosure	disclosed	21-22	
	B5.1	disclosed	22	
	B5.2	disclosed	22	
	B5.3	disclosed	21	
	B5.4	disclosed	22	
B6: Product Responsibility	General Disclosure	disclosed	26-29	
	B6.1	undisclosed		not involved
	B6.2	disclose	28	
	B6.3	disclosed	28	
	B6.4	undisclosed		not involved
	B6.5	disclosed	29	
B7: Anti-corruption	General Disclosure	disclosed	20	
	B7.1	undisclosed		not involved
	B7.2	disclosed	20	
	B7.3	disclosed	20	
B8: Community Investment	General Disclosure	disclosed	43	
	B8.1	disclosed	43-44	
	B8.2	disclosed	43-44	

OPINION FEEDBACK FORM

Dear readers:

Thank you for reading this Report during your 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. How are you related to CAPINFO COMPANY LIMITED?
 Shareholder Customer Employee Partner The Government
 Media The Community/Public Other
2. Your overall assessment of this Report:
 Very Good Good Average Poor Very Poor
3. Your opinion on the structure of this Report:
 Very Good Good Average Poor Very Poor
4. Your opinion on the layout design of this Report:
 Very Good Good Average Poor Very Poor
5. Your opinion on the readability of this Report
 Very Good Good Average Poor Very Poor
6. Your opinion on the quality of social responsibility information disclosed in this Report:
 Very High High Average Low Very Low
7. What are your comments or suggestions on this CSR report or our performance?

You may send the above feedback form to the following address:

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