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**CAPINFO COMPANY LIMITED\***

**首都信息發展股份有限公司**

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

**(Stock Code: 1075)**

**ANNUAL CONSOLIDATED RESULTS FOR THE  
YEAR ENDED 31 DECEMBER 2020**

- Profit attributable to owners of the Company was RMB127.49 million.
- Operating revenue increased by 5.95% to RMB1,410.57 million.
- Basic earnings per share was RMB4.4 cents per share, which was basically the same as that of last year.
- The board of directors has recommended the payment of a final dividend of RMB1.98 cents per share (2019: RMB1.98 cents per share) totalling approximately RMB57.38 million for the year ended 31 December 2020, subject to approval by shareholders at the forthcoming annual general meeting.

The board of directors (the “**Board**”) of Capinfo Company Limited (the “**Company**”) is pleased to announce the consolidated financial results and financial position of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020 together with the comparative figures for the corresponding period of 2019. These financial results and financial position have been audited by Grant Thornton (Special General Partnership), Certified Public Accountants, and reviewed by the Board and the audit committee of the Company (the “**Audit Committee**”).

## CONSOLIDATED BALANCE SHEETS

31 December 2020

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	31 December 2020	31 December 2019
Current assets:			
Monetary fund		848,430,801.62	875,733,125.24
Held-for-trading financial assets		200,000,000.00	—
Derivative financial assets		—	—
Notes receivables	6	285,962.60	—
Accounts receivables	7	327,226,816.12	295,511,738.33
Financing receivables		—	—
Prepayments		128,861,335.85	69,113,538.77
Other receivables		84,982,883.15	94,224,901.82
Incl: Interest receivables			—
Dividend receivables			—
Inventories		259,098,343.40	327,227,019.14
Contractual assets	8	68,707,534.99	67,252,630.51
Held-for-sale assets		—	—
Non-current assets due within one year		—	—
Other current assets		7,278,546.67	6,436,835.24
<b>Total current assets</b>		<b><u>1,924,872,224.40</u></b>	<b><u>1,735,499,789.05</u></b>

Items	Notes	31 December 2020	31 December 2019
Non-current assets:			
Debt investments		–	–
Other debt investments		–	–
Long-term receivables		–	–
Long-term equity investments		201,422,225.52	183,915,796.12
Other equity instrument investments		–	97,362.87
Other non-current financial assets		2,000,000.00	2,000,000.00
Investment properties		30,189,280.16	33,962,940.20
Fixed assets		66,125,383.77	74,466,214.01
Right-of-use assets		62,179,042.43	61,799,277.72
Construction in progress		–	–
Productive biological assets		–	–
Oil and gas assets		–	–
Intangible assets		24,652,465.53	19,047,230.32
Development expenditures		5,557,961.84	6,940,486.60
Goodwill	9	107,798,383.37	121,752,359.52
Long-term deferred expenses		20,407,198.38	24,410,974.86
Deferred income tax assets		57,919,623.52	50,688,989.63
Other non-current assets		–	–
<b>Total non-current assets</b>		<b>578,251,564.52</b>	<b>579,081,631.85</b>
<b>Total assets</b>		<b>2,503,123,788.92</b>	<b>2,314,581,420.90</b>
Current Liabilities:			
Short-term borrowings		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		–	–
Notes payables		–	–
Account payables	10	289,575,272.96	198,578,272.64
Advances received		–	–
Contractual liabilities	11	420,904,962.17	465,215,366.56
Payroll payables		94,628,294.81	69,748,156.03
Tax payables		42,066,472.41	42,192,125.90
Other payables		279,986,250.26	263,666,806.55
Incl: Interest payables		–	–
Dividend payables		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year		78,924,608.93	72,077,690.46
Other current liabilities		–	–
<b>Total current liabilities</b>		<b>1,206,085,861.54</b>	<b>1,111,478,418.14</b>

Items	Notes	31 December 2020	31 December 2019
Non-current liabilities:			
Long-term borrowings		–	–
Bonds payables		–	–
Incl: Preferred shares		–	–
Perpetual debts		–	–
Lease liabilities		37,248,263.81	39,286,340.49
Long-term payables		–	–
Long-term payroll payables		–	–
Accrued liabilities		–	–
Deferred income		9,841,955.52	8,745,466.56
Deferred income tax liabilities		6,145,353.63	6,675,273.19
Other non-current liabilities		–	–
<b>Total non-current liabilities</b>		<b>53,235,572.96</b>	<b>54,707,080.24</b>
<b>Total liabilities</b>		<b>1,259,321,434.50</b>	<b>1,166,185,498.38</b>
Shareholders' equity:			
Share capital		289,808,609.10	289,808,609.10
Other equity instruments		–	–
Incl: Preferred shares		–	–
Perpetual debts		–	–
Capital reserves		298,844,478.82	293,275,785.92
Less: Treasury stock		–	–
Other comprehensive income		-8,443,166.86	-8,345,803.99
Special reserves		–	–
Surplus reserves		110,088,861.18	99,672,109.66
Unallocated profits	12	490,920,537.69	431,229,319.27
Total equity attributable to owners of the parent		1,181,219,319.93	1,105,640,019.96
Minority interests		62,583,034.49	42,755,902.56
<b>Total shareholders' equity</b>		<b>1,243,802,354.42</b>	<b>1,148,395,922.52</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,503,123,788.92</b>	<b>2,314,581,420.90</b>

## CONSOLIDATED INCOME STATEMENTS

Year 2020

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	Amount for current period	Amount for last period
<b>I. Total operating income</b>	13	<b>1,410,565,420.39</b>	1,331,357,420.18
Less: Operating costs	13	<b>916,780,184.61</b>	875,587,021.35
Business tax and surcharges		<b>7,730,672.62</b>	6,547,351.15
Selling expenses		<b>125,590,300.43</b>	117,023,504.81
Administrative expenses		<b>115,830,122.48</b>	100,439,558.05
R&D expenses		<b>100,252,391.83</b>	80,489,856.62
Financial expenses		<b>-3,862,388.52</b>	-2,614,221.21
Incl: Interest expenses		<b>2,954,776.05</b>	3,616,265.02
Interest income		<b>8,933,462.02</b>	5,742,403.45
Add: Other income		<b>2,247,084.04</b>	2,289,465.38
Investment gain (loss is marked by “-”)		<b>29,658,771.68</b>	32,723,334.56
Incl: Gain from investment in associates and joint ventures		<b>22,104,688.95</b>	26,158,334.56
Gain on derecognition of financial assets at amortised cost (loss is marked by “-”)		-	-
Net gains on hedging exposure (loss is marked by “-”)		-	-
Gain on changes in fair value (loss is marked by “-”)		-	-
Impairment losses of credit (loss is marked by “-”)		<b>-9,994,429.49</b>	-19,430,345.80
Impairment losses of assets (loss is marked by “-”)		<b>-14,146,587.51</b>	-13,508,263.77
Gain from disposal of assets (loss is marked by “-”)		<b>146,165.00</b>	-1,287,906.32
<b>II. Operating profit (loss is marked by “-”)</b>		<b>156,155,140.66</b>	154,670,633.46
Add: Non-operating income		<b>1,345,433.97</b>	3,479.71
Less: Non-operating expenses		<b>2,606,330.33</b>	2,404,133.65
<b>III. Total profit (total loss is marked by “-”)</b>		<b>154,894,244.30</b>	152,269,979.52
Less: Income tax expenses	14	<b>17,618,846.75</b>	16,466,901.35
<b>IV. Net profit (net loss is marked by “-”)</b>		<b>137,275,397.55</b>	135,803,078.17
(I) Items classified by attribution of ownership			
1. Net profit attributable to owners of the parent		<b>127,490,034.27</b>	127,647,719.98
2. Minority interests		<b>9,785,363.28</b>	8,155,358.19
(II) Items classified by continued operations			
1. Net profit from continued operations (net loss is marked by “-”)		<b>137,275,397.55</b>	135,803,078.17
2. Net profit from discontinued operation (net loss is marked by “-”)		-	-

Items	<i>Notes</i>	<b>Amount for current period</b>	Amount for last period
<b>V. Other comprehensive income after taxation</b>		<b>-97,362.87</b>	-873,963.66
Other comprehensive income after taxation attributable to the owners of parent		<b>-97,362.87</b>	-873,963.66
(I) Other comprehensive income not subject to reclassification to profit or loss		<b>-97,362.87</b>	-873,963.66
Incl:			
1. Changes arising on remeasurement of defined benefit plans		-	-
2. Share in the other comprehensive income not to be reclassified into the profit or loss under the equity method		-	-
3. Fair value changes of other equity instrument investments		<b>-97,362.87</b>	-873,963.66
4. Fair value changes of credit risks		-	-
5. Other		-	-
(II) Other comprehensive income to be reclassified to profits and loss		-	-
Incl:			
1. Share in the other comprehensive income to be reclassified into the profit or loss under the equity method		-	-
2. Fair value changes of other debt investments		-	-
3. Amount of financial assets reclassified into other comprehensive income		-	-
4. Provision for the credit impairment of other debt investments		-	-
5. Cash flows hedging reserve (Effective part of profits or losses on cash flow hedge)		-	-
6. Conversion difference of foreign currency statement		-	-
7. Other		-	-
Other comprehensive income attributable to the minority shareholders after taxation, net		-	-
<b>VI. Total comprehensive income</b>		<b>137,178,034.68</b>	134,929,114.51
Total comprehensive income attributable to the owners of parent		<b>127,392,671.40</b>	126,773,756.32
Total comprehensive income attributable to the minority shareholders		<b>9,785,363.28</b>	8,155,358.19
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share	<i>15</i>	<b>0.044</b>	0.044
(II) Diluted earnings per share	<i>15</i>	<b>0.044</b>	0.044

## 1. COMPANY PROFILE

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

The Company has business platforms including Social Security Segment, Private Network Segment, Housing Provident Fund Segment, and Governance Segment; management platforms including Comprehensive Management Department, Financial Management Department, Planning Management Department, Quality Management Department and Human Resources Department; technology platform, which includes Capinfo Research Institute; and investment platform, which is Investment Department. In addition, new sales platforms such as the First Sales Department and the Second Sales Department were established during the year. We have eleven branches namely Guangzhou Branch, Chongqing Branch, Yanqing Branch, Xiongan Branch and Shunyi Branch, Shanghai Branch, Tongzhou Branch, Daxing Branch and Hubei Branch, and Dongcheng Branch and Anhui Branch which were newly established in the current period, respectively.

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

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

## **2. PREPARATION BASIS FOR FINANCIAL STATEMENTS**

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

The financial statements are presented on a going concern basis.

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

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

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

### **(1) Changes in Significant Accounting Policies**

The Ministry of Finance issued Interpretation No. 13 of Accounting Standards for Business Enterprises (Cai hui [2019] No. 21) (hereinafter referred to as “Interpretation No. 13”) in December 2019.

Interpretation No. 13 revises the three elements of what constitutes a business, refines the conditions for determining a business and introduces a “concentration test” of a merger of enterprises not under common control for the purchaser to determine whether the combination of operating activities or assets acquired constitutes a business.

Interpretation No. 13 clarifies that related parties of an enterprise include joint ventures or associates of other common members (including parent companies and subsidiaries) of the enterprise group to which the enterprise belongs, as well as joint ventures or associates of investors who exercise common control over the enterprise.

Interpretation No. 13 was effective from 1 January 2020 and the Group has adopted prospective method of accounting for the above change in accounting policy.

The adoption of Interpretation No. 13 has not had a material impact on the Group’s financial position, results of operations and related party disclosures.

### **(2) Changes in Significant Accounting Estimates**

Nil.



#### 4. SEGMENT REPORTING

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

#### 5. TAX

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

<b>Taxes</b>	<b>Tax basis</b>	<b>Statutory Tax Rate %</b>
Value-added tax	Taxable income	5, 6, 9, 13
Urban maintenance and construction tax	Commodity turnover tax payable	7
Corporate income tax	Taxable income	25

  

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

## (2) Tax preference and approvals

### ① *Value-added tax*

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

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

### ② *Corporate income tax*

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

Capinfo Hong Kong, a subsidiary of the Company, has no payable tax profit during the year.

Capinfo Technology, a subsidiary of the Company, obtained its Certificate of Hi-tech Enterprise, No. GR202011000486 on 31 July 2020 and is entitled to the corporate income tax preference of 15% for a period of 3 years.

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

Capinfo Cloud Technology, a subsidiary of the Company, obtained its Certificate of Hi-tech Technological Enterprise, No. GR202011009034 on 2 December 2020 and is entitled to 15% discount of corporate income tax for a period of three years.

Parking Management, a subsidiary of the Company, was entitled to the national income tax concessions for micro and small enterprises for the year.

## 6. NOTES RECEIVABLES

Types	2020.12.31	2019.12.31
Bankers' acceptance notes	<u>285,962.60</u>	<u>–</u>

## 7. ACCOUNTS RECEIVABLES

### (1) Accounts receivables analysed by aging

Age	2020.12.31	
	Amount	Percentage %
0 – 6 months	244,035,678.79	52.08
6 months – 1 year	15,433,384.23	3.29
1 – 2 years	72,164,486.64	15.40
2 – 3 years	42,520,411.23	9.08
Over 3 years	<u>94,421,236.46</u>	<u>20.15</u>
<b>Subtotal</b>	<u>468,575,197.35</u>	<u>100.00</u>
<b>Less: Bad debts provisions</b>	<u>141,348,381.23</u>	
<b>Total</b>	<u>327,226,816.12</u>	

### (2) Account receivables disclosed by types

Types	Amount	Percentage %	2020.12.31		
			Bad debts provisions	ECL rate (%)	Net value
Separate provisions for bad debts	2,742,585.78	0.59	2,427,585.78	88.51	315,000.00
Accounts receivables with provisions for bad debts on a collective basis	<u>465,832,611.57</u>	<u>99.41</u>	<u>138,920,795.45</u>	<u>29.82</u>	<u>326,911,816.12</u>
Incl:					
E-Government business group	385,795,662.23	82.33	88,174,888.55	22.86	297,620,773.68
E-Commerce group	<u>80,036,949.34</u>	<u>17.08</u>	<u>50,745,906.90</u>	<u>63.40</u>	<u>29,291,042.44</u>
<b>Total</b>	<u>468,575,197.35</u>	<u>100.00</u>	<u>141,348,381.23</u>	<u>30.17</u>	<u>327,226,816.12</u>

Types	Amount	Percentage %	2019.12.31		Net value
			Bad debts provisions	ECL rate (%)	
Accounts receivables with separate provisions for bad debt	2,292,585.78	0.54	2,292,585.78	100.00	-
Accounts receivables with provisions for bad debts on a collective basis	<u>424,573,104.29</u>	<u>99.46</u>	<u>129,061,365.96</u>	<u>30.40</u>	<u>295,511,738.33</u>
<b>Total</b>	<b><u>426,865,690.07</u></b>	<b><u>100.00</u></b>	<b><u>131,353,951.74</u></b>	<b><u>30.77</u></b>	<b><u>295,511,738.33</u></b>

## 8. CONTRACTUAL ASSETS

Items	2020.12.31	2019.12.31
Contractual assets	70,872,077.55	69,224,561.71
Less: Provisions for the impairment of contractual assets	<u>2,164,542.56</u>	<u>1,971,931.20</u>
<b>Subtotal</b>	<b>68,707,534.99</b>	<b>67,252,630.51</b>
Less: Contractual assets presented under other non-current assets	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>68,707,534.99</u></b>	<b><u>67,252,630.51</u></b>

## 9. GOODWILL

### (1) Original carrying amount of goodwill

Investee or items resulted in goodwill	2019.12.31	Increase for the period		Decrease for the period		2020.12.31
		Business combination and formation	Others	Disposal	Others	
Rito Info	184,597,722.06	-	-	-	-	184,597,722.06

### (2) Provisions for impairment of goodwill

Investee or items resulted in goodwill	2019.12.31	Increase for the period		Decrease for the period		2020.12.31
		Provisions	Others	Disposal	Others	
Rito Info	62,845,362.54	13,953,976.15	-	-	-	76,799,338.69

Note: The Group calculated the receivable amount of the asset group by estimating the present value of future cash flow. The Group estimated cash flow in the following 5 years based on financial budget approved by the management and the growth rate of cash flow adopted in the subsequent years is estimated to be 0 (last period: 0), which will not exceed the long-term average growth rate of operations of asset group. The management made the aforementioned financial budget based on the historical performance and its expectation on market development. The discount rate adopted in the process of calculating future cash inflow is 14.12% (last period: 14.90%). According to the results of the impairment test, impairment of goodwill at the end of the current period is RMB76,799,338.69 (end of last period: RMB62,845,362.54).

## 10. ACCOUNTS PAYABLES

### (1) Accounts payables disclosed by types

Items	2020.12.31	2019.12.31
Payment for goods	<u>289,575,272.96</u>	<u>198,578,272.64</u>

### (2) Accounts payables disclosed by aging

Items	2020.12.31	2019.12.31
Within 1 year	201,731,319.99	137,334,692.24
1 – 2 years	47,675,095.66	40,472,735.69
2 – 3 years	20,933,676.79	8,220,792.32
Over 3 years	<u>19,235,180.52</u>	<u>12,550,052.39</u>
<b>Total</b>	<b><u>289,575,272.96</u></b>	<b><u>198,578,272.64</u></b>

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

## 11. CONTRACTUAL LIABILITIES

Items	2020.12.31	2019.12.31
Item receipt	<u>420,904,962.17</u>	<u>465,215,366.56</u>

## 12. UNALLOCATED PROFITS

Items	Amount for current period	Amount for last period
Unallocated profits at the end of last period before adjustment	431,229,319.27	341,047,586.92
Total amount of adjustment for unallocated profits at the beginning of period (“+” for plus; “-“for less)	-	-
Unallocated profits at the beginning of period after adjustment	431,229,319.27	341,047,586.92
Plus: net profit attributable to shareholders during the period	127,490,034.27	127,647,719.98
Less: withdrawal of statutory surplus reserves	10,416,751.52	9,354,616.06
Dividend payable on ordinary shares	57,382,064.33	28,111,371.57
Undistributed profits at end of period	490,920,537.69	431,229,319.27

Notes:

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

## 13. OPERATING INCOME AND OPERATING COST

Items	Amount for current period		Amount for last period	
	Income	Cost	Income	Cost
Main businesses	1,394,158,551.79	912,229,743.05	1,316,377,511.90	870,879,133.86
Other business	16,406,868.60	4,550,441.56	14,979,908.28	4,707,887.49

### (1) Main businesses (sub-businesses)

Name of business	Amount for current period		Amount for last period	
	Operating income	Operating cost	Operating income	Operating cost
Software development and service	593,894,610.84	339,984,576.87	629,410,894.91	377,668,937.91
System integration	504,049,569.76	382,220,788.75	415,370,964.85	316,929,789.88
Data processing service	280,104,911.07	176,129,968.08	258,643,439.96	165,067,685.22
Information professional service	16,109,460.12	13,894,409.35	12,952,212.18	11,212,720.85
<b>Total</b>	<b>1,394,158,551.79</b>	<b>912,229,743.05</b>	<b>1,316,377,511.90</b>	<b>870,879,133.86</b>

(2) **Other businesses (sub-businesses)**

Name of business	Amount for current period		Amount for last period	
	Operating income	Operating cost	Operating income	Operating cost
Rental income from investment property	16,279,713.49	4,550,441.56	14,791,229.04	4,707,887.49
Income from subject fund project	<u>127,155.11</u>	<u>—</u>	<u>188,679.24</u>	<u>—</u>
<b>Total</b>	<b><u>16,406,868.60</u></b>	<b><u>4,550,441.56</u></b>	<b><u>14,979,908.28</u></b>	<b><u>4,707,887.49</u></b>

(3) **Timing of revenue recognition**

Revenue recognition method	2020
At a certain point of time	580,322,308.24
Over a period of time	<u>813,836,243.55</u>
<b>Total</b>	<b><u>1,394,158,551.79</u></b>

14. **INCOME TAX EXPENSES**

Items	Amount for current period	Amount for last period
Current income tax calculated in accordance with the tax law and relevant provisions	25,379,400.20	24,855,714.02
Deferred income tax expense	<u>-7,760,553.45</u>	<u>-8,388,812.67</u>
<b>Total</b>	<b><u>17,618,846.75</u></b>	<b><u>16,466,901.35</u></b>

## 15. EARNINGS PER SHARE

Items	Amount for current period	Amount for last period
Consolidated net profit attributable to ordinary shareholders of the Company	127,490,034.27	127,647,719.98
Weighted average number of ordinary shares outstanding of the Company	<u>2,898,086,091</u>	<u>2,898,086,091</u>
Basic earnings per share	<u>0.044</u>	<u>0.044</u>
Diluted earnings per share	<u>0.044</u>	<u>0.044</u>

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

## 16. DIVIDENDS

The Company approved a final dividend of RMB1.98 cents per share for the year ended 31 December 2019 (before tax) at the annual general meeting convened on 19 June 2020. Final dividend for 2019 approved during the year amounted to RMB57,382,064.33 (final dividend for 2018 approved during 2019: RMB0.97 cents per share (before tax), totaling RMB28,111,435.08).

According to the Board's resolution as at 30 March 2021, the Board of directors has recommended the payment of cash dividend of RMB1.98 cent per share, calculating based on 2,898,086,091.00 issued shares, the total cash dividend is RMB57,382,104.60 (of which, 774,498,000.00 shares are foreign listed H shares, total cash dividend is RMB15,335,060.40). The above proposal is subject to approval in the General Meeting of Shareholders.



## 17. OTHER IMPORTANT MATTERS

On 24 August 2018, the Company announced that, on the ground of suspected contract fraud by the former shareholders of an acquired company, Rito Info, in order to protect the interest of the Company's shareholders, the Company reported the case to the Haidian Branch of the Beijing Public Security Bureau on 5 June 2018. On 6 August 2018, the Company received the Case Filing Notice issued by the Haidian Branch of the Beijing Public Security Bureau. As of the date of approval of the report, the case is still under investigation.

On 19 July 2019, the Company announced that, the Company received a summons and a notice of participation to action issued by the Xiamen Intermediate People's Court of Fujian Province (福建省廈門市中級人民法院), stating that Xiamen Ruitailong Investment Development Company Limited (廈門銳泰隆投資發展有限公司) ("Xiamen Ruitailong"), requested the Xiamen Intermediate People's Court to order the Company to immediately pay it the consideration of RMB21,207,560, interest accrued thereon for the period of late payment, which should be calculated based on the lending interest rate as published by the People's Bank of China prevailing over the same period commencing from 1 September 2017 and up to the date of full settlement, and the case acceptance fee. During the Reporting Period, the Xiamen Intermediate People's Court rejected the lawsuit brought by the plaintiff, Xiamen Ruitailong, on 26 March 2020. Xiamen Ruitailong refused to accept the first instance ruling of the Xiamen Intermediate People's Court and appealed to the Fujian Provincial People's High Court\* (福建省高級人民法院) on 17 April 2020. At the second instance, Fujian Provincial People's High Court ruled that the appeal lodged by Xiamen Ruitailong be dismissed and the original ruling be upheld. On 17 September 2020, an announcement was published by the Company in this regard. Subsequently, Xiamen Ruitailong refused to accept the second instance ruling of the Fujian Provincial People's High Court and filed an application for retrial to the Supreme People's Court, which accepted the application. As of the date of approval of the report, the legal proceedings at the Supreme People's Court are still in progress.

On 23 August 2019, the Company announced that, on the ground of suspected contract fraud by the former shareholders of Xiamen Rito Info, in order to protect the interest of the Company and its shareholders, a legal proceeding had been instituted by the Company to, and was accepted by, Beijing No. 1 Intermediate People's Court, regarding the request for the revocation of the Share Transfer Agreement entered into between the Company and the former shareholders of Xiamen Rito Info, on 21 July 2014. As the defendant brought a jurisdiction objection, the Beijing First Intermediate People's Court (北京市第一中級人民法院) ruled that the case was transferred to the Xiamen Intermediate People's Court of Fujian Province. In response to the ruling, the Company filed an appeal to the Beijing People's High Court (北京市高級人民法院). The Beijing High People's Court issued a final judgment for the second trial on the appeal filed by the Company: the civil ruling of the Beijing First Intermediate People's Court was revoked and the case was heard by the Beijing First Intermediate People's Court. As of the date of approval of the report, the legal proceeding in the Beijing First Intermediate People's Court was still in progress.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

In 2020, COVID-19 impacted the global economy. China contained the epidemic and resumed production in the first place, and was the first among the world's major economies to achieve positive growth, with GDP growing by 2.3% year-on-year and surpassing the RMB100 trillion mark for the first time. The Fifth Plenary Session of the 19th CPC Central Committee stressed the importance of developing powerful cyberspace and digital China, developing strategic emerging industries, accelerating the expansion of a new generation of information technology, and promoting the deep integration of the Internet, big data and artificial intelligence into various industries. Over the past year, the Company maintained a healthy development trend by closely focusing on the strategic objectives of the 13th Five-Year Plan and annual key operational tasks, adhering to the principle of seeking progress while maintaining stability, and focusing on epidemic prevention and control on one hand and business production on the other. During the Reporting Period, the Group recorded an operating revenue of RMB1,410.57 million, representing an increase of 5.95% as compared with the same period of last year; and net profit attributable to owners of the Company of RMB127.49 million. The Group maintained solid growth against the odds.

### Smart Infrastructure Service

During the Reporting Period, the Company's "big data platform" was further applied. The big data platform technology was applied in projects such as the 12345 public hotline upgrade, the Beijing-China Website (首都之窗) intensive platform and the network service platform of scientific and technological innovation centers across the country. The "integrated network platform of government affairs" continued to be strengthened and upgraded. The "1.4GHz broadband cluster network was upgraded to the latest B-TrunC phase II standard. The protection work for the dedicated government network during the period of flood control, CIFTIS and National Day. The "Capinfo cloud platform" business maintained its growth momentum, and this year, it started to carry major systems such as electronic certificates for medical insurance, medical insurance reimbursement on the Internet, organ affairs and provident funds. Currently, the platform carries hundreds of systems of more than 100 government departments.

## **Smart Governmental Service**

“Smart governmental service” showed a trend of industrial development. Beijing-China Website won the first place in the performance evaluation of provincial government websites for the 14th year. The acceptance of the project of intensive construction of municipal government website was completed. We renewed projects contracts for the operation and maintenance of information infrastructure of the administrative office area of the sub-center of the city, smart operation and maintenance of weak-current engineering, and operation and maintenance of various levels of government in the urban area etc. We expanded IT application innovation business line and was awarded projects of Xicheng District, Tongzhou District and the Municipal State-owned Assets Supervision and Administration Commission. In terms of personnel management business lines, the systems for household registration, examination services, talent introduction and civil service salaries in Beijing ran smoothly throughout the year; nationalization progressed well, with more than ten projects entered into with provincial ministries and commissions in 2020. In terms of the “Internet + Governmental Services” business line, contracts were signed for the system of immediate handling upon receipt of complaint in Xicheng District, Huairou District, Tongzhou District and Datong City in Shanxi Province, the single-window access service capability enhancement system in Chaoyang District and the block chain platform in Xicheng District etc.

## **Smart Medical and Health Service**

“Smart medical and health service” supported the implementation of Beijing’s reform measures. The medical insurance system and the Beijing Hospital Medical system ran steadily, supporting 25 million medical insurance participants for immediate settlement for medical treatment and over 26 million Beijing Hospital Medical accounts for settlement for medical treatment. The medical insurance system continued to be upgraded to support direct settlement of Beijing-Tianjin-Hebei cross-provincial medical treatment, and has now been opened to more than 100 hospitals, including Peking Union Medical College Hospital. A new round of price adjustment was made for pilot medicine of volume-based purchase. Real-time settlement by military retirees with cards was supported. In response to the municipal government’s request, we completed the development of management information system of long-term care insurance fund in Beijing in time for the trial run in Shijingshan District. The enterprise tax collection system was launched. Value-added medical services continued to be promoted, with 172 hospitals signed up to the commercial insurance settlement platform. The mobile settlement terminal “Zhen Fu Tong” (診付通) was launched to provide real-time settlement for Miyun village health clinics. Self-service terminals for social security benefits were provided to 12 districts. Social security card replacement service was provided. Social security online reporting services was provided. Personalized medical insurance services were provided at medical institutions.

## **Smart Livelihood Service**

Key projects of “Smart livelihood service” progressed smoothly. The second phase of the integrated business platform for Shanghai Housing Provident Fund was launched. The cloud relocation of the integrated information system of the Beijing Housing Provident Fund Management Centre was completed. Beijing Railway Sub-center became our new customer. The implementation of the 2019 Guangzhou Provident Fund information project, the Pearl River Delta Provident Fund mobile service platform, the Guangdong-Hong Kong-Macao Greater Bay Area Provident Fund information sharing platform and the expansion of the Qingyuan Provident Fund integrated business system was completed. Systems including Chongqing Provident Fund “Yu Kuai Ban” (渝快办), the Sichuan-Chongqing integration, the unified management of external interfaces, the Alipay mini-program and cloud payment were developed and launched. Expert acceptance of provident fund monitoring project of the Ministry of Housing and Urban-Rural Development was completed.

## **Smart City Management**

“Smart city management” was carried out in an orderly manner. We continued to provide technical support services for the Shougang Office Area of the Beijing Organising Committee for the 2022 Olympic and Paralympic Winter Games, provided protection for nearly 100 important meetings on epidemic prevention and venue inspections by international organizations, completed the annual acceptance and entered the next service cycle. We completed final inspection of the “Sharp Eyes Project” in Yanqing, pre-acceptance of the “Sharp Eyes Project” in Dongcheng for the National Day, the preliminary inspection of the “Sharp Eyes Project” in Changping and the construction and launch of the macroeconomic data application platform in Xicheng District.

## **Smart Enterprise Innovation**

“Smart enterprise innovation” achieved further development, gaining 30 new enterprise cloud customers and 3 solution-based customers on the enterprise cloud platform. Together with Beijing Mobile, we won the bid for 5G smart platform software development project for the reconstruction of the commercial street of Gucheng South Road in Shijingshan. We completed 90% of the implementation of the smart project of the Traditional Chinese Medicine Technology and Creativity Museum in Zhuhai.

During the Reporting Period, the Group was authorized five patents as accumulated. During the Reporting Period, the Group registered 380 software copyright items in total as accumulated.

## **The Group Management and Control**

During the reporting period, the Group further strengthened its risk prevention and control management to promote the sustainable and healthy development of business. The Group revised and improved its corporate governance system, including the Articles of Association, the implementation measures for “Important issues, Important Personnel, Important Investments and Substantial Investment Amount” and the rules of procedure of the “Three Meetings”, formulated or revised a series of management systems, including the financial management system, internal audit regulations, legal audit measures, tender administrative measures, monetary capital administrative measures, account administrative measures, and research and development investment reserve. The Group implemented the “Three Reductions, One Decrease, and One Enhancement” campaign and continued to clear accounts receivable. The Group made efforts to reduce labor costs and improve labor cost margins, and continued to optimize procurement methods and reduce procurement and outsourcing costs. The Group passed CMMI ML5 and ITSS Level 1 review and initiated the construction of information technology systems for finance, planning, procurement and asset management. Through Capinfo Institute, 135 training sessions of 107 courses were held to enhance management and technical capabilities.

## **Looking Forward**

Looking into the future, under the main theme of technological innovation and independent and controllable industry development, the management will promote the development of digital economy, focus on the functional construction of Beijing’s “Four Centers”, closely stick to the annual objectives and tasks of the Company, coordinate and promote epidemic prevention and control as well as operation and development, adhere to the principle of seeking progress while maintaining stability, insist on market-oriented reform, increase investment in commercialization, promote nationalization process, expand enterprise business, and continuously enhance the Company’s competitiveness, innovation, control, influence and anti-risk capability.

## **Human Resources**

As of 31 December 2020, the Group had 1,745 employees (2019: 1,787 employees), including 1,373 technology and research and development employees (2019: 1,412 employees), 264 function management personnel at all levels (2019: 259 employees), 62 call center representatives (2019: 74 employees), and 46 sales staff (2019: 42 employees). Expense of the Group’s employees was approximately RMB415.9 million (2019: RMB411.92 million).

## FINANCIAL REVIEW

In 2020, the Group recorded an operating revenue of RMB1,410.57 million, representing an increase of 5.95% as compared with the same period of last year. The Group recorded a gross profit of RMB493.79 million, representing an increase of 8.34% as compared with the same period of last year, and profit attributable to the shareholders of RMB127.49 million.

Other income of the Group amounted to RMB16.41 million, representing an increase of 9.53% over the same period of last year, mainly attributable to property rental income.

The Group's gain or loss on fair value changes for the year was RMB nil, which was the same as last year. During the current year, the investment revenue amounted to RMB29.66 million, representing a decrease of RMB3.06 million, which was mainly attributable to the investment revenue of RMB22.10 million from Beijing Certificate Authority Co., Ltd. and Beijing Culture & Sports Technology Co., Ltd. during the year, representing a decrease of RMB4.05 million as compared the corresponding period last year, as well as revenue of RMB7.55 million recognized from purchase of structural bank deposits during the year. During the year, the impairment loss of assets amounted to RMB14.15 million, due to the impairment loss of goodwill of Xiamen Rito, which was basically the same as last year. Credit impairment loss amounted to RMB9.99 million during the year, representing a decrease of RMB9.44 million as compared with the same period of last year.

In respect of the Group's business model, business operations included software development and service, system integration, data processing service and information professional service, of which revenue from software development and service amounted to RMB593.89 million, representing a decrease of 5.64% as compared with the corresponding period of last year and accounting for 42.10% (2019: 47.28%) of the total operating revenue of the Group; revenue from system integration amounted to RMB504.05 million, representing an increase of 21.35% as compared with the corresponding period of last year and accounting for 35.73% (2019: 31.20%) of the total operating revenue of the Group; revenue from data processing service amounted to RMB280.10 million, representing an increase of 8.30% as compared with the corresponding period of last year and accounting for 19.86% (2019: 19.42%) of the total operating revenue of the Group; revenue from information professional service amounted to RMB16.11 million, representing an increase of 24.38% as compared with the corresponding period of last year and accounting for 1.14% (2019: 0.97%) of the total operating revenue of the Group.

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

As of 31 December 2020, the Group had total assets amounting to RMB2,503.12 million, representing an increase of 8.15% as compared with the corresponding period of last year. Equity attributable to shareholders of the parent company amounted to RMB1,181.22 million, representing an increase of 6.84% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.60, representing an increase of 0.04 as compared with the corresponding period of last year. For the year ended 31 December 2020, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB848.43 million, representing a decrease of 3.12% as compared with the corresponding period of last year, and RMB200 million of structured bank deposits were presented in held-for-trading financial assets.

## **Equity Investments**

In 2020, the Group's share of results of associates was RMB22.10 million, representing a decrease of 15.50% over the corresponding period of last year, which was mainly due to the contribution from BJCA.

## **Income Tax**

In 2020, the Company has been recognized as a key software enterprise in the national planning layout to enjoy a tax preference. The Enterprise income tax of the Company was imposed at a reduced rate of 10%. During the year, the income tax expenses amounted to RMB17.62 million, representing an increase of RMB1.15 million as compared with the corresponding period of last year.

## **ANNUAL GENERAL MEETING**

The annual general meeting ("AGM") of the Company will be held at Conference Room, 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the PRC on Friday, 18 June 2021 at 10:00 a.m.. The notice of convening the AGM will be published and despatched to shareholders of the Company in due course pursuant to the requirements of the Listing Rules.

## **DIVIDEND**

Owing to a stable result of the Group, sufficient cash flow of business including recurrent business, the Board has recommended the payment of a final cash dividend of RMB1.98 cents per share totaling approximately RMB57.38 million for the year ended 31 December 2020 (2019: RMB1.98 cent per share) to the shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Thursday, 24 June 2021. Payment of dividend is subject to the approval by the shareholders at the AGM. Payment of dividend will be made on Monday, 27 September 2021.



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

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

## **CLOSURE OF REGISTER OF MEMBERS**

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

The register of members of the Company will be closed from Tuesday, 15 June 2021 to Friday, 18 June 2021 (both days inclusive), during which no transfer of shares will be effected for the purpose of ascertaining the shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged by the shareholders with the Company's H share registrar and transfer office, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company, at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Friday, 11 June 2021.

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

Subject to the approval of the shareholders at the AGM for the resolution regarding the proposed payment of final dividend, the register of members of the Company will be closed on Thursday, 24 June 2021 and no transfer of shares will be effected on that day. In order to qualify for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged by the shareholders with the Company's H share registrar and transfer office, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company, at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Wednesday, 23 June 2021.

## **CORPORATE GOVERNANCE CODE**

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

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

The Group has formulated the “Code for securities transactions” regarding Directors’ and supervisors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the “Listing Rules”. Having made specific enquiry with the Directors and supervisors, all the Directors and supervisors confirmed that they have complied with the required standard of dealings and the Group’s “Code for Securities Transactions” regarding Directors’ and supervisors’ securities transactions throughout the year ended 31 December 2020.

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

During the year ended 31 December 2020, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

## **AUDIT COMMITTEE**

The Group has established an Audit Committee and formulated the “Rules and Procedures of Audit Committee” with written terms of reference. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control system of the Group. The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2020, including the accounting principles and practices adopted by the Group and the identification and appointment of external auditors.

## **EVENTS AFTER THE REPORTING PERIOD**

There are no significant events subsequent to 31 December 2020 which would material affect the Group’s operating and financial performance as at the date of this announcement.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

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

\* *For identification purposes only*

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

The Group's annual report for the year 2020 will be despatched to the Company's shareholders and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.capinfo.com.cn) in due course for inspection by shareholders and investors.

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

Beijing, the People's Republic of China, 30 March 2021

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