

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**INSIDE INFORMATION  
PROFIT WARNING AND  
ANNOUNCEMENT ON THE PROVISION FOR IMPAIRMENT OF  
GOODWILL FOR LONG-TERM EQUITY INVESTMENT  
IN CONTROLLED COMPANY**

This announcement is made by Capinfo Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 11 March 2022, the Company convened the eighth meeting of the eighth session of the board (the “**Board**”) of directors (the “**Directors**”), at which the “Resolution in relation to the Company’s Provision for Impairment of Goodwill for Rito Info for 2021” was considered and approved. The detailed information of the provision for impairment of goodwill is as follows:

**(I) BASIS OF ACCOUNTING TREATMENT**

In accordance with relevant requirements of the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets, the Group conducts an impairment test on the goodwill generated on consolidation at the end of each year. The Group adopts the recoverable value test on the goodwill on consolidation. The recoverable amount is the higher of the present value of the estimated future cash flow of an asset or the fair value less costs of disposal.

**(II) DETAILS OF THE PROVISION FOR IMPAIRMENT OF GOODWILL**

The Company proposes to make a provision for goodwill impairment of RMB107,798,400 arising from Xiamen Rito Info Technology Co., Ltd. (“**Rito Info**”), a subsidiary of the Company. The detailed information is as follows:

The Company acquired 100% equity interests in Rito Info in July 2014. The acquisition was intended to be conducted in three phases, with 51% of the equity interests being acquired in the first phase and the consideration for the second and third phases being adjusted based on the performance for three years (2014-2016). The first phase of acquisition was completed in October 2014 and the second phase of acquisition was completed in July 2016, with 83% equity interests acquired in aggregate and the consideration of RMB244,000,000 paid for the equity transfer. The acquisition of Rito Info by the Company led to a goodwill of RMB184,597,700. As of 31 December 2020, the Company made a provision of RMB76,799,300 for the impairment of goodwill.

The Company engaged a third-party agency to conduct an impairment test on the goodwill of Rito Info as at 31 December 2021, being the benchmark date, and issue an assessment report thereon. As assessed, there was an indication of impairment of goodwill. Based on the result of the assessment, the Company proposed to make a provision of RMB107,798,400 for the impairment of goodwill.

### **(III) IMPACT OF THE PROVISION FOR IMPAIRMENT OF GOODWILL ON THE FINANCIAL CONDITION OF THE COMPANY**

The impact of the provision for impairment of goodwill on the total profit of the Company for 2021 was RMB107,798,400. It is expected that the total profit of the Company for 2021 will be approximately RMB45,000,000, representing a decrease of approximately 70% from the total profit of RMB154,894,200 for the previous year.

### **(IV) OPINIONS OF THE BOARD ON THE PROVISION FOR IMPAIRMENT OF GOODWILL**

On 11 March 2022, the Company convened the eighth meeting of the eighth session of the Board, at which the “Resolution in relation to the Company’s Provision of Goodwill Impairment for Rito Info for 2021” was considered and approved.

In accordance with the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets and relevant requirements under the financial management system of the Company, the provision for impairment of goodwill will reflect the actual situation of assets of the Company in a more accurate manner, with sufficient basis, and is in the interests of the shareholders of the Company in the long term. Therefore, the Board unanimously agreed and approved the provision for impairment of goodwill mentioned above.

### **(V) INDEPENDENT OPINIONS OF INDEPENDENT DIRECTORS ON THE PROVISION FOR IMPAIRMENT OF GOODWILL**

The provision for impairment of goodwill based on the results of assessment conducted by the assessment agency complies with the requirements of financial accounting standards. It will reduce financial risks, ensure disciplined operation of the Company, reflect its financial

condition and operating results, and help provide investors with true, reliable and accurate accounting information. There is no prejudice to the interests of the Company and its shareholders, in particular the minority shareholders. Therefore, the independent Director approved the provision for impairment of goodwill.

**(VI) OPINIONS OF THE AUDIT COMMITTEE OF THE BOARD ON THE PROVISION FOR IMPAIRMENT OF GOODWILL**

The provision for impairment of goodwill complies with the relevant requirements of the Accounting Standards for Business Enterprises and accounting policies. It is based on sufficient basis and truly and reasonably reflects the overall operation and asset position of the Company. There is no prejudice to the interests of the Company or its shareholders, in particular the minority shareholders. Therefore, the audit committee approved the provision for impairment of goodwill and submitted to the Board for consideration and approval.

**(VII) OPINIONS OF THE BOARD OF SUPERVISORS ON THE PROVISION FOR IMPAIRMENT OF GOODWILL**

The provision for impairment of goodwill complies with the relevant requirements of the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets and relevant accounting policies of the Company and is in line with the actual situation of the Company. It will reflect the Company's asset position in a more fair and objective manner. The consideration procedures of the Board were in compliance with the articles of association of the Company and relevant laws and regulations. Therefore, the board of supervisors of the Company approved the provision for impairment of goodwill.

**(VIII) OTHER MATTERS**

The management of the Company believes that the operation of the Company is stable and the provision for impairment of goodwill will not have a significant impact on the normal production and operation of the Company. In 2022, the Company will capture strategic opportunities from digital China, continue to focus on the smart operation of digital cities, continue to build its core competitiveness, achieve quality development and create value for its shareholders.

The above figures of expected profits are only preliminary accounting data and have not been audited by certified public accountant. The detailed and accurate financial data will be disclosed in the Company's audited annual report for 2021.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board of  
**CAPINFO COMPANY LIMITED\***  
**Yu Donghui**  
*Chairman*

Beijing, the People's Republic of China, 11 March 2022

*As of the date of this announcement, the executive directors of the Company are Mr. Yu Donghui, Mr. Zhang Yiqian and Mr. Zong Zhaoxing; the non-executive directors of the Company are Mr. Zhou Weihua, Mr. Shan Yuhu, Mr. Feng Jianxun, Ms. Yan Yi and Ms. Liang Yi; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Yang Xiaohui and Mr. Su Zhongxing.*

\* *For identification purpose only*