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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL SUMMARY OF THE GROUP

- During the current interim period, revenue increased by 1.58% to RMB427.37 million as compared with the same period of last year.
- Profit attributable to owners of the Company increased by 17.90% to RMB34.21 million as compared with the same period of last year.
- Basic earnings per share was RMB1.18 cents.
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (same period of 2020: Nil).

The board of directors (the “**Board**”) of Capinfo Company Limited (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021.

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

30 June 2021

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	30 June 2021	31 December 2020
Current assets:			
Monetary fund		896,556,679.43	848,430,801.62
Held-for-trading financial assets		–	200,000,000.00
Notes receivables		–	285,962.60
Accounts receivables	6	284,605,709.22	327,226,816.12
Prepayments		111,032,778.28	128,861,335.85
Other receivables		73,885,822.50	84,982,883.15
Incl: Interest receivables		–	–
Dividend receivables		–	–
Inventories		406,478,050.71	259,098,343.40
Contractual assets	7	139,221,413.02	68,707,534.99
Other current assets		7,495,314.23	7,278,546.67
Total current assets		1,919,275,767.39	1,924,872,224.40
Non-current assets:			
Long-term equity investments		197,097,564.02	201,422,225.52
Other equity instruments investment		–	–
Other non-current financial assets		2,000,000.00	2,000,000.00
Investment properties		28,378,992.80	30,189,280.16
Fixed assets		69,571,749.77	66,125,383.77
Right-of-use assets		69,591,276.04	62,179,042.43
Intangible assets		21,022,599.58	24,652,465.53
Development expenditure		9,247,233.72	5,557,961.84
Goodwill		107,798,383.37	107,798,383.37
Long-term deferred expenses		28,138,669.26	20,407,198.38
Deferred income tax assets		65,589,225.29	57,919,623.52
Total non-current assets		598,435,693.85	578,251,564.52
Total assets		2,517,711,461.24	2,503,123,788.92

Items	<i>Notes</i>	30 June 2021	31 December 2020
Current Liabilities:			
Accounts payables	8	250,420,267.50	289,575,272.96
Advances received		4,974,616.92	–
Contractual liabilities	9	505,547,092.98	420,904,962.17
Employee benefits payable		40,726,211.31	94,628,294.81
Taxes payable		34,621,092.90	42,066,472.41
Other payables		323,940,647.77	279,986,250.26
Incl: Interest payables		–	–
Dividend payables		57,382,104.60	–
Non-current liabilities due within one year		82,727,814.99	78,924,608.93
Total current liabilities		1,242,957,744.37	1,206,085,861.54
Non-current liabilities:			
Lease liabilities		39,161,445.70	37,248,263.81
Deferred income		9,805,630.73	9,841,955.52
Deferred income tax liabilities		2,728,782.77	6,145,353.63
Total non-current liabilities		51,695,859.20	53,235,572.96
Total liabilities		1,294,653,603.57	1,259,321,434.50
Shareholders' equity:			
Share capital		69,591,276.04	62,179,042.43
Share capital		289,808,609.10	289,808,609.10
Capital reserves		298,879,691.60	298,844,478.82
Other comprehensive income		-8,443,166.86	-8,443,166.86
Surplus reserves		110,088,861.18	110,088,861.18
Unallocated profits	10	467,747,042.64	490,920,537.69
Total equity attributable to owners of the parent		1,158,081,037.66	1,181,219,319.93
Minority interests		64,976,820.01	62,583,034.49
Total shareholders' equity		1,223,057,857.67	1,243,802,354.42
Total liabilities and shareholders' equity		<u>2,517,711,461.24</u>	<u>2,503,123,788.92</u>

CONSOLIDATED INCOME STATEMENT

January-June 2021

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	Amount for current period	Amount for last period
I. Total operating income	11	427,369,174.41	420,727,978.28
Less: Operating costs	11	270,114,393.35	255,473,232.76
Business tax and surcharges		1,707,272.73	2,833,535.36
Selling expenses		53,171,987.54	49,187,978.81
Administrative expenses		35,836,985.11	31,292,922.36
R&D expenses		30,185,614.61	25,601,082.24
Financial expenses		-5,041,957.69	-4,613,673.59
Incl: Interest expenses		1,638,695.12	1,367,678.35
Interest income		7,441,062.10	5,067,181.69
Add: Other income		642,730.14	728,093.52
Investment gain (loss is marked by “-”)		2,180,820.19	-736,379.05
Incl: Gain from investment in associates and joint ventures		362,518.82	-4,051,996.02
Gain on changes in fair value (loss is marked by “-”)		–	–
Impairment losses of credit (loss is marked by “-”)		4,243,989.88	-22,846,769.32
Impairment losses of assets (loss is marked by “-”)		-3,256,327.48	326,561.32
Gain from disposal of assets (loss is marked by “-”)		-128.51	–
II. Operating profit (loss is marked by “-”)		45,205,962.98	38,424,406.81
Add: Non-operating income		33,687.57	816,630.63
Less: Non-operating expenses		1,379,361.23	1,079,361.23
III. Total profit (total loss is marked by “-”)		43,860,289.32	38,161,676.21
Less: Income tax expenses	12	7,257,894.25	7,114,088.28
IV. Net profit (net loss is marked by “-”)		36,602,395.07	31,047,587.93
(I) Items classified by attribution of ownership			
1. Net profit attributable to owners of the parent		34,208,609.55	29,016,151.20
2. Minority interests		2,393,785.52	2,031,436.73
(II) Items classified by continued operations			
1. Net profit from continued operations (net loss is marked by “-”)		36,602,395.07	31,047,587.93
2. Net profit from discontinued operation (net loss is marked by “-”)			

Items	<i>Notes</i>	Amount for current period	Amount for last period
V. Other comprehensive income after taxation, net		—	—
Other comprehensive income after taxation attributable to the owners of parent		—	—
(I) Other comprehensive income not subject to reclassification to profit or loss		—	—
1. Fair value changes of other equity instrument investments		—	—
(II) Other comprehensive income to be reclassified to profits and loss		—	—
1. Share in the other comprehensive income to be reclassified into the profit or loss under the equity method		—	—
Other comprehensive income attributable to the minority shareholders after taxation, net		—	—
VI. Total comprehensive income		36,602,395.07	31,047,587.93
Total comprehensive income attributable to the owners of parent		34,208,609.55	29,016,151.20
Total comprehensive income attributable to the minority shareholders		2,393,785.52	2,031,436.73
VII. Earnings per share:			
(I) Basic earnings per share	<i>13</i>	0.0118	0.0100
(II) Diluted earnings per share	<i>13</i>	0.0118	0.0100

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

The Company has established the corporate governance structure consisting of General Meeting, Board of Directors and Supervisory Committee. Currently, we have business platforms including Social Security Segment, Private Network Segment, Housing Provident Fund Segment, and Governance Segment; management platforms including Comprehensive Management Department, Financial Management Department, Planning Management Department, Quality Management Department and Human Resources Department; technology platform, which is Capinfo Research Institute; and investment platform, which is Investment Department. We have eleven branches namely Guangzhou Branch, Chongqing Branch, Yanqing Branch, Xiongan Branch and Shunyi Branch and Shanghai Branch, Tongzhou Branch, Daxing Branch, Hubei Branch, Dongcheng Branch and Anhui Branch.

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”).

During the period, there were no change in accounting units consolidated into financial statements as compared with the end of last year.

2. PREPARATION BASIS FOR FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Changes in Significant Accounting Policies

In June 2020, the Ministry of Finance issued the Notice of Issuing the Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions (Cai Hui [2020] No. 10), under which the simplified method may be adopted for COVID-19 pandemic-related rent concessions.

For rent concessions beyond 1 January 2021, the Group adopts the simplified method under the provisions on accounting treatment to recognize such rent reductions in profit or loss in the period of the concessions or when the relevant rights and obligations are released and waived upon agreement on concessions.

The above simplified method has no significant impact on the profit of the current period.

(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

Taxes	Tax basis	Statutory Tax Rate %
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

Name of Taxpayer	Income Tax Rate %
The Company	15
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 provided by Rito Info, a subsidiary of the Company, 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**

The Company obtained its Certificate of Hi-tech Enterprise, No. GR202011000737 on 31 July 2020 and is entitled to the corporate income tax preference of 15% for a period of 3 years.

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. **ACCOUNTS RECEIVABLES**

(1) **Accounts receivables analysed by aging**

Account receivables are recognised when the customer obtains control of goods or services and the Group has an unconditional right to consideration. The Group provides customers with an average credit period of 180 days, and the accounts receivables are non-interest bearing.

Age	2021.6.30	
	Amount	Percentage %
0 – 6 months	49,499,056.10	11.74
6 months – 1 year	186,717,396.34	44.28
1 – 2 years	81,449,585.77	19.31
2 – 3 years	18,488,817.50	4.38
Over 3 years	85,555,244.86	20.29
Total original value	421,710,100.57	100.00
Less: Bad debts provisions	137,104,391.35	
Total net value	284,605,709.22	

(2) **Accounts payables disclosed by aging**

Items	2021.6.30	2020.12.31
Within 1 year	190,274,084.49	201,731,319.99
1 – 2 years	8,911,040.92	47,675,095.66
2 – 3 years	15,653,071.46	20,933,676.79
Over 3 years	<u>35,582,070.63</u>	<u>19,235,180.52</u>
Total	<u>250,420,267.50</u>	<u>289,575,272.96</u>

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

9. CONTRACTUAL LIABILITIES

Items	2021.6.30	2020.12.31
Project receipt	<u>505,547,092.98</u>	<u>420,904,962.17</u>

Note: Contractual liabilities at the beginning of the year of 2021 was RMB420,904,962.17, of which, RMB78,851,265.30 were recognised in January to June 2021.

10. UNALLOCATED PROFITS

Items	Amount
Unallocated profits at the end of last period before adjustment	490,920,537.69
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	490,920,537.69
Add: Net profit attributable to shareholders during the period	34,208,609.55
Less: Dividend payable on ordinary shares	57,382,104.60
Unallocated profits at the end of period	467,747,042.64

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.

11. OPERATING INCOME AND OPERATING COST

Items	January – June 2021		January – June 2020	
	Income	Cost	Income	Cost
Main businesses	418,522,521.60	268,262,719.00	413,239,821.06	253,297,198.53
Other business	<u>8,846,652.81</u>	<u>1,851,674.35</u>	<u>7,488,157.22</u>	<u>2,176,034.23</u>
Total	<u>427,369,174.41</u>	<u>270,114,393.35</u>	<u>420,727,978.28</u>	<u>255,473,232.76</u>

(1) Main businesses (sub-businesses)

Name of business	January – June 2021		January – June 2020	
	Operating income	Operating cost	Operating income	Operating cost
Software development and service	255,906,099.82	158,378,635.47	179,568,719.47	99,403,720.98
System integration	40,805,412.58	30,046,185.44	97,121,746.04	70,775,582.80
Data processing service	116,383,455.60	77,104,039.34	130,372,407.73	80,229,878.72
Information professional service	<u>5,427,553.60</u>	<u>2,733,858.75</u>	<u>6,176,947.82</u>	<u>2,888,016.03</u>
Total	<u>418,522,521.60</u>	<u>268,262,719.00</u>	<u>413,239,821.06</u>	<u>253,297,198.53</u>

(2) Other businesses (sub-businesses)

Name of business	January – June 2021		January – June 2020	
	Operating income	Operating cost	Operating income	Operating cost
Rental from investment property	<u>8,846,652.81</u>	<u>1,851,674.35</u>	<u>7,488,157.22</u>	<u>2,176,034.23</u>

(3) Timing of revenue recognition

Revenue recognition method	January – June 2021
At a certain point of time	58,600,864.20
Over a period of time	<u>359,921,657.40</u>
Total	<u>418,522,521.60</u>

12. INCOME TAX EXPENSE

Items	January – June 2021	January – June 2020
Current income tax calculated in accordance with the tax law and relevant provisions	18,344,066.88	8,961,063.15
Deferred income tax expense	<u>-11,086,172.63</u>	<u>-1,846,974.87</u>
Total	<u>7,257,894.25</u>	<u>7,114,088.28</u>

13. EARNINGS PER SHARE

Items	January – June 2021	January – June 2020
Consolidated net profit attributable to ordinary shareholders of the Company	34,208,609.55	29,016,151.20
Weighted average number of ordinary shares outstanding	<u>2,898,086,091</u>	<u>2,898,086,091</u>
Basic earnings per share	<u>0.0118</u>	0.0100
Diluted earnings per share	<u>0.0118</u>	<u>0.0100</u>

Note: As of 30 June 2021 to the date of approval of the financial report, there was no change in the number of ordinary shares outstanding of the Company.

(1) Basic earnings per share

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.

(2) Diluted earnings per share

The diluted earnings per share are the same as the basic earnings per share, because the Company did not have any potential dilutive ordinary shares during the period.

14. DIVIDEND

The Company approved a final dividend of RMB1.98 cents per share for the year ended 31 December 2020 (before tax) at the annual general meeting convened on 18 June 2021. Final dividend for 2020 approved during the year amounted to RMB57,382,104.60 (final dividend for 2019 approved during 2020: RMB1.98 cents per share (before tax), totaling RMB57,382,064.33).

15. OTHER IMPORTANT MATTERS

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. On 24 August 2018, an announcement was published by the Company in this regard. As of the date of approval of the report, the case is still under investigation.

The Company received a summons and a notice of participation to action issued by the Xiamen Intermediate People's Court of Fujian Province (福建省廈門市中級人民法院), stating that Xiamen Ruitailong Investment Development Company Limited (廈門銳泰隆投資發展有限公司) (hereinafter referred to as "**Xiamen Ruitailong**"), requested the Xiamen 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. On 19 July 2019, an announcement was published by the Company in this regard. As of the date of approval of the report, the Xiamen Intermediate People's Court of Fujian Province 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 Supreme People's Court ruled to reject Xiamen Ruitailong's application for retrial. The case has been closed.

On the ground of suspected contract fraud by the former shareholders of 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 Rito Info, on 21 July 2014. On 23 August 2019, an announcement was published by the Company in this regard. 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) issued the (2019) Jing 01 Min Chu No. 341 Civil Ruling after the trial, ruling 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 High People's 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. On 19 July 2021, Beijing First Intermediate People's Court ruled to reject the Company's suit. As of the date of approval of the report, the Company has filed an appeal with the Beijing High People's Court.

BUSINESS REVIEW

In the first half of 2021, taking into consideration both the domestic and the international situations, China coordinated epidemic prevention and control, economic development and social development, and effectively implemented macroeconomic policies. The economy has been recovering steadily and stabilize and maintained a positive trend. Under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Group grounded its efforts in the new development stage, applied the new development philosophy, created a new pattern of development, coordinated and drove forward regular epidemic prevention and control and business development, smoothly completed the assurance tasks for celebration of the 100th anniversary of the founding of the Party. The Group has fully prepared for the protection for the Winter Olympics and actively participated in building Beijing into a global digital economy benchmark city. During the Reporting Period, the Group scientifically planned its "14th Five-Year Plan" development strategy, established an innovative business pattern of "one core, two platforms and four sectors", established a dual circulation pattern based upon internal circulation, focused on the main theme of big data and artificial intelligence and gave full play to the capabilities of the "Government Network + Capinfo Cloud" platform to provide point-to-surface support the development of business segments: smart government affairs, smart medical care, smart operation and smart enterprise.

For the six months ended 30 June 2021, the Group recorded an operating revenue of RMB427.37 million, representing an increase of 1.58% as compared with the same period of last year; and profit attributable to owners of the Company of RMB34.21 million, representing an increase of 17.90% as compared with the same period of last year.

Smart Infrastructure

During the Reporting Period, the Group continued to build the "integrated network platform". The wired network ran smoothly. The Group carried forward the construction of the wireless network (1.4GHz broadband cluster network), which covered the main operation center and the technical operation center of the Beijing Organizing Committee for the Winter Olympics, the National Alpine Ski Center, the National Snowmobile Sled Center and other key communication areas. "Capinfo Cloud Platform" provided safe and stable services for hundreds of government units. Based on Huawei Kunpeng chip server, the Group built an independent and controllable domestic unified cloud platform.

Smart Government Affairs

During the Reporting Period, the business of “smart government affairs” progressed smoothly. In respect of online services for the public, the Group pioneered the full-process “smart approval and instant processing” self-service government service and built a 24-hour comprehensive self-service area for Fengtai District Government Service Center, which has the effect of setting good examples. In respect of the public service of “immediate handling upon receipt of complaint”, the Group built an integrated platform for Huairou District, a grid service platform for Dongcheng District and a mobile APP for Xicheng District. Based on the experience of building municipal 12345 public service hotline, the Group conducted product research and development for street-and-town-level “immediate handling upon receipt of complaint” platforms. In respect of social governance, the Group participated in the task force of the “One Database and Two Platforms” project of the Municipal Civil Affairs Bureau to promote the process of community governance informatization in Beijing. The Group undertook the construction of “Internet + Grassroots Social Governance” system in Beijing to provide support for the election of the Party organization in 2021.

Smart Medical Service

During the Reporting Period, “smart medical service” business reform was implemented. The Group pushed ahead with the construction of the new medical insurance information platform. The medical insurance information system, the social security card system and Beijing Hospital Medical system ran steadily, providing effectively support to 25 million participants for real-time settlement and 29 million Beijing Hospital Medical accounts for settlement for medical treatment. Electronic certificates for medical insurance was put into use and card-less settlement was achieved. The Beijing-Tianjin-Hebei cross-provincial outpatient settlement was promoted across designated medical institutions, and has been opened to more than 100 hospitals. In terms of hospital informatization business, the Group pushed forward the renewal of agreements for commercial insurance settlement platforms for hospitals above the secondary level. The Group completed the construction of the Internet diagnosis and treatment platform of Deshengmen Hospital of Traditional Chinese Medicine and passed the acceptance.

Smart Operation

During the Reporting Period, “smart operation” maintained steady and positive development. In terms of the operation of the Organizing Committee for Winter Olympics and the sub-center, the Winter Olympics technical operation and maintenance service team provided network, video conference, desktop, mailbox, service desk and other operational technical support, as well as large-scale events and temporary tasks TOC technical support, MOC technical support, technical implementation support in various venues. The sub-center operation team completed the construction of the organ affairs cloud platform, the organ affairs big data platform, and the organ affairs application support platform, realizing one-stop online processing of service matters in the administrative office area of the sub-center. In terms of the “City Brain” business, the “Huitian City Brain” large screen system was built to develop big data in Huitian areas and the acceptance of pilot project was passed. In terms of smart building business, the Group won the bid for the weak-current engineering of the public housing and dormitory group project of the new campus of Beijing Information Science & Technology University, the overall upgrade and transformation project of the commercial office building at 42 Donggexinli (section one), etc.

Smart Enterprise

During the Reporting Period, “smart enterprise” business was further developed. Informatization projects for tobacco and financial companies continued to advance. Preliminary design of information platform for the supervision of capital contributors of the Municipal State-owned Assets Supervision and Administration Commission was completed. In response to the requirements of online dynamic supervision, the Group completed access to the government affairs extranet of dozens of municipal enterprises. The Group continued to expand contract customers of enterprise cloud and add new cloud systems based on customer needs.

Product Research and Development

During the Reporting Period, the Group actively promoted new technology innovation. The Group built a blockchain platform, deeply integrated technologies, and explored the city operation model that combined data sharing on the “chain” and business under the “chain”. The project of big data middle platform of was established. Leveraging on the technology of big data middle platform, the Group won the bid for medical insurance fund supervision project of Dongcheng District. The project of Internet of things management platform was established. The Group developed an Internet of things perception resource management system with “unified standards, overall management, mutual recognition, and one universal code” to meet the government’s requirements for managing Internet of things data; benchmarked the “DingTalk” function and developed “Capinfo Connect (首信通)” product with functions such as instant messaging, video conferencing, and conferences office management, asset management, and access management.

Human Resources

As of 30 June 2021, the Group had 1,703 employees. During the Period, the expense of the employees was approximately RMB196.53 million. During the Reporting Period, the Group accelerated the deployment of new technology development areas and increased the intensity of introducing of scarce and leading talents. The Group performed assessments on profit per capita, labor cost margins, and labor productivity, and balanced the pressure between wage rigidity and total salary control.

Looking Forward

In the second half of the year, the Group will take the initiative and do its best to provide information technology support services for the preparation of the Winter Olympics. The Group will scientifically formulate the “14th Five-Year Plan”, promote new technology and product innovation, and build its core competitiveness. The Group will strengthen the “integrated network service platform” and “Capinfo Cloud Platform” to consolidate the foundation for business development. The Group will expand the market of “smart government affairs”, “smart medical care”, “smart operation” and “smart enterprise”, and steadily open up the national market to ensure that the “14th Five-Year Plan” will make a good start, and write a new chapter of high-quality development.

FINANCIAL REVIEW

For the six months ended 30 June 2021, the Group recorded an operating revenue of RMB427.37 million, representing an increase of 1.58% as compared with the same period of last year; gross profit of RMB157.25 million, representing a decrease of 4.84% as compared with the same period of last year; and profit attributable to owners of the Company of RMB34.21 million, representing an increase of 17.90% as compared with the same period of last year.

Other income of the Group amounted to RMB8.85 million, representing an increase of 18.14% over the corresponding period of last year, mainly attributable to the rental income of Digital Beijing Building, which accounted for 2.07% of the total operating revenue of the Group.

In respect of the Group’s business model, the main businesses included software development and service, data processing service, system integration and information professional service, of which revenue from software development and service amounted to RMB255.91 million, representing an increase of 42.51% as compared with the corresponding period of last year and accounting for 59.88% of the total operating revenue of the Group; revenue from data processing service amounted to RMB116.38 million, representing a decrease of 10.73% as compared with the corresponding period of last year and accounting for 27.23% of the total operating revenue of the Group; revenue from system integration amounted to RMB40.81 million, representing a decrease of 57.99% as compared with the corresponding period of last year and accounting for 9.55% of the total operating revenue of the Group; revenue from information professional service amounted to RMB5.43 million, representing a decrease of 12.13% as compared with the corresponding period of last year and accounting for 1.27% of the total operating revenue of the Group.

Capital Expenditure, Liquidity and Financial Resources

As of 30 June 2021, the Group had total assets amounting to RMB2,517.71 million, representing an increase of 5.34% as compared with the corresponding period of last year. Equity attributable to owners of the Company amounted to RMB1,158.08 million, representing an increase of 7.50% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.54, representing an increase of 0.04 as compared with the corresponding period of last year. For the six months ended 30 June 2021, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB896.56 million, representing an increase of 40.91% as compared with the corresponding period of last year. As of the end of the current period, no structured bank deposits were purchased.

Equity Investments

In the first half of 2021, the Group's share of results of associates was RMB0.36 million.

Income Tax

In the first half of 2021, the Group's income tax expenses amounted to RMB7.26 million, representing an increase of RMB0.14 million compared to the corresponding period of last year, mainly attributable to the increase in the operating profit during the current period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (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 as set out in the Company's Code of Securities Transactions and the Model Code of the Stock Exchange throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The audit committee has discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 with the senior management of the Company. The committee is of the view that the financial statements were prepared in accordance with applicable accounting policies, the Listing Rules and other applicable legal requirements.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Beijing, the People's Republic of China
30 August 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, Ms. Yan Yi, Ms. Liang Yi and Mr. Feng Jianxun; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Su Zhongxing and Mr. Yang Xiaohui.