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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 2021**

- Profit attributable to owners of the Company was RMB18.35 million. Excluding the impairment on goodwill, profit attributable to owners of the Company amounted to RMB126.15 million.
- Operating revenue increased by 1.15% to RMB1,426.77 million.
- Basic earnings per share was RMB0.6 cents per share, compared with RMB4.4 cents per share for 2020.
- The board of directors has recommended the payment of a final dividend of RMB0.29 cents per share (2020: RMB1.98 cents per share) totalling approximately RMB8.40 million for the year ended 31 December 2021, subject to approval by shareholders at the forthcoming annual general meeting.

The board of directors (the “**Board**”) of Capinfo Company Limited (the “**Company**”) hereby announces the consolidated financial results and financial position of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 together with the comparative figures for the corresponding period of 2020. 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**”).

* For identification purpose only

CONSOLIDATED BALANCE SHEETS

31 December 2021

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	31 December 2021	31 December 2020
Current assets:			
Monetary fund		1,059,765,313.71	848,430,801.62
Held-for-trading financial assets		–	200,000,000.00
Derivative financial assets		–	–
Notes receivables	6	–	285,962.60
Accounts receivables	7	360,006,142.47	327,226,816.12
Financing receivables	8	3,520,255.80	–
Prepayments		114,030,504.63	128,861,335.85
Other receivables		67,822,877.72	84,982,883.15
Incl: Interest receivables		–	–
Dividend receivables		–	–
Inventories		227,464,816.77	259,098,343.40
Contractual assets	9	25,008,553.81	68,707,534.99
Held-for-sale assets		–	–
Non-current assets due within one year		–	–
Other current assets		10,054,291.65	7,278,546.67
Total current assets		<u>1,867,672,756.56</u>	<u>1,924,872,224.40</u>

Items	Notes	31 December 2021	31 December 2020
Non-current assets:			
Debt investments		-	-
Other debt investments		-	-
Long-term receivables		-	-
Long-term equity investments		226,772,589.63	201,422,225.52
Other equity instrument investments		-	-
Other non-current financial assets		15,800,000.00	2,000,000.00
Investment properties		26,568,705.44	30,189,280.16
Fixed assets		79,241,213.04	66,125,383.77
Right-of-use assets		53,270,250.94	62,179,042.43
Construction in progress		-	-
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets		24,122,190.48	24,652,465.53
Development expenditures		3,934,153.91	5,557,961.84
Goodwill	10	-	107,798,383.37
Long-term deferred expenses		24,362,677.03	20,407,198.38
Deferred income tax assets		56,756,984.92	57,919,623.52
Other non-current assets		-	-
Total non-current assets		510,828,765.39	578,251,564.52
Total assets		2,378,501,521.95	2,503,123,788.92
Current Liabilities:			
Short-term borrowings		-	-
Held-for-trading financial liabilities		-	-
Derivative financial liabilities		-	-
Notes payables		-	-
Account payables	11	297,220,073.28	289,575,272.96
Advances received		-	-
Contractual liabilities	12	342,152,923.04	420,904,962.17
Payroll payables		90,579,508.43	94,628,294.81
Tax payables		42,291,770.03	42,066,472.41
Other payables		303,456,376.88	279,986,250.26
Incl: Interest payables		-	-
Dividend payables		23,980,284.28	-
Liabilities held for sale		-	-
Non-current liabilities due within one year		82,823,908.16	78,924,608.93
Other current liabilities		-	-
Total current liabilities		1,158,524,559.82	1,206,085,861.54

Items	<i>Notes</i>	31 December 2021	31 December 2020
Non-current liabilities:			
Long-term borrowings		-	-
Bonds payables		-	-
Incl: Preferred shares		-	-
Perpetual debts		-	-
Lease liabilities		25,905,792.85	37,248,263.81
Long-term payables		-	-
Long-term payroll payables		-	-
Accrued liabilities		-	-
Deferred income		2,069,790.28	9,841,955.52
Deferred income tax liabilities		3,248,391.92	6,145,353.63
Other non-current liabilities		-	-
Total non-current liabilities		<u>31,223,975.05</u>	<u>53,235,572.96</u>
Total liabilities		<u>1,189,748,534.87</u>	<u>1,259,321,434.50</u>
Shareholders' equity:			
Share capital		289,808,609.10	289,808,609.10
Other equity instruments		-	-
Incl: Preferred shares		-	-
Perpetual debts		-	-
Capital reserves		298,879,714.63	298,844,478.82
Less: Treasury stock		-	-
Other comprehensive income		-8,443,166.86	-8,443,166.86
Special reserves		-	-
Surplus reserves		118,524,908.97	110,088,861.18
Unallocated profits	<i>13</i>	443,449,232.82	490,920,537.69
Total equity attributable to owners of the parent		1,142,219,298.66	1,181,219,319.93
Minority interests		46,533,688.42	62,583,034.49
Total shareholders' equity		<u>1,188,752,987.08</u>	<u>1,243,802,354.42</u>
Total liabilities and shareholders' equity		<u>2,378,501,521.95</u>	<u>2,503,123,788.92</u>

CONSOLIDATED INCOME STATEMENTS

Year 2021

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	Amount for current period	Amount for last period
I. Total operating income	14	1,426,774,385.79	1,410,565,420.39
Less: Operating costs	14	917,162,665.74	916,780,184.61
Business tax and surcharges		6,065,523.74	7,730,672.62
Selling expenses		137,842,107.02	125,590,300.43
Administrative expenses		128,606,908.79	115,830,122.48
R&D expenses		122,883,204.71	100,252,391.83
Financial expenses		-10,571,214.06	-3,862,388.52
Incl: Interest expenses		2,870,433.53	2,954,776.05
Interest income		14,824,368.80	8,933,462.02
Add: Other income		8,372,573.24	2,247,084.04
Investment gain (loss is marked by “-”)		33,566,644.68	29,658,771.68
Incl: Gain from investment in associates and joint ventures		30,037,521.40	22,104,688.95
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 “-”)		-15,338,925.26	-9,994,429.49
Impairment losses of assets (loss is marked by “-”)		-106,956,767.68	-14,146,587.51
Gain from disposal of assets (loss is marked by “-”)		3,571,693.02	146,165.00
II. Operating profit (loss is marked by “-”)		48,000,407.85	156,155,140.66
Add: Non-operating income		94,988.73	1,345,433.97
Less: Non-operating expenses		2,458,808.69	2,606,330.33
III. Total profit (total loss is marked by “-”)		45,636,587.89	154,894,244.30
Less: Income tax expenses	15	15,778,996.01	17,618,846.75
IV. Net profit (net loss is marked by “-”)		29,857,591.88	137,275,397.55
(I) Items classified by attribution of ownership			
1. Net profit attributable to owners of the parent		18,346,847.52	127,490,034.27
2. Minority interests		11,510,744.36	9,785,363.28
(II) Items classified by operation continuity			
1. Net profit from continued operations (net loss is marked by “-”)		29,857,591.88	137,275,397.55
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		-	-97,362.87
Other comprehensive income after taxation attributable to the owners of parent		-	-97,362.87
(I) Other comprehensive income not subject to reclassification to profit or loss		-	-97,362.87
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		-	-97,362.87
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		-	-
VI. Total comprehensive income		29,857,591.88	137,178,034.68
Total comprehensive income attributable to the owners of parent		18,346,847.52	127,392,671.40
Total comprehensive income attributable to the minority shareholders		11,510,744.36	9,785,363.28
VII. Earnings per share:			
(I) Basic earnings per share	<i>16</i>	0.006	0.044
(II) Diluted earnings per share	<i>16</i>	0.006	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 established the corporate governance structure consisting of the General Meeting, Party Committee, Board of Directors and Supervisory Committee. Currently, 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. The Company has twelve branches namely Guangzhou Branch, Chongqing Branch, Yanqing Branch, Xiongan Branch and Shunyi Branch, Shanghai Branch, Tongzhou Branch, Daxing Branch, Hubei Branch, Dongcheng Branch, Anhui Branch and Hebei Branch which was newly established in the current period.

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

Nil.

(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	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 Valueadded 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 Notice on the Requirements for the Preparation of List of Integrated Circuit Enterprises or Projects and Software Enterprises Eligible for Preferential Tax Policies (Fa Gai Gao Ji [2021] No. 413), enterprises included in the list of preferential income tax treatment upon review are entitled to 10% discount of corporate income tax.

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 three years.

Rito Info, a subsidiary of the Company, obtained its Certificate of Hi-tech Technological Enterprise, No. GR202135101116 on 14 December 2021 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	2021.12.31	2020.12.31
Bankers' acceptance notes	<u> </u> –	<u> </u> 285,962.60

7. 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	2021.12.31	
	Amount	Percentage %
0 – 6 months	259,686,848.87	50.26
6 months – 1 year	43,087,605.41	8.34
1 – 2 years	71,309,667.87	13.80
2 – 3 years	35,548,097.47	6.88
Over 3 years	<u>107,061,229.34</u>	<u>20.72</u>
Subtotal	<u>516,693,448.96</u>	<u>100.00</u>
Less: Bad debts provisions	<u>156,687,306.49</u>	–
Total	<u>360,006,142.47</u>	–

(2) Account receivables disclosed by types

Types	Amount	Percentage %	2021.12.31		
			Bad debts provisions	ECL rate (%)	Net value
Separate provisions for bad debts	2,742,585.78	0.53	2,427,585.78	88.51	315,000.00
Accounts receivables with provisions for bad debts on a collective basis	<u>513,950,863.18</u>	<u>99.47</u>	<u>154,259,720.71</u>	<u>30.01</u>	<u>359,691,142.47</u>
Incl:					
E-Government business group	406,770,188.89	78.73	99,927,966.91	24.57	306,842,221.98
E-Commerce group	<u>107,180,674.29</u>	<u>20.74</u>	<u>54,331,753.80</u>	<u>50.69</u>	<u>52,848,920.49</u>
Total	<u>516,693,448.96</u>	<u>100.00</u>	<u>156,687,306.49</u>	<u>30.33</u>	<u>360,006,142.47</u>

Types	Amount	Percentage %	2020.12.31		Net value
			Bad debts provisions	ECL rate (%)	
Accounts receivables with separate provisions for bad debt	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>
Total	<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>

8. FINANCING RECEIVABLES

Items	2021.12.31	2020.12.31
Notes receivables	3,520,255.80	–
Less: Other comprehensive income – changes in fair value	<u>–</u>	<u>–</u>
Fair value at the end of period	<u>3,520,255.80</u>	<u>–</u>

9. CONTRACTUAL ASSETS

Items	2021.12.31	2020.12.31
Contractual assets	26,204,080.91	70,872,077.55
Less: Provisions for the impairment of contractual assets	<u>1,195,527.10</u>	<u>2,164,542.56</u>
Subtotal	25,008,553.81	68,707,534.99
Less: Contractual assets presented under other non-current assets	<u>–</u>	<u>–</u>
Total	<u>25,008,553.81</u>	<u>68,707,534.99</u>

10. GOODWILL

(1) Original carrying amount of goodwill

Investee or items resulted in goodwill	2020.12.31	Increase for the period		Decrease for the period		2021.12.31
		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	2020.12.31	Increase for the period		Decrease for the period		2021.12.31
		Provisions	Others	Disposal	Others	
Rito Info	76,799,338.69	107,798,383.37				184,597,722.06

Note: The Group engaged a third party appraisal agency to assist in the test for impairment of the Group's goodwill by using the present value of estimated future cash flows method to calculate the recoverable amount of the asset group. The test was based on the past performance of Rito Info and its expectation of market development, and the cash flow in the following 5 years was estimated on financial budget and the growth rate of cash flow adopted in the subsequent years was estimated to be 0 (last period: 0), which will not exceed the long-term average growth rate of operations of asset group. The discount rate adopted in the process of calculating future cash inflow was 15.08% (last period: 14.12%). According to the results of the impairment test, impairment of goodwill at the end of the current period was RMB184,597,722.06 (end of last period: RMB76,799,338.69).

11. ACCOUNTS PAYABLES

(1) Accounts payables disclosed by types

Items	2021.12.31	2020.12.31
Payment for goods	<u>297,220,073.28</u>	<u>289,575,272.96</u>

(2) Accounts payables disclosed by aging

Items	2021.12.31	2020.12.31
Within 1 year	148,568,086.71	201,731,319.99
1 – 2 years	90,165,759.43	47,675,095.66
2 – 3 years	22,926,772.66	20,933,676.79
Over 3 years	<u>35,559,454.48</u>	<u>19,235,180.52</u>
Total	<u>297,220,073.28</u>	<u>289,575,272.96</u>

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

12. CONTRACTUAL LIABILITIES

Items	2021.12.31	2020.12.31
Item receipt	<u>342,152,923.04</u>	<u>420,904,962.17</u>

13. UNALLOCATED PROFITS

Items	Amount for current period	Amount for last period
Unallocated profits at the end of last period before adjustment	490,920,537.69	431,229,319.27
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	431,229,319.27
Plus: net profit attributable to shareholders during the period	18,346,847.52	127,490,034.27
Less: withdrawal of statutory surplus reserves	8,436,047.79	10,416,751.52
Dividend payable on ordinary shares	57,382,104.60	57,382,064.33
Undistributed profits at end of period	443,449,232.82	490,920,537.69

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.

14. OPERATING INCOME AND OPERATING COST

Items	Amount for current period		Amount for last period	
	Income	Cost	Income	Cost
Main businesses	1,408,622,364.82	912,653,343.69	1,394,158,551.79	912,229,743.05
Other business	18,152,020.97	4,509,322.05	16,406,868.60	4,550,441.56

(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	624,527,789.10	354,878,824.01	593,894,610.84	339,984,576.87
System integration	507,456,501.54	378,560,849.73	504,049,569.76	382,220,788.75
Data processing service	244,462,963.80	152,419,235.45	280,104,911.07	176,129,968.08
Information professional service	32,175,110.38	26,794,434.50	16,109,460.12	13,894,409.35
Total	<u>1,408,622,364.82</u>	<u>912,653,343.69</u>	<u>1,394,158,551.79</u>	<u>912,229,743.05</u>

(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	18,152,020.97	4,509,322.05	16,279,713.49	4,550,441.56
Income from subject fund project	<u> -</u>	<u> -</u>	<u>127,155.11</u>	<u> -</u>
Total	<u><u>18,152,020.97</u></u>	<u><u>4,509,322.05</u></u>	<u><u>16,406,868.60</u></u>	<u><u>4,550,441.56</u></u>

(3) Timing of revenue recognition

Revenue recognition method	2021
At a certain point of time	645,587,422.84
Over a period of time	<u>763,034,941.98</u>
Total	<u><u>1,408,622,364.82</u></u>

15. 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	17,513,319.12	25,379,400.20
Deferred income tax expense	<u>-1,734,323.11</u>	<u>-7,760,553.45</u>
Total	<u><u>15,778,996.01</u></u>	<u><u>17,618,846.75</u></u>

16. EARNINGS PER SHARE

Items	Amount for current period	Amount for last period
Consolidated net profit attributable to ordinary shareholders of the Company	18,346,847.53	127,490,034.27
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><u>0.006</u></u>	<u><u>0.044</u></u>
Diluted earnings per share	<u><u>0.006</u></u>	<u><u>0.044</u></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.

17. DIVIDENDS

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).

According to the Board's resolution as at 25 March 2022, the Board of directors has recommended the payment of cash dividend of RMB0.29 cent per share, calculating based on 2,898,086,091.00 issued shares, the total cash dividend is RMB8,404,449.66 (of which, 774,498,000.00 shares are foreign listed H shares, total cash dividend is RMB2,246,044.20). The above proposal is subject to approval in the General Meeting of Shareholders.

18. OTHER IMPORTANT MATTERS

On the ground of suspected contract fraud by the former shareholders of an acquired company, 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. Thereafter, 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 at 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. Thereafter, the Company has filed an appeal with the Beijing High People's Court. On 25 October 2021, at the second instance, the Beijing High People's Court ruled that the appeal be dismissed and the original ruling be upheld.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2021, the world experienced once-in-a-century changes and pandemic, while the Communist Party of China celebrated its 100th birthday. With the “two centenaries”, a new journey to fully build a modern socialist China was embarked. During the “14th Five-Year Plan” period, the Digital China strategy has been implemented in depth, and favourable policies ushered in a window period. The digital economy with information technology and data as the key elements has been booming, promoting the economic transformation and upgrading and high-quality development of China. Over the past year, the Company has taken political construction as its guiding principle, steadily moved forward, and adhered to the general keynote of seeking progress while maintaining stability and implemented the new development concept in a complete, accurate and comprehensive manner, took action based on the mission of “providing innovative digital services to make the city smarter and life better” and the business philosophy of “leading by Party building, prioritizing service and emphasizing efficiency”, made every effort to build a business pattern of “one core, two platforms and four sectors”, and mapped out plans for the future. During the Reporting Period, the Group achieved stable and healthy business development, and recorded an operating revenue of RMB1,426.77 million, representing an increase of 1.15% as compared with the same period of last year. Profit attributable to owners of the Company amounted to RMB18.35 million. Excluding the impairment on goodwill, profit attributable to owners of the Company amounted to RMB126.15 million.

One Core| Adhering to the Core Concept of “Creating Value for Customers”

During the Reporting Period, the Company kept pace with the times and upgraded its product strategy. Adhering to the core concept of “creating value for customers”, the Company integrated big data, artificial intelligence, and cloud computing, etc., and combined high-quality ecological resources to create a series of products with Capinfo characteristics, laying the foundation for infrastructure of smart city construction. The Company successfully developed “Capinfo Connect (首信通)” product, which has been applied in more than 40 units in Beijing, covering over 30,000 people; continuously strengthened CAPINFO EA, Internet of Things management infrastructure platform, blockchain infrastructure support platform and other independent technology platform products, and empowered 12345 hotline and integrated online government service hall intelligentization and other businesses; devoted its efforts to build a series of city brain products and brought into application in the “Huitian Brain” project in Beijing; and made constant effort to develop the heterogeneous data real-time synchronization system and digital Longfusi application system to help customers achieve digital transformation.

Two Platforms| Capinfo Cloud Platform

Capinfo Cloud Platform has been launched nationwide, which represented giant strides in business development. The Company won the bid for the qualification of Beijing municipal government cloud service provider and the municipal SASAC supervision platform project, thereby accelerating the expansion of the business coverage; actively carried out research and development of new generation of cloud-based provident fund products, developed the enterprise cloud market, and expanded service areas such as medical insurance cloud and judicial cloud; and hosted major systems such as medical insurance and provident fund in the city, and has maintained the security of information systems of more than a hundred government departments on the cloud.

Two Platforms| Integrated Network Platform

The construction of the integrated network platform was accelerated and the dominant position in the industry was consolidated. More than 15,000 subscribers have been connected to the dedicated network for government affairs. 1.4G+350M dedicated network construction plan has been approved and has been applied in major communication security on a pilot basis. According to the construction plan of the Internet of Things, the laying of optical cables and new base stations was accelerated to achieve full coverage of the Fifth Ring District, administrative-office zone in the sub-center of the capital, the competition zones of the Winter Olympics and central urban area of outer suburbs. The Company completed the installation and configuration of the new e-government extranet of the Beijing Municipal Government, participated in the standard research of the B-TrunC broadband digital trunking communication system based on LTE technology, and pushed forward the optimization of the quality and standard of the wireless government service.

Four Sectors| Smart Governmental Service

For “smart governmental service”, the market was expanded at a steady pace. In terms of personnel management business, the Group signed contracts for more than 40 projects with provincial ministries and commissions during the year, and major systems for household registration, talent introduction, examination services and civil servant management in Beijing ran smoothly throughout the year. In terms of the “Internet + Governmental Services” business, the Company built the “Internet + Grassroots Social Governance” system to provide support for the election of nearly 15,000 grassroot organizations, developed the “Smart + Governmental Service” application products, and won the award of “Excellent Products in the Field of E-government for Digital Government in China in 2020”; completed the all-in-one website project for Fengtai, built a 24-hour convenient self-service area, won the bid for the e-government service hall project of Xicheng District, and completed the revamp of the website of Shandong Yantai municipal government. In terms of provident fund business, the Company made good progress in national expansion, and the roadmap of smart products has been cleared. IT application innovation business maintained steady development and contracts were signed for projects in Shijingshan District, Miyun District and Changping District etc. The operation of Beijing-China Website, www.bj148.org and construction and maintenance of information technology in the sub-center of the capita were safe and stable throughout the year, and services including the single-window access and blockchain platform were upgraded constantly.

Four Sectors| Smart Medical Service

“Smart medical service” supported the construction of major livelihood projects. The Company invested in the construction of new medical insurance information platform, accomplished the switch over of 18.4 million participants’ hospital settlement business and completed three medical reforms; and major systems such as medical insurance and Beijing Hospital Medical operated safely and stably throughout the year. The Beijing-Tianjin-Hebei cross-provincial outpatient settlement was promoted across designated medical institutions, and has been opened to 149 hospitals, including Peking Union Medical College Hospital. The Company actively expanded the business of commercial insurance settlement platform and signed contracts with a total of 151 hospitals, and 65 hospitals have been connected. The Company also made active efforts to expand the market of “credit medical care” and implemented the model in Changping District and Shijingshan District, and constantly explored the “health cloud” and the medical institution information construction market.

Four Sectors| Smart Governance

“Smart governance” showed a trend of in-depth development. Taking the opportunity of the main construction business of “Huitian” brain, the Company promoted the pilot construction of “City Brain”, and assisted in formulating the 2021 Urban Brain Application Pilot Evaluation Standards; completed the intelligentized upgrade and transformation of the 12345 hotline, and laid out a market system for the three-level users in city, district and street; developed smart building business, won the tender for the weak current project of the new campus and dormitories of Beijing Information Science & Technology University, and completed the overall upgrade project of Changping Lot No. 1; continued to serve major national and Beijing events, provided support for the celebration of the 100th anniversary of the Communist Party, and fully supported the preparation of the “Smart Winter Olympics” and the construction and long-term use of smart venues; ensured the orderly operation of the Beijing environmental protection monitoring system and the grid service platform in Dongcheng District, and continued to promote the management and construction of QR code for urban facilities; and expanded the construction achievements and service scope of the “Sharp Eyes Project”, and continued to contribute to the smart security construction.

Four Sectors| Smart Enterprise

The pace of advancement of “smart enterprise” business accelerated. The Company won the bid for the project on investor supervision information platform of the SASAC of Beijing Municipality, completed the localized transformation of 16 systems in the enterprise cloud, and passed the initial inspection of IT application innovation project; propelled the construction of digital Longfushi and entered the new market of digital transformation of enterprises.

Group Management and Control

During the Reporting Period, the Company implemented the tenure system and contractual management program for the management team and implemented a professional market-oriented compensation system with five channels in three categories: technology, sales and management, to stimulate endogenous dynamics and promote the quality development of the Company; improved the construction of mechanisms and internal control systems, established a compliance management leadership system and a management model of “three lines of defense” for compliance risk control; improved the construction of legal system of subsidiaries, promoted the evaluation of the rule of law of second-tier subsidiaries, and achieved full coverage of legal management of subsidiaries; further strengthened the management and control over legal risks of the Company, enhanced the legal audit of contracts, systems and major decisions, gave full play to the role of legal audit and gate-keeping, continuously provided legal support for key projects of the Company, made efforts to recover outstanding accounts receivable, facilitated the resolution of case disputes, actively carried out legal compliance training, and provided effective legal services for business. The Company built an integrated core control platform to accelerated business integration, enhanced risk control capabilities, created a corporate cockpit for strategic decision making, and promoted digital transformation. The Company successfully completed ISO9000, ISO14000, ISO20000, ISO27000, ISO45000, ITSS Level 1 supervision audits and standards system expansion and certification renewal, and continuously improved and optimized CMMI ML5 management capabilities. Through Capinfo Institute, pain points of the Company were identified, 102 courses in 8 categories were formulated, and 130 training sessions for 88 courses were completed, forming a long-term training mechanism for mastery of theories, experience learning, and forward-looking research.

Looking Forward

The new global industrial revolution is advancing around the world and the national digital economy is surging. The management of the Company will make proactive efforts to serve and adapt to the new development pattern, leverage on its strengths to innovate under the new stage, new situation and new requirements of the “14th Five-Year” and the main theme of the Digital China strategy. With the vision of “being a leading smart city and data industry operator”, the Company will focus on technology research and development and operation model innovation, promote business cooperation and supply, pursue for more robust drivers, higher efficiency and better quality, enhance product innovation, business integration, data-driven operation, industry ecological impact and corporate governance capabilities, “seek change in crisis, seek innovation in change”, and cultivate new momentum for the Company’s development.

Human Resources

As of 31 December 2021, the Group had 1,812 employees (2020: 1,745 employees), including 1,456 technology and research and development employees (2020: 1,373 employees), 261 function management personnel at all levels (2020: 264 employees), 46 call center representatives (2020: 62 employees), and 49 sales staff (2020: 46 employees). Expense of the Group’s employees was approximately RMB450.21 million (2020: RMB415.90 million).

FINANCIAL REVIEW

During the Reporting Period, the Group recorded an operating revenue of RMB1,426.77 million, representing an increase of 1.15% as compared with the same period of last year. The Group recorded a gross profit of RMB509.61 million, representing an increase of 3.21% as compared with the same period of last year, and profit attributable to owners of the Company of RMB18.35 million.

Other income of the Group amounted to RMB18.15 million, representing an increase of 10.64% 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 RMB33.57 million, representing an increase of RMB3.91 million, which was mainly attributable to the investment revenue of RMB30.04 million from Beijing Certificate Authority Co., Ltd. and Beijing Culture & Sports Technology Co., Ltd. during the year, representing an increase of RMB7.93 million as compared the corresponding period last year, as well as revenue of RMB3.53 million recognized from purchase of structural bank deposits during the year. During the year, the impairment loss of assets amounted to RMB106.96 million, due to the impairment loss of goodwill of Xiamen Rito, and provision for impairment of goodwill of RMB107.80 million was made during the year. Credit impairment loss amounted to RMB15.34 million during the year, representing an increase of RMB5.34 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 RMB624.53 million, representing an increase of 5.16% as compared with the corresponding period of last year and accounting for 43.77% (2020: 42.10%) of the total operating revenue of the Group; revenue from system integration amounted to RMB507.46 million, representing an increase of 0.68% as compared with the corresponding period of last year and accounting for 35.57% (2020: 35.73%) of the total operating revenue of the Group; revenue from data processing service amounted to RMB244.46 million, representing a decrease of 12.72% as compared with the corresponding period of last year and accounting for 17.13% (2020: 19.86%) of the total operating revenue of the Group; revenue from information professional service amounted to RMB32.18 million, representing an increase of 99.73% as compared with the corresponding period of last year and accounting for 2.26% (2020: 1.14%) of the total operating revenue of the Group.

Capital Expenditure, Liquidity and Financial Resources

As of 31 December 2021, the Group had total assets amounting to RMB2,378.50 million, representing a decrease of 4.98% as compared with the corresponding period of last year. Equity attributable to shareholders of the parent company amounted to RMB1,142.22 million, representing a decrease of 3.3% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.61, which was basically the same as that of the corresponding period of last year. For the year ended 31 December 2021, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB1,059.77 million, representing an increase of 24.91% as compared with the corresponding period of last year.

Equity Investments

In 2021, the Group's share of results of associates was RMB30.04 million, representing an increase of 35.89% over the corresponding period of last year.

Income Tax

According to the Notice on the Requirements for the Preparation of List of Integrated Circuit Enterprises or Projects and Software Enterprises Eligible for Preferential Tax Policies (Fa Gai Gao Ji [2021] No. 413), upon review, the Company was included in the list of preferential income tax treatment and entitled to the preferential tax treatment. The Enterprise income tax of the Company was imposed at a reduced rate of 10%. During the year, the income tax expenses amounted to RMB15.78 million, representing a decrease of RMB1.84 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, 17 June 2022 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 RMB0.29 cents per share totaling approximately RMB8.40 million for the year ended 31 December 2021 (2020: RMB1.98 cents per share) to the shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Thursday, 23 June 2022. Payment of dividend is subject to the approval by the shareholders at the AGM. Payment of dividend will be made on Monday, 26 September 2022.

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, 14 June 2022 to Friday, 17 June 2022 (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 Monday, 13 June 2022.

(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, 23 June 2022 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, 22 June 2022.

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 then in force set out in the Corporate Governance 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 2021.

PURCHASE, SALE AND REPURCHASE OF THE COMPANY'S SHARES

During the year ended 31 December 2021, 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 2021, 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 2021 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.

PUBLISHING ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Group's annual report for the year 2021 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*
YU Donghui
Chairman

Beijing, the People's Republic of China, 25 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 Ms. Yan Yi, Mr. Zhou Weihua, Mr. Shan Yuhu, 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.