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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 2023

FINANCIAL SUMMARY OF THE GROUP

- During the current interim period, revenue increased by 1.36% to RMB482.36 million as compared with the same period of last year.
- Profit attributable to owners of the Company increased by 8.22% to RMB37.07 million as compared with the same period of last year.
- Basic earnings per share was RMB1.28 cents.
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (same period of 2022: 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 2023.

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

30 June 2023

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	30 June 2023	31 December 2022
Current assets:			
Monetary fund		720,512,623.16	923,417,020.76
Held-for-trading financial assets			
Derivative financial assets			
Notes receivables		58,343.75	58,293.75
Accounts receivables	6	304,689,041.85	452,027,020.14
Financing receivables		1,000,000.00	
Prepayments		104,912,263.58	75,130,905.31
Other receivables		65,907,368.32	66,761,546.95
Incl: Interest receivables			
Dividend receivables			
Inventories		400,847,181.69	217,310,713.94
Contractual assets	7	81,096,566.79	25,335,457.12
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		<u>1,947,693.32</u>	<u>1,954,319.76</u>
Total current assets		<u>1,680,971,082.46</u>	<u>1,761,995,277.73</u>
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		246,019,279.50	246,485,219.16
Other equity instrument investments			
Other non-current financial assets		54,803,668.24	37,133,667.59
Investment properties		21,137,843.36	22,948,130.72
Fixed assets		125,817,458.67	136,104,319.03
Right-of-use assets		15,639,046.85	31,784,060.40
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets		154,495,935.25	46,720,998.23
Development expenditures		14,137,452.29	78,642,530.16
Goodwill			
Long-term deferred expenses		7,925,614.97	13,194,805.16
Deferred income tax assets		62,319,767.78	65,975,549.61
Other non-current assets		<u>104,877,602.74</u>	<u>103,102,602.74</u>
Total non-current assets		<u>807,173,669.65</u>	<u>782,091,882.80</u>
Total assets		<u>2,488,144,752.11</u>	<u>2,544,087,160.53</u>

Items	Notes	30 June 2023	31 December 2022
Current Liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payables			
Account payables	8	348,363,729.14	348,072,086.81
Advances received			
Contractual liabilities	9	364,174,664.07	335,630,190.76
Payroll payables		37,988,447.04	98,526,115.17
Tax payables		32,180,594.81	53,200,129.74
Other payables		316,142,609.97	292,583,177.67
Incl: Interest payables			
Dividend payables		50,716,506.59	
Liabilities held for sale			
Non-current liabilities due within one year		67,146,881.90	83,229,021.20
Other current liabilities			
Total current liabilities		<u>1,165,996,926.93</u>	<u>1,211,240,721.35</u>
Non-current liabilities:			
Long-term borrowings			
Bonds payables			
Incl: Preferred shares			
Perpetual debts			
Lease liabilities		2,006,706.97	3,575,081.98
Long-term payables			
Long-term payroll payables			
Accrued liabilities			
Deferred income		1,790,598.29	1,826,923.08
Deferred income tax liabilities		4,560,946.29	6,085,101.54
Other non-current liabilities			
Total non-current liabilities		<u>8,358,251.55</u>	<u>11,487,106.60</u>
Total liabilities		<u>1,174,355,178.48</u>	<u>1,222,727,827.95</u>
Shareholders' equity:			
Share capital		289,808,609.10	289,808,609.10
Other equity instruments			
Incl: Preferred shares			
Perpetual debts			
Capital reserves		299,287,463.92	299,080,505.71
Less: Treasury stock			
Other comprehensive income		-8,443,166.86	-8,443,166.86
Special reserves			
Surplus reserves		129,526,259.95	129,526,259.95
Undistributed profits	10	539,104,383.10	552,755,669.88
Total equity attributable to owners			
of the parent company		1,249,283,549.21	1,262,727,877.78
Minority interests		64,506,024.42	58,631,454.80
Total shareholders' equity		<u>1,313,789,573.63</u>	<u>1,321,359,332.58</u>
Total liabilities and shareholders' equity		<u>2,488,144,752.11</u>	<u>2,544,087,160.53</u>

CONSOLIDATED INCOME STATEMENTS

January-June 2023

Prepared by: Capinfo Company Limited

Unit: RMB

Items	Notes	Amount for current period	Amount for last period
I. Total operating income	11	482,364,292.15	475,874,384.65
Less: Operating costs	11	280,383,491.79	301,723,993.36
Business tax and surcharges		1,549,507.39	2,779,990.85
Selling expenses		56,452,415.07	53,743,942.80
Administrative expenses		59,728,495.54	45,532,604.68
R&D expenses		42,647,414.82	32,633,782.63
Financial expenses		-7,208,828.98	-10,623,589.93
Incl: Interest expenses		597,535.36	1,213,431.11
Interest income		5,718,128.09	8,893,201.68
Add: Other income		835,919.27	1,061,491.74
Investment gain (loss is marked by “-”)		3,912,119.09	227,933.09
Incl: Gain from investment in associates and joint ventures		2,325,033.93	227,933.09
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 “-”)		1,870,000.65	
Impairment losses of credit (loss is marked by “-”)		-7,997,049.59	-4,144,577.10
Impairment losses of assets (loss is marked by “-”)		-176,303.71	233,428.40
Gain from disposal of assets (loss is marked by “-”)		59,549.53	
II. Operating profit (loss is marked by “-”)		47,316,031.76	47,461,936.39
Add: Non-operating income		133,121.72	9,056.42
Less: Non-operating expenses		846.27	1,189,450.52
III. Total profit (total loss is marked by “-”)		47,448,307.21	46,281,542.29
Less: Income tax expenses	12	4,508,517.78	6,947,638.21
IV. Net profit (net loss is marked by “-”)		42,939,789.43	39,333,904.08
(I) Items classified by attribution of ownership			
1. Net profit attributable to owners of the parent company		37,065,219.81	34,249,022.09
2. Minority interests		5,874,569.62	5,084,881.99
(II) Items classified by continued operations			
1. Net profit from continued operations (net loss is marked by “-”)		42,939,789.43	39,333,904.08
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 company, net			
Other comprehensive income attributable to the minority shareholders after taxation, net			
VI. Total comprehensive income		42,939,789.43	39,333,904.08
Total comprehensive income attributable to the owners of parent company		37,065,219.81	34,249,022.09
Total comprehensive income attributable to the minority shareholders		5,874,569.62	5,084,881.99
VII. Earnings per share:			
(I) Basic earnings per share	<i>13</i>	0.0128	0.0118

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, and formed an organizational structure comprising of three major sectors: business front office, technical middle-office, and management back-office. At present, the business front-office consists of four mature business divisions (Social Security Division, Housing Provident Fund Division, Organization Division and Governance Division), two key departments (Business Development Department and Network Business Department) and coverage expansion. The technical middle-office consists of five centers (Product Center, Network Center, Innovation Center, Big Data Center and Operation Center) and two departments (Technical Management Department and Comprehensive Management Department). The management back-office consists of 14 functional departments. The Company has thirteen branches, namely Beijing Yanqing Branch, Shunyi Branch, Daxing Branch, Tongzhou Branch, Dongcheng Branch, Guangzhou Branch, Chongqing Branch, Hebei Xiong’an Branch, Shanghai Hengyue Information Service branch, Hubei branch, Hebei branch, Jilin branch and Inner Mongolia Autonomous Region 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; technical development, technical consulting, technical service and technical training of network interconnection, computer equipment, software and hardware products as well as 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

Interpretation No. 16 of Accounting Standards for Business Enterprises

The Ministry of Finance issued the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31) (“**Interpretation No. 16**”) in November 2022.

According to the Interpretation No. 16, regarding single transactions that are not business combinations and do not affect either accounting profit or taxable income (or deductible losses) at the time of the transactions, and single transactions whose assets and liabilities initially recognized result in taxable temporary differences and deductible temporary differences of equal amounts, for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities of the transactions, enterprises shall respectively recognize the corresponding deferred income tax liabilities and deferred income tax assets upon the occurrence of the transactions in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 18 – Income Tax and other relevant regulations. For the above transactions that occurred between the beginning of the earliest period as shown in financial statements in which the above provisions were first applied and the date of application of this interpretation, enterprises shall adjust the opening retained income and other related items in financial statements for the earliest period as shown in financial statements by the accumulated affected amounts according to the above interpretation and the above provisions. The above accounting treatment provisions shall be effective from 1 January 2023.

The impact of the above accounting policies on the consolidated balance sheet as at 30 June 2023 and the consolidated income statements for January-June 2023 is as follows:

Items of consolidated balance sheet	Affected amount
Deferred income tax assets	1,576,896.16
Deferred income tax liabilities	1,744,673.39
Surplus reserves	14,053.61
Undistributed profit	-133,072.76
Minority interests	-48,758.08

Items of consolidated income statements	Affected amount January-June 2023
Income tax expenses	308,313.34
Net profit	-308,313.34
Incl: net profit attributable to shareholders of the parent company	-279,154.82
Minority interests	-29,158.52

The impact of the above changes in accounting policies on the consolidated balance sheet as at 31 December 2022 and the consolidated income statements for January-June 2022 is as follows:

Items of consolidated balance sheet	Before adjustment	Adjusted amount	After Adjustment
Deferred income tax assets	62,531,772.56	3,443,777.05	65,975,549.61
Deferred income tax liabilities	2,781,860.60	3,303,240.94	6,085,101.54
Surplus reserves	129,512,206.34	14,053.61	129,526,259.95
Undistributed profit	552,609,587.82	146,082.06	552,755,669.88
Minority interests	58,651,054.36	-19,599.56	58,631,454.80

Items of consolidated income statements (January-June 2022)	Before adjustment	Adjusted amount	After Adjustment
Income tax expenses	6,947,638.21	72,528.71	7,020,166.92
Net profit attributable to shareholders of the parent company	34,249,022.09	86,970.54	34,335,992.63
Minority interests	5,084,881.99	-14,441.83	5,070,440.16

The impact of the above changes in accounting policies on the consolidated balance sheet as at 1 January 2022 is as follows:

Items of consolidated balance sheet	Before adjustment	Adjusted amount	After Adjustment
Deferred income tax assets	448,733,295.33	5,740,398.01	454,473,693.34
Deferred income tax liabilities	22,009,837.59	5,687,299.92	27,697,137.51
Surplus reserves	118,524,908.97	5,309.81	118,530,218.78
Undistributed profit	308,198,548.77	58,111.29	308,256,660.06
Minority interests	443,449,232.82	-10,323.01	443,438,909.81

The cumulative impact of the above accounting policies is as follows:

Affected items	2023.6.30	2022.12.31
Net assets at the beginning of period	–	140,536.11
Incl: Retained earnings	–	160,135.67
Net assets at the end of period	-167,777.23	–
Incl: Retained earnings	-119,019.15	–

The above changes in accounting policies resulted in a decrease of RMB308,300 in net profit for January-June 2023; and a decrease of RMB72,500 in net profit for January-June 2022.

(2) Changes in critical 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	15
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 sells its own-developed and produced software. After levitation of value-added tax at a rate of 13%, the part over 3% will be refundable as soon as it is imposed.

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

(2) Corporate income tax

According to the 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 has no tax payable profit during the current period.

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

Capinfo Medical United obtained its Certificate of Hi-tech Enterprise, No. GR202211004422 on 1 December 2022 and is entitled to the corporate income tax preference of 15% for a period of three years.

Parking Management was entitled to the preferential income tax as national small and micro enterprises during the current period. The policies are as follows:

According to relevant provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》) (Announcement No. 13 [2022] of the MOF and the SAT), from 1 January 2022 to 31 December 2024, the portion of annual taxable income of a small low-profit enterprise which exceeds RMB1 million but does not exceed RMB3 million shall be calculated at a reduced rate of 25% as taxable income amount and shall be subject to corporate income tax at 20%.

6. ACCOUNTS RECEIVABLES

(1) Accounts receivables analysed by aging

Age	2023.6.30	
	Amount	Percentage %
0 – 6 months	82,001,791.88	16.36
6 months – 1 year	128,748,468.56	25.68
1 – 2 years	101,486,810.00	20.25
2 – 3 years	73,036,804.88	14.57
Over 3 years	116,005,083.00	23.14
Subtotal	<u>501,278,958.32</u>	<u>100.00</u>
Less: Bad debts provisions	<u>196,589,916.47</u>	
Total	<u><u>304,689,041.85</u></u>	

Age	2022.12.31	
	Amount	Percentage %
0 – 6 months	326,206,862.30	50.91
6 months – 1 year	17,791,051.96	2.78
1 – 2 years	134,761,287.00	21.04
2 – 3 years	47,849,420.79	7.47
Over 3 years	114,011,214.97	17.80
Subtotal	<u>640,619,837.02</u>	<u>100.00</u>
Less: Bad debts provisions	<u>188,592,816.88</u>	
Total	<u><u>452,027,020.14</u></u>	

7. CONTRACTUAL ASSETS

Items	2023.6.30	2022.12.31
Contractual assets	82,004,930.62	26,067,517.24
Less: Provisions for the impairment of contractual assets	<u>908,363.83</u>	<u>732,060.12</u>
Subtotal	81,096,566.79	25,335,457.12
Less: Contractual assets presented under other non-current assets	<u>—</u>	<u>—</u>
Total	<u><u>81,096,566.79</u></u>	<u><u>25,335,457.12</u></u>

8. ACCOUNTS PAYABLES

(1) Accounts payables disclosed by types

Items	2023.6.30	2022.12.31
Payment for goods	<u>348,363,729.14</u>	<u>348,072,086.81</u>

(2) Accounts payables disclosed by aging

Items	2023.6.30	2022.12.31
Within 1 year	127,105,955.06	160,571,264.40
1 – 2 years	85,373,883.17	71,198,150.09
2 – 3 years	46,510,794.09	70,537,113.22
Over 3 years	<u>89,373,096.82</u>	<u>45,765,559.10</u>
Total	<u>348,363,729.14</u>	<u>348,072,086.81</u>

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

9. CONTRACTUAL LIABILITIES

Items	2023.6.30	2022.12.31
Project receipt	<u>364,174,664.07</u>	<u>335,630,190.76</u>

10. UNDISTRIBUTED PROFITS

Items	Amount
Undistributed profits at the end of last period before adjustment	552,609,587.82
Total amount of adjustment for undistributed profits at the beginning of period (“+” for plus; “-” for less)	146,082.06
Undistributed profits at the beginning of period after adjustment	552,755,669.88
Add: Net profit attributable to shareholders during the period	37,065,219.81
Less: Withdrawal of statutory surplus reserves	–
Dividend payable on ordinary shares	50,716,506.59
Undistributed profits at the end of period	539,104,383.10

Notes:

Due to the changes in accounting policies, affected undistributed profits at the beginning of the period was RMB146,082.06.

Please refer to Note 3. (1) for the impact of the changes in accounting policies on the undistributed profits at the beginning of the period.

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 2023		January – June 2022	
	Income	Cost	Income	Cost
Main businesses	474,161,441.70	278,573,204.43	466,098,028.24	299,776,002.00
Other business	<u>8,202,850.45</u>	<u>1,810,287.36</u>	<u>9,776,356.41</u>	<u>1,947,991.36</u>

(1) **Main businesses (sub-businesses)**

Name of business	January – June 2023		January – June 2022	
	Operating income	Operating cost	Operating income	Operating cost
Software development and service	277,787,735.50	157,598,834.47	263,581,256.69	161,005,375.42
System integration	61,994,722.26	43,755,874.97	76,592,117.74	57,110,486.94
Data processing service	112,817,710.02	66,355,622.14	116,075,320.02	76,666,692.19
Information professional service	<u>21,561,273.92</u>	<u>10,862,872.85</u>	<u>9,849,333.79</u>	<u>4,993,447.45</u>
Total	<u>474,161,441.70</u>	<u>278,573,204.43</u>	<u>466,098,028.24</u>	<u>299,776,002.00</u>

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

Name of business	January – June 2023		January – June 2022	
	Operating income	Operating cost	Operating income	Operating cost
Rental income from investment property	<u>8,202,850.45</u>	<u>1,810,287.36</u>	<u>9,776,356.41</u>	<u>1,947,991.36</u>

(3) **Timing of revenue recognition**

Revenue recognition method	January – June 2023
At a certain point of time	107,607,300.33
Over a period of time	<u>374,756,991.82</u>
Total	<u>482,364,292.15</u>

12. **INCOME TAX EXPENSE**

Items	January – June 2023	January – June 2022
Current income tax calculated in accordance with the tax law and relevant provisions	2,376,891.20	10,198,363.92
Deferred income tax expense	<u>2,131,626.58</u>	<u>-3,250,725.71</u>
Total	<u>4,508,517.78</u>	<u>6,947,638.21</u>

13. EARNINGS PER SHARE

Items	January – June 2023	January – June 2022
Consolidated net profit attributable to ordinary shareholders of the Company	37,065,219.81	34,249,022.09
Weighted average number of ordinary shares outstanding	<u>2,898,086,091.00</u>	<u>2,898,086,091.00</u>
Basic earnings per share	<u><u>0.0128</u></u>	<u><u>0.0118</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.

14. DIVIDEND

The Company approved a final dividend of RMB1.75 cents per share for the year ended 31 December 2022 (before tax) at the annual general meeting convened on 16 June 2023. Final dividend for 2022 approved during the year amounted to RMB50,716,506.59 (final dividend for 2021 approved during 2022: RMB0.29 cents per share (before tax), totaling RMB8,404,449.66).

15. OTHER IMPORTANT MATTERS

On 21 July 2014, the Company entered into a share transfer agreement with Xiamen Ruitailong Investment Development Company Limited* (廈門銳泰隆投資發展有限公司) and other transferors (the “Former Shareholders”) to acquire the equity interest of Rito Info. On the ground that the Former Shareholders were suspected of exaggeration of financial performance for the period under assessment, in order to protect the interests of the Company and its Shareholders, a new legal proceeding was instituted by the Company in the Beijing First Intermediate People’s Court (北京市第一中級人民法院) on 3 April 2023, to seek legal action against the Former Shareholders according to law. At present, the case is still in the process of hearing.

BUSINESS REVIEW

In the first half of 2023, faced with the challenges of the changing external environment and the further tightening of government spending on informatization, the Group pressed on with product transformation and nationwide industrial expansion, and steadily implemented various reform measures. In May 2023, the Company was included in the list of “Model Enterprises of Science and Technology Reform” by the State-owned Assets Supervision and Administration Commission of the State Council.

For the six months ended 30 June 2023, the Group recorded revenue from its principal business of RMB482.36 million, representing an increase of 1.36% as compared with the same period of last year; and profit attributable to owners of the Company of RMB37.07 million, representing an increase of 8.22% as compared with the same period of last year.

During the Reporting Period, the Group continuously improved the safe and stable operation of major government services and livelihood systems, and promoted the industrial expansion of four sectors based on the core principle of “creating value for customers”.

In the digital government sector, for the provident fund business, the Group further consolidated its core customer base in Beijing, Shanghai, Guangzhou and Chongqing with a focus on “digital” transformation, and adopted the strategy of diffusion from point to area in promoting the “new generation” of provident fund products in Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, and Yunnan-Guizhou-Sichuan regions. For the personnel management business, through branches in Hebei, Inner Mongolia and Jilin, the Group preliminarily established a nationwide footprint in the personnel management market, and signed new contracts with key users at the provincial and ministerial levels such as the Federation of Trade Unions, Liaoning, Jilin, Hebei, and Shanxi.

In the digital medical care sector, Beijing Medical Information Platform passed the inspection and acceptance of the National Healthcare Security Administration and operated in a stable manner. The medical insurance mobile payment system was launched, enabling appointments and online payment of consultation fees at 26 hospitals. The Group also promoted the development of credit medical treatment platforms in 29 hospitals in Haidian District, and completed the HIS transformation of Chaoyang Hospital.

In the digital enterprises sector, the preliminary inspection of the investor supervision platform of the Municipal State-owned Assets Supervision and Administration Commission was completed. Based on such project, the Group has developed a business module of “online management and control of enterprises” and secured municipal state-owned enterprise projects from Bank of Beijing, Beijing Rural Commercial Bank, and Xianglong Assets.

In the digital governance sector, the Group secured the “relief, rectification and promotion” enhancement project from the Municipal Development and Reform Commission, completed the final inspection of immediate handling of complaint projects in Changping District and Xicheng District, and signed contracts for street businesses such as Songzhuang, and Tiantongyuan South.

Product Research and Development

During the Reporting Period, the Group accelerated the process of productization and furthered the research and development of common components and industry products. The Group continuously improved the cloud-native micro-service software development framework, and applied it to software products such as mobile payment for medical insurance, immediate handling of complaint, supervision on decision-making of “three major and one significant” matters and provident funds. In response to market demand, the Group designed three industry software products, including provident fund system, personnel management system, and system for immediate handling of complaint, and expanded the national market through product duplication.

Human Resources

As of 30 June 2023, the Group had 1,622 employees. During the Period, the expense of the employees was approximately RMB210.72 million. During the Reporting Period, the Group steadily promoted the reform of remuneration and appraisal, adjusted the fixed-float ratio of remuneration, and focused on incentives for core talents. Rating scales were mandatorily used in appraisal and the application of appraisal results was enhanced. The Group further intensified the customer-centric marketing concept, promoted the formation of an efficient coordination mechanism for the front, middle and back offices, and continuously improved customer service capability.

Looking Forward

In the second half of the year, the Group will seize the opportunities of the new round of deepening and upgrading actions of state-owned enterprise reform, the development of the capital city in the new era, and digital transformation of enterprises to further deepen reform and development, focus on its main duties and responsibilities, and strengthen risk prevention and control, so as to realize high-quality development of enterprises.

FINANCIAL REVIEW

For the six months ended 30 June 2023, the Group recorded an operating revenue of RMB482.36 million, representing an increase of 1.36% as compared with the same period of last year; gross profit of RMB201.98 million, representing an increase of 15.98% as compared with the same period of last year; and profit attributable to owners of the Company of RMB37.07 million, representing an increase of 8.22% as compared with the same period of last year.

Other income of the Group amounted to RMB8.20 million, representing a decrease of 16.10% over the corresponding period of last year, mainly attributable to the rental income of Digital Beijing Building, which accounted for 1.70% 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 RMB277.79 million, representing an increase of 5.39% as compared with the corresponding period of last year and accounting for 57.59% of the total operating revenue of the Group; revenue from data processing service amounted to RMB112.82 million, representing a decrease of 2.81% as compared with the corresponding period of last year and accounting for 23.39% of the total operating revenue of the Group; revenue from system integration amounted to RMB61.99 million, representing a decrease of 19.06% as compared with the corresponding period of last year and accounting for 12.85% of the total operating revenue of the Group; revenue from information professional service amounted to RMB21.56 million, representing an increase of 118.91% as compared with the corresponding period of last year and accounting for 4.47% of the total operating revenue of the Group.

In addition, in respect of the classification of industries which the clients of the Company are engaged in, government clients of the Group accounted for the largest share, with 81.32% of clients being the government clients. In respect of regions of business distribution, the operating revenue of the Group was still derived mainly from the Beijing region currently, which accounted for 97.11% of the total operating revenue.

Capital Expenditure, Liquidity and Financial Resources

As of 30 June 2023, the Group had total assets amounting to RMB2,488.14 million, representing a decrease of 2.20% as compared with the end of last year. Equity attributable to owners of the Company amounted to RMB1,249.28 million, representing a decrease of 1.06% as compared with the end of last year. The Group's current ratio, defined as total current assets over total current liabilities, was 1.44, which was basically the same as that of the corresponding period of last year. For the six months ended 30 June 2023, the Group had no pledged assets.

Bank deposits, bank balance and cash of the Group amounted to RMB720.51 million, representing a decrease of 3.74% as compared with the corresponding period of last year. There were also long-term bank large denomination certificate of deposits and interest thereon of RMB104.88 million shown under other non-current assets. As of the end of the current period, no structured bank deposits were purchased.

Equity Investments

In the first half of 2023, the Group's share of results of associates was RMB2.32 million.

Income Tax

In the first half of 2023, the Group's income tax expenses amounted to RMB4.51 million, representing a decrease of RMB2.44 million compared to the corresponding period of last year.

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 2023.

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 2023 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 2023.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board of
CAPINFO COMPANY LIMITED*
YU Donghui
Chairman

Beijing, the People's Republic of China
30 August 2023

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