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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)

**CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

- Turnover increased by 16.21% to RMB879.5 million.
- Profit attributable to owners of the Company increased by 51.57% to RMB101.5 million.
- Basic earnings per share increased by 51.52% to RMB3.50 cents per share.
- The board of directors has recommended the payment of a final dividend of RMB1.57 cents per share (2014: RMB1.06 cents per share) totalling approximately RMB45.5 million for the year ended 31 December 2015, subject to approval by shareholders at the forthcoming annual general meeting.

The board of directors (the “Board”) of Capinfo Company Limited (the “Company”) is pleased to announce the consolidated financial results and financial position of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 together with the comparative figures for the corresponding period of 2014. These financial results and financial position have been audited by Grant Thornton Hong Kong Limited, Certified Public Accountants and reviewed by the Board and the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Note</i>	2015 RMB'000	2014 RMB'000 (Restated)
Revenue	5	879,473	756,810
Cost of sales		(618,760)	(521,745)
Gross profit		260,713	235,065
Other income		31,374	30,431
Other gains and losses	6	48,871	1,109
Research and development costs		(75,124)	(41,697)
Marketing and promotional expenses		(84,805)	(82,846)
Administrative expenses		(94,717)	(75,650)
Finance cost for loan wholly repayable within five years		(679)	(227)
Share of results of associates		16,272	14,605
Profit before tax		101,905	80,790
Income tax expense	7	(361)	(13,792)
Profit for the year	8	101,544	66,998
Profit and total comprehensive income for the year attributable to			
– Owners of the Company		101,542	66,993
– Non-controlling interests		2	5
		101,544	66,998
Earnings per share for profit attributable to owners of the Company during the year	10		
– Basic		RMB3.50 cents	RMB2.31 cents
– Diluted		RMB3.50 cents	RMB2.30 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	<i>Note</i>	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000 (Restated)	As at 1 January 2014 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment		152,147	187,747	165,451
Investment property		49,057	52,831	56,605
Goodwill		184,598	184,598	—
Intangible assets		32,568	42,792	14,537
Prepaid lease payments		32,578	40,217	39,707
Deposits paid on acquisition of property, plant and equipment		1,149	2,121	2,505
Interests in associates		75,974	64,529	54,542
Financial assets at fair value through profit or loss		6,659	—	—
Available-for-sale investments		971	971	1,971
Trade receivables	<i>12</i>	57,040	58,467	89,533
Deferred tax assets		18,046	10,458	6,014
		610,787	644,731	430,865
Current assets				
Inventories	<i>11</i>	17,461	28,108	5,342
Prepaid lease payments		8,548	7,781	7,051
Trade and other receivables	<i>12</i>	327,928	267,922	197,434
Income tax recoverable		1,098	—	—
Amounts due from customers for contract works	<i>13</i>	59,235	76,159	68,125
Amounts due from related parties		24,711	13,011	10,021
Bank deposits		80,910	4,593	72,767
Bank balances and cash		498,559	468,071	365,372
		1,018,450	865,645	726,112
Current liabilities				
Trade and other payables	<i>14</i>	335,042	265,500	227,724
Contingent consideration payable		82,255	—	—
Amounts due to related parties		4,463	2,382	1,004
Amounts due to customers for contract works	<i>13</i>	243,515	246,584	107,591
Loan from government	<i>15</i>	1,810	2,720	3,630
Short term bank loan		—	20,000	—
Income tax payable		7,125	12,817	133
		674,210	550,003	340,082
Net current assets		344,240	315,642	386,030
Total assets less current liabilities		955,027	960,373	816,895
Non-current liabilities				
Contingent consideration payable		37,438	113,161	—
Deferred tax liabilities		547	994	—
		37,985	114,155	—
Net assets		917,042	846,218	816,895
Capital and reserves				
Share capital	<i>16</i>	289,809	289,809	289,809
Share premium and reserves		627,094	556,272	526,954
Equity attributable to owners of the Company		916,903	846,081	816,763
Non-controlling interests		139	137	132
Total equity		917,042	846,218	816,895

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Statutory surplus reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014, as previously reported	289,809	254,079	49,902	237,969	831,759	132	831,891
Restatements due to change in accounting policy by the Company's associate (note 3)	–	–	–	(14,996)	(14,996)	–	(14,996)
At 1 January 2014 (restated)	289,809	254,079	49,902	222,973	816,763	132	816,895
Profit and total comprehensive income for the year (restated)	–	–	–	66,993	66,993	5	66,998
Dividend recognised as distribution (note 9)	–	–	–	(37,675)	(37,675)	–	(37,675)
Profit appropriations	–	–	8,761	(8,761)	–	–	–
At 31 December 2014 (restated)	289,809	254,079	58,663	243,530	846,081	137	846,218
At 1 January 2015, as previously reported	289,809	254,079	58,663	261,916	864,467	137	864,604
Restatements due to change in accounting policy by the Company's associate (note 3)	–	–	–	(18,386)	(18,386)	–	(18,386)
At 1 January 2015 (restated)	289,809	254,079	58,663	243,530	846,081	137	846,218
Profit and total comprehensive income for the year	–	–	–	101,542	101,542	2	101,544
Dividend recognised as distribution (note 9)	–	–	–	(30,720)	(30,720)	–	(30,720)
Profit appropriations	–	–	5,580	(5,580)	–	–	–
At 31 December 2015	289,809	254,079	64,243	308,772	916,903	139	917,042

1. GENERAL

The Company is a joint stock limited company established in Beijing, the People's Republic of China (the "PRC") and its H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is 北京市國有資產經營有限責任公司(Beijing State-owned Assets Management Co., Ltd., or "BSAM"), a state-owned enterprise, also established in the PRC.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment and self-developed computer software.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Group.

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to the Group for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle

The adoption of these revised HKFRSs does not have any material impact on the consolidated financial statements of the Company.

New and amended HKFRSs issued but not yet effective

The Group has not early applied the following new and amended HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 9	Financial Instruments ²
Amendments to HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Available for application, the mandatory effective date is subject to a date to be determined

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date of the new and amended HKFRSs. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 and will replace HKAS 39 in its entirety. The new standard introduces changes to HKAS 39's guidance on the classification and measurement of financial assets. Under HKFRS 9, each financial asset is classified into one of three main classification categories: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. An entity may make an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

Most of the HKAS 39's requirements for financial liabilities were carried forward unchanged to HKFRS 9. The requirements related to the fair value option for financial liabilities have however been changed to address own credit risk. Where an entity chooses to measure its own debt at fair value, HKFRS 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income, unless effect of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss, in which case, all gains or losses on that liability are to be presented in profit or loss.

HKFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, entities are required to account for expected credit losses when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

HKFRS 9 also provides new guidance on the application of hedge accounting. The new hedge accounting models retain the three types of hedge accounting and the requirements of formal designation and documentation of hedge accounting relationships. The new hedge accounting requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assess hedge effectiveness.

The directors are currently assessing the possible impact of HKFRS 9 on the Group's results and financial position in the first year of application.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing HKFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The directors are currently assessing the possible impact of HKFRS 15 on the Group's results and financial position in the first year of application.

3. RESTATEMENTS DUE TO CHANGE IN ACCOUNTING POLICY BY THE COMPANY'S ASSOCIATE

In preparing the Group's consolidated financial statements for the year ended 31 December 2015, the Group has identified certain restatements required in the comparative financial information presented arising from share of results in Beijing Certificate Authority Co., Ltd. ("BJCA") 北京數字認證股份有限公司, an associate of the Group principally engaged in the provision of services related to digital certificates.

In the prior years, revenue of BJCA arising from the provision of services related to digital certificates was recognised immediately upon relevant digital certificate has been installed and the security keys have delivered and accepted by customers or upon relevant services contract being renewed.

During the year, the management of BJCA conducted an evaluation of the above basis of revenue recognition and determined that after installation of digital certificate together with the delivery of security keys to customers, BJCA also serves as services provider to the individualised security keys, such that the users are then able to access to the security system. BJCA has to provide services to its customers such as unlock, deactivate and certificate search when individual customers login to security system during the life of the digital certificate, therefore the management of BJCA concluded that proper treatment is to recognise the revenue received over the life of digital certificate and therefore the management of BJCA decided to proceed with the restatements.

The impact of the restatements in the consolidated financial statements in respect of the change in revenue recognition policy recognised by BJCA on the Group is as follows:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014

	As previously reported RMB'000	Decrease RMB'000	Restated RMB'000
Share of results of associates	<u>17,995</u>	<u>(3,390)</u>	<u>14,605</u>
Profit before tax	<u>84,180</u>	<u>(3,390)</u>	<u>80,790</u>
Profit and total comprehensive income for the year	<u>70,388</u>	<u>(3,390)</u>	<u>66,998</u>
Profit and total comprehensive income for the year attributable to owners of the Company	<u><u>70,383</u></u>	<u><u>(3,390)</u></u>	<u><u>66,993</u></u>
Earnings per share for profit attributable to owners of the Company during the year			
– Basic	<u>RMB2.43 cents</u>	<u>(RMB0.12 cents)</u>	<u>RMB2.31 cents</u>
– Diluted	<u>RMB2.42 cents</u>	<u>(RMB0.12 cents)</u>	<u>RMB2.30 cents</u>

Consolidated statement of financial position as at 1 January 2014 and 31 December 2014

	As previously reported <i>RMB'000</i>	Decrease <i>RMB'000</i>	Restated <i>RMB'000</i>
As at 1 January 2014			
Interests in associates	<u>69,538</u>	<u>(14,996)</u>	<u>54,542</u>
Total non-current assets	<u>445,861</u>	<u>(14,996)</u>	<u>430,865</u>
Total assets less current liabilities	<u>831,891</u>	<u>(14,996)</u>	<u>816,895</u>
Net assets	<u>831,891</u>	<u>(14,996)</u>	<u>816,895</u>
Share premium and reserves	<u>541,950</u>	<u>(14,996)</u>	<u>526,954</u>
Total equity	<u><u>831,891</u></u>	<u><u>(14,996)</u></u>	<u><u>816,895</u></u>
As at 31 December 2014			
Interests in associates	<u>82,915</u>	<u>(18,386)</u>	<u>64,529</u>
Total non-current assets	<u>663,117</u>	<u>(18,386)</u>	<u>644,731</u>
Total assets less current liabilities	<u>978,759</u>	<u>(18,386)</u>	<u>960,373</u>
Net assets	<u>864,604</u>	<u>(18,386)</u>	<u>846,218</u>
Share premium and reserves	<u>574,658</u>	<u>(18,386)</u>	<u>556,272</u>
Total equity	<u><u>864,604</u></u>	<u><u>(18,386)</u></u>	<u><u>846,218</u></u>

4. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to the segment and to assess its performance. The Group's Chief Executive Officer ("CEO") or the person who is authorised to exercise the authority of CEO is identified as the chief operating decision maker.

CEO for the purpose of resource allocation and assessment of performance, reviewed consolidated profit after taxation and the consolidated revenue of the Group as a whole prepared in accordance with the Accounting Standards for Business Enterprise of the PRC, which has no significant differences as compared with the consolidated profit after taxation and the consolidated revenue reported under HKFRSs. Therefore, the operation of the Group constitutes one single operating segment. Accordingly, no operating segment is presented, other than the entity-wide disclosure.

The Group's operations are located in the PRC and all the revenue of the Group comes from the PRC customers. The Group's non-current assets are substantially located in the PRC. Aggregated revenues from government-related entities and the PRC government are approximately RMB672,740,000 (2014: RMB685,915,000). Other than this, the Group has no customer which contributes more than 10% of the Group's consolidated revenue for both years.

5. REVENUE

Revenue represents revenue generated from sales of goods, and income from technology service contracts during the year. An analysis of the Group's revenue for the year is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue		
Income from technology service contracts		
Operation and maintenance service	494,607	418,508
System integration service	193,547	151,960
Software development service	173,323	179,967
Consulting service	5,602	1,917
	<u>867,079</u>	<u>752,352</u>
Sales of goods	<u>12,394</u>	<u>4,458</u>
	<u><u>879,473</u></u>	<u><u>756,810</u></u>

6. OTHER GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000
Fair value gain on financial assets at fair value through profit or loss	5,594	758
Gain on disposal of available-for-sale investments (<i>note</i>)	56,862	3,108
Fair value changes of contingent consideration payable	(6,532)	(2,274)
(Loss)/gain on disposal of property, plant and equipment	(201)	39
Allowance for doubtful debts (<i>note 12</i>)	(9,419)	(4,606)
Written-off of long outstanding payables	–	4,084
Exchange gain, net	2,567	–
	<u>48,871</u>	<u>1,109</u>

Note:

On 23 October 2014, the Company was informed by PayEase Corp. (“PayEase”) (an available-for-sale investee with nil carrying value) that on 21 October 2014 (United States time) a merger agreement was entered into among PayEase and Mozido Inc. (“Mozido”), an independent third party, two of Mozido’s subsidiaries (“First Subsidiary” and “Second Subsidiary”), and other parties including the escrow agent, the payments administrator and a person representing the security holders in PayEase for the purpose of the merger agreement. The Group is not a party to the merger agreement.

Pursuant to the merger agreement, Mozido has conditionally agreed to cause its First Subsidiary to merge with and into PayEase and, promptly after, PayEase to merge with and into Second Subsidiary, with Second Subsidiary surviving as a wholly-owned subsidiary of Mozido. It has been agreed between PayEase and Mozido that (subject to certain closing adjustments) the aggregate consideration for the mergers is US\$750 million, which will be satisfied by (i) US\$135 million in the form of cash, less third party expenses, PayEase Group’s debt, amounts set aside for expenses to be incurred by the person representing the security holders in PayEase for the purposes of the merger agreement, and working capital deficit; (ii) the allotment and issue of approximately 8,977,361 shares of Series C-1 preferred stock of Mozido (“C-1 Stock”) at an issuance price of US\$12.81 per share (approximately RMB78.29); and (iii) the allotment and issue of approximately 39,032,006 shares of Series C-2 preferred stock of Mozido (“C-2 Stock”) at an issuance price of US\$12.81 per share (approximately RMB78.29).

On 6 January 2015 (Hong Kong time), the Group received from PayEase supporting documents evidencing that First Subsidiary was merged with and into PayEase on 31 December 2014 and then PayEase was merged with and into Second Subsidiary on 2 January 2015.

As informed by PayEase, based on the Group’s shareholding in PayEase, subject to any escrow arrangements, the expected consideration receivable by the Group following the execution and return of certain documents will be amounted to approximately US\$14.8 million in form of cash; 1,254,164 shares of C-1 Stock; and 5,452,886 shares of C-2 Stock. The expected consideration is subject to closing adjustments.

During the current year, the Group recognised gain on the deemed disposal of PayEase amounting to RMB56,862,000 (2014: Nil). The gain comprised of cash received of RMB51,441,000 and 2,771,484 shares of C-2 Stock valued at RMB5,421,000 (2014: Nil).

As the Group is not a party to the merger agreement, in the opinion of the management, the stock price of US\$12.81 (approximately RMB78.29) per share does not represent the fair value of the C-1 Stock and C-2 Stock (which are of different terms) and therefore the fair value of C-2 Stock has been determined by reference to the valuation of professional valuer on a combination of market approach and Black-Scholes option pricing model.

The Group did not recognise the remaining cash portion and C-1 Stock and C-2 Stock withheld under escrow agent and subject to escrow arrangements and closing adjustments as the ultimate realisation of the amount of cash portion and number of C-1 Stock and C-2 Stock are unable to ascertain and the economic inflow is uncertain as at the date of the report.

Details are set out in the Company's announcements dated 18 November 2014, 8 January 2015, 17 February 2015, 14 April 2015, 14 May 2015 and a circular dated 26 October 2015.

7. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
PRC Enterprise Income Tax		
– Current year	7,993	12,346
– Under provision	403	5,730
Deferred tax credit		
– Current year	(3,153)	(4,284)
– Effect of change in tax rate	(4,882)	–
	<hr/>	<hr/>
Income tax expense	361	13,792
	<hr/> <hr/>	<hr/> <hr/>

The Company was accredited as a key software enterprise in the national planning layout for the year 2011-2012 in the first half year of 2013 and layout for the year 2013-2014 in December 2013 by the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance, the Ministry of Commerce and the State Administration of Taxation. According to the provision under the Notice on Enterprise Income Tax Policy to Further Encourage the Development of the Software and Integrated Circuit Industries (Cai Shui [2012] No. 27) that “key software enterprises in the national planning layout that have not enjoyed tax-free concessions in the year will be levied enterprise income tax at a reduced tax rate of 10%”, the Company was therefore retrospectively entitled to a preferential tax rate of 10% for 2011 and 2012, and the same preferential 10% tax rate for years 2013 and 2014.

The Company was recognised as a High Technology Enterprise (“HTE”) in 2011, further accredited as HTE in 2014 and subject to the PRC income tax at 15% for three years from 2015 to 2017 in accordance with the Law of the PRC on Enterprise Income Tax (“EIT”).

The Company's subsidiary, Capinfo Technology Development Co., Ltd. ("Capinfo Technology") subjects to PRC income tax at 15% for years 2013 and 2014. In 2014, Capinfo Technology was further accredited as HTE and subject to PRC income tax at 15% for three years from 2015 to 2017 in accordance with the Law of the PRC on EIT.

In accordance with the tax legislations applicable to the enterprises which newly engaged in the development of software in the PRC, the Company's subsidiary Rito Info Technology Co., Ltd. ("Rito Info") 廈門融通信息技術有限責任公司 is entitled to exemptions from the PRC on EIT for the first two years commencing from the first profit-making year of operation and thereafter, entitled to a 50% relief from the PRC on EIT for the following three years ("Tax Preferential Period"). According to the EIT, the first year income tax exemption commenced for year 2011 and enjoyed the second year income tax exemption for the year 2012. Rito Info is entitled to a concession tax rate of 12.5% from Years 2013 to 2015.

Rito Info was recognised as a HTE in 2012 and further accredited in 2015, in accordance with the Law of the PRC on EIT, which was accredited to the PRC income tax at 15% for three years after the Tax Preferential Period.

The Company's subsidiary incorporated in Hong Kong had no assessable profits since its incorporation.

8. PROFIT FOR THE YEAR

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (Restated)
Profit for the year has been arrived at after charging the following items:		
Directors', chief executive's and supervisors' remuneration	2,257	1,842
Other staff costs	252,101	159,283
Other staff's retirement benefit scheme contributions	27,205	18,883
	<u>281,563</u>	<u>180,008</u>
Less: Staff costs included in		
– research and development costs	(51,470)	(31,475)
– cost of sales	(101,718)	(63,865)
	<u>128,375</u>	<u>84,668</u>
Depreciation of property, plant and equipment	72,516	44,381
Depreciation of investment property	3,774	3,774
Total depreciation	76,290	48,155
Less: Depreciation included in		
– research and development costs	(3,737)	(1,755)
– cost of sales	(40,806)	(32,242)
	<u>31,747</u>	<u>14,158</u>
Amortisation of intangible assets	19,195	4,048
Operating lease rentals in respect of		
– cable network	45,575	45,587
– office premises	38,568	33,286
	<u>84,143</u>	<u>78,873</u>
Less: Operating lease rentals included in		
– research and development costs	(4,609)	(2,133)
– cost of sales	(59,724)	(52,549)
	<u>19,810</u>	<u>24,191</u>
Auditors' remuneration	1,817	1,383
Direct operating expenses arising from investment property that generated rental income	3,617	2,311
Cost of inventories recognised as expenses	168,461	162,870
Share of tax of associates (included in share of results of associates)	2,528	2,708
	<u><u>281,563</u></u>	<u><u>180,008</u></u>

9. DIVIDENDS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
2013 Final – RMB1.30 cents per share	–	37,675
2014 Final – RMB1.06 cents per share	<u>30,720</u>	<u>–</u>
	<u>30,720</u>	<u>37,675</u>

Subsequent to the end of the reporting period, a final dividend of RMB1.57 cents pre-tax per share in respect of the year ended 31 December 2015 (2014: final dividend of RMB1.06 cents pre-tax per share in respect of the year ended 31 December 2014) in total of approximately RMB45,500,000 (2014: RMB30,720,000) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>101,542</u>	<u>66,993</u>
Number of shares	2015	2014
Number of ordinary shares for the purpose of basic earnings per share	2,898,086,091	2,898,086,091
Effect of dilutive potential ordinary shares	<u>–</u>	<u>8,963,158</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,898,086,091</u>	<u>2,907,049,249</u>

Diluted earnings per share for the year ended 31 December 2015 is the same as the basic earnings per share as there are no potential ordinary shares outstanding during the year.

11. INVENTORIES

The inventories comprise of consumables, spare parts and work in progress of computer software products at the end of the year.

12. TRADE AND OTHER RECEIVABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Total trade receivables	329,483	271,845
Less: Allowance for doubtful debts	(29,406)	(22,090)
	300,077	249,755
Less: Non-current portion which is shown in non-current assets	(57,040)	(58,467)
	243,037	191,288
Other receivables and prepayments	19,977	22,594
Deposits for technology service contracts	65,667	54,732
Less: Allowance for doubtful debts	(753)	(692)
	84,891	76,634
Trade and other receivables shown in current assets	327,928	267,922

The Group allows an average credit period of 180 days to its trade customers except for certain Build-and-Transfer (“BT”) projects. The trade receivables from the BT projects are unsecured, which are repayable by instalments over a five year period after the completion date of the construction of the underlying projects. At initial recognition, the fair values of the trade receivables from the BT projects were estimated at respective applicable effective interest rates.

The following is an aging analysis of trade receivables at the end of the year, presented based on the date of delivery of goods or the billing date of contract works and net of allowance for doubtful debts:

	2015 RMB'000	2014 <i>RMB'000</i>
Age		
0 to 6 months	175,058	127,088
7 to 12 months	26,245	95,898
Over 1 year	98,774	26,769
	300,077	249,755
Less: Non-current portion	(57,040)	(58,467)
	243,037	191,288

Movements in the allowance for the doubtful debts on trade and other receivables:

	2015 RMB'000	2014 <i>RMB'000</i>
Balance at beginning of the year	22,782	17,903
Acquired on acquisition of a subsidiary	–	553
Impairment losses recognised during the year (<i>note 6</i>)	9,419	4,606
Written-off as uncollectible	(2,042)	(280)
Balance at end of the year	30,159	22,782

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The credit quality of the trade receivables that is neither past due nor impaired is good.

Included in the allowance for doubtful debts are individually impaired trade receivables which aged over one year with an aggregate balance of RMB26,408,000 (2014: RMB19,432,000).

13. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Contracts in progress at the end of the reporting period:		
Contract costs incurred to date	540,380	330,158
Recognised profits less recognised losses	<u>162,079</u>	<u>82,541</u>
	702,459	412,699
Less: Progress billings	<u>(886,739)</u>	<u>(583,124)</u>
	<u><u>(184,280)</u></u>	<u><u>(170,425)</u></u>
Recognised and included in the consolidated statement of financial position:		
Amounts due from customers for contract works	59,235	76,159
Amounts due to customers for contract works	<u>(243,515)</u>	<u>(246,584)</u>
	<u><u>(184,280)</u></u>	<u><u>(170,425)</u></u>

14. TRADE AND OTHER PAYABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables	128,278	123,237
Bills payable	1,164	–
Deferred income arising from government grants (note)	25,069	9,320
Other payables	46,630	94,642
Accrued expenses	76,638	12,445
Payroll and welfare payables	52,720	25,508
Advance from customers	<u>4,543</u>	<u>348</u>
	<u><u>335,042</u></u>	<u><u>265,500</u></u>

Note:

The balance arises as a result of the benefit received from the government. The Group received government grants of RMB29,898,000 (2014: RMB12,673,000) during the current year for certain technology research activities and recognised RMB14,149,000 (2014: RMB11,062,000) in other income in the current year.

The following is an aging analysis of trade payables at the end of the year, which is presented based on the date of material or service received or the billing date of contract works:

	2015 RMB'000	2014 <i>RMB'000</i>
Age		
1 year	75,420	53,663
1 to 2 years	14,949	42,918
2 to 3 years	24,456	17,299
Over 3 years	13,453	9,357
	<u>128,278</u>	<u>123,237</u>

The average credit period on purchase of goods is 15 days (2014: 15 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Included in trade payables are retention payables of RMB3,356,000 (2014: RMB3,774,000) which are interest-free and payable at the end of the retention period of individual construction contract. These retention payables are expected to be settled in the Group's normal operating cycle which is usually longer than one year.

15. LOAN FROM GOVERNMENT

	2015 RMB'000	2014 <i>RMB'000</i>
Carrying amount repayable on demand and shown under current liabilities	<u>1,810</u>	<u>2,720</u>

The loan was granted by the Finance Bureau of Beijing, denominated in Renminbi, unsecured and bears interest at an interest rate of 3.35% (2014: 3.35%) per annum and repayable on demand.

16. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid RMB'000
	Domestic shares	H shares	
Balance of share capital of RMB0.10 each per share at 1 January 2014, 31 December 2014 and 31 December 2015	<u>2,123,588,091</u>	<u>774,498,000</u>	<u>289,809</u>

BUSINESS REVIEW

In 2015, the macro economy's downward pressure on the domestic economy continued to increase, the adjustment of industrial structure sped up, new trend of development of new energy was forming, the Group's business development faced with various difficulties and stringent challenges. In the face of difficulties and challenges, the Group accelerated business development strategy with Smart City as the core, focusing on the layout of the Internet of Things, cloud computing, smart medical service, big data and other hotspots; optimized the organizational structure, strengthened management and improved the overall operational efficiency. During the reporting period, the Group recorded a revenue of RMB879.5 million, representing an increase of 16.21% as compared with the corresponding period of last year; and profit attributable to owners of the Company of RMB101.5 million, representing an increase of 51.57% as compared with the corresponding period of last year.

During the reporting period, the overall revenue and profit of the Company kept growing, but the profits of the core business declined. On the one hand, because the domestic E-government market entered into a period of deep readjustment, government informatization require mode adjustment and the demand grew slowly; on the other hand, the Company increased investment in the Internet of Things, cloud computing, housing informatization and tobacco informatization and other core businesses, thus leading research and development and other related expenses increased significantly; at the same time, the medical information and other innovative business of the Company were still in the development and expansion period of the business, which would affect the short-term performance of the Company.

Smart City

In 2015, the Company focused on core business development, comprehensively strengthened and enhanced professional and systematic competitive ability of core business, constructed innovative and efficient marketing system, enhanced capability of market share expansion, deepened technological innovation and innovation of diversified business models, strengthened the management deployment and achieved stable development of business scale.

In respect of government information, the Company clarified the basic business direction of smart government service and smart public safety, continued to consolidate and enhance the leading position of market in the field of government. During the reporting period, "Beijing-China website clusters" (www.beijing.gov.cn) won the first prize for the competition of government portal website for nine consecutive years. The Company continued to strengthen the construction of the bearing capacity of electronic government network and business operation of the Internet of Things of which the operation and maintenance the Company was responsible for, ensured the efficient and stable operation of the system of more than 8,000 government users of the E-government network; a total of 329 base stations were completed on the networking platform, IOT platform bore nearly 50 application projects including mobile video monitoring of bus counterterrorism, toxic and harmful gases monitoring, mobile office and emergency command, of which the successful bid of the Beijing ambient air quality monitoring and early warning forecast platform project marked the Company's formal entry into the field of environmental protection. At the same time, the Company strived to cultivate extended service and products with highly-added value, developed the 4G network terminal access products, which was widely used in bus anti-terrorism and other projects, the momentum in the overall sales was strong, effectively promoting the knowledge asset to drive business growth.

In respect of business expansion, the Company during the reporting period won the people's livelihood service platform project of Tianjin Municipal Public Security Bureau, the information infrastructure construction projects of Dongcheng District of Beijing, the operation and management of intelligent city of Yanqing of Beijing and many other government projects, the successful bid of these projects would help the Company drive landing of smart city project through the top-level design, so that the Company could accelerate the pace of the development towards the Beijing, Tianjin and Hebei metropolitan regional market based on consolidation and expansion of the shares of the existing market.

Smart Livelihood

In respect of social security, public health and others, the Company increased research and development ("R&D") and continued to increase market share. During the reporting period, the medical insurance network platform of which the construction operation and maintenance the Company was responsible for was stably operated, the number of the cumulative service users of the medical insurance information system, the social security card application system was more than 14 million, a total of over 17 million Medicare cards were issued. The service "closure of personal account" project based on the medical insurance information system was fully started. During the reporting period, the electronic community information system of which the construction operation and maintenance the Company was responsible for ran smoothly, providing more than 200 community services including pension, marriage, housekeeping and others for more than 13 million community residents. Taking the "Wisdom Tuanjiehu Street" as an outstanding blueprint, the system successfully developed new customers in Longtan, Tianshui, Yichang and other places. At the same time, the Company seized the hotspot of national "E-government and information benefiting" and successfully created the personal credit platform that led the nation.

In respect of housing construction, the Company successfully signed with the project of information system upgrade of Beijing housing provident fund, and signed with Guangzhou Housing Estates Guarantee Corporation and banks nearly a dozen of key city housing information projects including guarantee fund supervision, provident fund loans, provident mutual loans and convenient client phone APP and WeChat public number and others, successfully completed the provident fund statistics project of the Ministry of Housing and Urban-Rural Development, and realized the sustainable development in the field of housing construction. At present, the housing construction solutions of the Company has achieved the domestic leading level with multilevel solution comprehensively covering from national ministries, provincial cities to prefecture level cities, counties and cities.

In respect of pension, following the construction project of the "96156" little helper pension (disabled) service platform, the Company successfully won bidding for the Beijing city pension (disabled) coupons variable card project, promoted pension services towards standardized, scientific, and informationized development. As of 31 December 2015, the project had provided services for more than 0.3 million elderly and disabled people in Beijing. At the same time, the Company actively expanded the information construction project of Beijing pension industry platform, further expanding the Company's business scope.

Smart Medical Service

In respect of medical information, the Company accelerated the expansion of Smart Medical Service, based on doing a good job in providing upgrade and maintenance services for regular customer, constantly expanded the number of large hospitals and medical management institutions. During the reporting period, the Company followed the successful experience accumulated through the information construction project of Aiyuhua Hospital for Children and Women, won the bidding for the information construction projects with the Beijing China-Japan Friendship Hospital, Chaoyang Hospital and Intech Hospital, which laid a solid foundation for the Company to enter the medical information market. At the same time, the Company actively explored the transformation of the business model, taking the value-added services in the fields of medical insurance and medical information as the starting point, and actively promoted the sharing platform of electronic medical records and marketing of medical insurance server.

During the reporting period, “Beijing hospital medical card” project with the construction, operation and maintenance conducted by the Company achieved progress and the Company has successfully completed the social security card binding and WeChat payment functions of the “Beijing hospital medical card” system, successfully introducing the pilot programme at Millennium Monument Hospital in Beijing. As of 31 December 2015, nearly 30 departments in 23 third-level grade-A hospitals have been covered with over 4 million cards issued.

Enterprise informatization

In respect of enterprise informatization, the Company actively explored innovative business model and new profit growth points, constructed the “Capinfo Cloud Business” platform (www.capcb.cn), and provided information services regarding industry and commerce, financial tax, human resource, social security, and enterprise information SaaS service for small and medium sized enterprises in the brand of “Enterprise O₂O Service Master”. In the aspect of enterprise financial information management, following continuous operation and maintenance of the financial system of Haier Group, Hisense Group, Tsingtao Brewery and other companies, Rito Info Technology Co., Ltd. (“Rito Info”), a wholly owned subsidiary of the Company, successfully expanded a number of new customers including Huainan Mineral Company, Qingdao Mesnac and others.

Cloud Services and Product R&D

The Company continuously explored demand growth point brought by cloud computing, big data to improve business planning and IT consultancy capacity, increased application of the industries based on cloud service solutions, promoted innovation of business modes and gradually developed toward specialization, pluralism and intelligence. As of 31 December 2015, the E-government Internet cloud platform (“CAPINFO Cloud Platform”) constructed by the Company for government has large storage size, available multi cloud structure, which could provide services such as cloud rent, PaaS and SaaS for government and enterprise customers. At the same time, the Company also provides comprehensive and private cloud solutions for these customers. At present, CAPINFO Cloud Platform accumulatively contains 40 clients from government and enterprise. CAPINFO Cloud

Platform has passed the third security protection certification, and obtained the host certification of “Reliable Cloud” granted by Data Centre Alliance which is under the management of Ministry of Industry and Information Technology and received “Government Cloud Service Award”.

During the reporting period, Capcloud Platform won the bids for cloud leasing programs from the Supreme People’s Court, People’s High Court of Beijing, the Third Intermediate People’s Court of Beijing and others, making the Company’s scope of business successively expand to judicial field and forming the solution service system at national, provincial and municipal levels. In respect of the tobacco, the Company’s wholly-owned subsidiary, Rito Info actively strengthened coverage of good-quality customers while positively expanding marketization projects, used cloud technology to successfully win the bidding in the China National Tobacco Corporation’s financial management and control platform, Fujian Tobacco virtualization and other projects to firstly edge itself into becoming private cloud service provider for the tobacco industry, realizing the business extension of the Company from a Government Services Cloud platform service provider to private cloud service provider for enterprises.

Meanwhile, the Group increased R&D, and actively used Intellectual property right to protect the technological innovation results. During the reporting period, the Group had applied 1 patent, recorded 42 software copyrights. As of 31 December 2015, the Group had applied 10 patents, including 4 authorized patents, recorded 155 software copyrights, and registered 6 domestic brands. Obtaining these intellectual property rights strongly protected core technologies of the Group, and played important role in guaranteeing and promoting to maintain the Group’s leading position in domestic market and creating own core competitiveness.

The Group Management and Control

During the reporting period, the Company strengthened the group management and controlled for the affiliated companies, standardized the parent and affiliated companies and improved the Group’s overall profitability. Meanwhile, the Company continuously looked for appropriate merger objects. Except for investment and merger forms, the Company also considered promoting denotative expansion through internal incubation, business analysis or strategic cooperation and other methods. During the reporting period, the Company received proceeds of approximately US\$8.3 million (approximately RMB51.4 million) in cash and 2,771,484 shares of Series C-2 preferred stock of Mozido with a value of approximately RMB5.4 million through deemed disposal of PayEase shareholding.

During the reporting period, the Company accelerated to promote excellent operation management, strengthened internal resource integration, deepened business structure optimization and organization capacity building, adjusted the structure of allocation personnel, controlled personnel size, boosted project planning, budget and accounting management, improved fine management of expense, strictly controlled overall expense scale, strengthened overall quality management and operation management and improved overall operating efficiency.

Prospect

In 2016, the Group adapted to the new normal by its own initiative, deeply grasp the tendency of “Internet+” inclusion and reform of the age, fully use the Group’s existing resources and continuously create new advantages of industry competition in the new situation. The Group will actively cultivate new technologies, new products, new forms and new pattern, promote equity incentives, and promote expansion in the “13th Five-Year” plan period to facilitate healthy and sustainable development of the Company.

Human Resources

The Company pursues the strategy of using talents to strengthen enterprise, promote multi-level talent training plan, providing human resources guarantee for the Company’s business development. As of 31 December 2015, the Group had 1,518 employees (2014: 1,588 employees), including 896 technology and R&D employees (2014: 950 employees), 329 function management personnels at all levels (2014: 358 employees), 176 Call Center Representatives (2014: 194 employees), 117 sales staff (2014: 86 employees). Expense of the Group’s employees was RMB281.6 million (2014: RMB180.0 million). On one hand, the great rise in employees’ expense came from rising cost of human resources, and on the other hand, the Company accounted two months’ employees’ expense from acquisition of Rito Info in 2014 only.

During the reporting period, the Company controlled its increase in personnels, increasing the internal vocational training, providing internal organization mobilization and promotion opportunities rationally used and reserved talents, improving the Company’s employment efficiency. Meanwhile, the Company continued to focus on cultivation of talents, and rely on Capinfo to provide 94 various professional skills and enterprise management training, with nearly 2,000 trained personnel, effectively improving their professional skills and business level. In 2016, the Company will not only continue to strengthen staff training, and also will further improve the compensation system, the construction of the incentive constraint mechanism and promotion channels to improve employees’ well-being and stimulate staff’s work enthusiasm and initiative, comprehensively promoting improvement of work performance.

FINANCIAL REVIEW

In 2015, the Group’s overall business moved forward on a steady pace. Although the core business was declined by the influence of the government’s saving information-based expense, the market business expansion had remarkable achievements. The Group increased the investment in Internet of Things, cloud computing, housing informatization and tobacco informatization and other hotspot fields and R&D of key businesses, laying a solid foundation for sustainable development of the “13th Five-Year” plan period. For the year ended 31 December 2015, the Group recorded revenue of RMB879.5 million, representing an increase of 16.21% as compared with the same period of last year. The Group recorded a gross profit of RMB260.7 million, representing an increase of 10.91% as compared with the same period of last year, and profit attributable to owners of the Company of RMB101.5 million, representing an increase of 51.57% as compared with the same period of last year; net profit after deducting non-recurring items was RMB55.0 million, representing a decrease of 16.52% as compared with the same period of last year.

As of 31 December 2015, the core business of the Group accumulated revenue of RMB290.8 million, representing a decrease of 13.71% as compared with the corresponding period of last year, accounting for 33.07% (2014: 44.54%) of the total revenue of the Group; costs of core business was RMB242.9 million, representing an increase of 0.92% as compared with the corresponding period of last year, accounting for 39.25% (2014: 46.13%) of the total costs of the Group. The core businesses of the Group mainly include projects for smart city businesses constructed on the basis of the E-Governance network and the Internet of Things platform established and operated, the smart livelihood businesses such as the Beijing Medical Insurance Information System and the Beijing Social Security Card System as well as the Beijing-China website clusters and community service information system. Core business revenue decline was mainly due to decline in informatization investment resulting from mode adjustment required by government informatization.

As of 31 December 2015, the new business which was a derivative from the core businesses made rapid progress in market expansion, and recorded a revenue of RMB508.0 million, representing an increase of 37.21% over the corresponding period of last year, accounting for 57.76% (2014: 48.92%) of the total revenue of the Group; costs incurred by the new business was RMB340.3 million, representing an increase of 32.77% over the corresponding period of last year, accounting for 54.99% (2014: 49.12%) of the total costs of the Group. New businesses of the Group mainly include E-Governance service, public security, house information business, medical information business, enterprise informatization business, Capinfo cloud platform, etc. Substantial growth in new business revenue was mainly due to revenue generated from value-added services E-Governance, medical insurance and community services.

Other main operating revenue of the Group amounted to RMB80.7 million, representing an increase of 62.82% over the corresponding period of last year, accounting for 9.17% of the total revenue of the Group (2014: 6.54%); costs of other main operating businesses was RMB35.6 million, representing an increase of 43.68% over the corresponding period of last year, accounting for 5.76% of the total costs of the Group (2014: 4.75%), mainly derived from contribution from Rito Info and Beijing Capinfo Hangyuan Technology Co., Ltd.

Other income of the Company amounted to RMB31.4 million, representing an increase of 3.10% over the corresponding period of last year, mainly due to income from project research and development and property rent, where income from project research and development was RMB14.1 million, representing an increase of 27.92% over the corresponding period of last year. Digital Beijing Building rental income was RMB11.7 million, representing a decrease of 2.38% over the corresponding period of last year.

Other gains and losses of the Company amounted to RMB48.9 million, representing an increase of 4,306.76% over the corresponding period of last year, mainly due to gains on the disposal of equity interest in PayEase Corp.. During the reporting period, proceeds from the deemed disposal of the equity interest in PayEase Corp. were US\$8.3 million in cash (equivalent to approximately RMB51.4 million) and 2,771,484 shares of Series C-2 preferred stock of Mozido with a value of approximately RMB5.4 million through deemed disposal of PayEase shareholding. Gains on

investment in trust financial products were RMB4.4 million, representing an increase of 474.67% over the corresponding period of last year. Asset impairment losses amounted to RMB9.4 million, representing an increase of provision by RMB4.8 million over the corresponding period of last year; changes in fair value of contingent consideration payable amounted to RMB6.5 million, representing an increase of RMB4.3 million over the corresponding period of last year.

In respect to the Group's business model, the main businesses were divided into operation and maintenance, system integration, software development, IT consultancy and sale of goods. Of which, revenue from operation and maintenance amounted to RMB494.6 million, representing an increase of 18.18% as compared with the corresponding period of last year and accounting for 56.24% (2014: 55.30%) of the total revenue of the Group; revenue from system integration amounted to RMB193.6 million, representing an increase of 27.37% as compared with the corresponding period of last year and accounting for 22.01% (2014: 20.08%) of the total revenue of the Group; revenue from software development amounted to RMB173.3 million, representing a decrease of 3.69% as compared with the corresponding period of last year and accounting for 19.71% (2014: 23.78%) of the total revenue of the Group; revenue from IT consultancy and sale of goods totaled RMB18.0 million, representing an increase of 182.29% as compared with the corresponding period of last year and accounting for 2.04% (2014: 0.84%) of the total revenue of the Group. In addition, in respect of industries which clients are engaged in, government clients of the Group accounted for the largest share, with 76.49% (2014: 90.63%) of revenue from the service and operation projects of the Group from government clients. In respect of regions of business expansion, our business coverage has expanded from Beijing to 94 cities across the country, such as Shanghai, Guangzhou. However, the revenue of the Group was still derived mainly from Beijing, which accounted for 76.91% (2014: 85.48%) of the total revenue.

Capital Expenditure, Liquidity and Financial Resources

As of 31 December 2015, the Group had total assets of RMB1,629.2 million, representing an increase of 7.87% as compared with the corresponding period of last year. Equity attributable to owners of the company amounted to RMB916.9 million, representing an increase of 8.37% as compared with the corresponding period of last year. The Group's current ratio, defined as total current assets over total current liabilities, maintained at a relatively reasonable level of over 1.5 times while the net gearing ratio, defined as total borrowings over net assets, stayed at a relatively low level of less than 3%. Both ratios reflected the sufficiency in financial resources of the Group. As at 31 December 2015, the Group had no pledged assets.

The Group's unsecured loan from government of RMB1.8 million was applied for construction of E-commercial platform from Beijing Finance Bureau in 2002, bearing an average annualized interest rate of 3.35%. The short-term borrowings applies from China Merchants Bank was RMB20.0 million, bearing an average annualized interest rate of 5.60%, which had been fully paid at the end of the year. Bank deposits, bank balance and cash of the Group amounted to RMB579.5 million, representing an increase of 22.60% over the corresponding period of last year. The fund was mainly used for investment in large projects of the Company.

Equity Investments

In 2015, the Group's share of results of associates was RMB16.3 million, representing an increase of 11.41% over the corresponding period of last year, which was mainly due to the contribution from Beijing Certificate Authority Co., Ltd. ("BJCA"). At present, the listing process of this company is undergoing in an orderly manner.

Due to the change of accounting policy of BJCA in 2015, the Group restated the 2014 financial information, in which the profit attributable to owners of the Company adjusted to RMB67.0 million from RMB70.4 million, basic earnings per share adjusted to RMB2.31 cents from RMB2.43 cents, total assets adjusted to RMB1,510.4 million from RMB1,528.8 million, and the share of results of associates adjusted to RMB14.6 million from RMB18.0 million. The comparative data used in financial review representing restated 2014 financial information.

Income Tax

In view of key software enterprises selection under the 2015 national planning having not started so far, enterprise income tax of the Company for 2015 was imposed at a rate of 15%. In 2015, the income tax expense of the Group was RMB0.4 million, representing a decrease of 97.38% as compared with the same period of last year, mainly due to an increase in income tax credit of deferred tax assets as enterprise tax rate was adjusted from 10% in the previous year to 15%.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Conference Room, 15th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC on Friday, 27 May 2016 at 11:00 a.m. ("AGM"). The notice of 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, sufficient cash flow of business including recurrent business, the Board has recommended the payment of a final cash dividend of RMB1.57 cents per share totaling approximately RMB45.5 million for the year ended 31 December 2015 (2014: RMB1.06 cents per share) to the shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Friday, 10 June 2016. Payment of dividends is subject to the approval by the shareholders at the AGM. Payment of dividends will be made on or before Friday, 30 September 2016.

According to the Law on Corporate Income Tax of the People's Republic of China 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 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 Wednesday, 27 April 2016 to Friday, 27 May 2016 (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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company, at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Tuesday, 26 April 2016.

(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 from Thursday, 2 June 2016 to Friday, 10 June 2016 (both days inclusive), during which no transfer of shares will be affected. 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company, at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Wednesday, 1 June 2016.

CORPORATE GOVERNANCE CODE

The Group is committed to achieving and maintaining statutory and regulatory standards and adherence to the principles of corporate governance. During the year and thereafter, the Company has complied with all code provisions set out in the CG Code, save for the deviation from the code provision A.2.1 as described below:

According to the code provision A.2.1 under the CG Code, the roles of Chairman and Chief Executive shall be separate and should not be performed by the same person. During the year, Dr. Wang Xu was the Chairman and Chief Executive Officer of the Company. The Board believed that vesting the roles of Chairman and Chief Executive Officer in Dr. Wang Xu was beneficial to the continuous effective management of the Board and it was in the best interest of the Group. On 12 January 2016, Dr. Wang Xu resigned as Chairman and Chief Executive Officer of the Company and Mr. Xu Zhe was appointed as the Chairman of the Company. Under the leadership of Mr. Xu Zhe, the Chairman, the daily administration of the Company is delegated to each vice president who is responsible for respective business sector, which shares the responsibilities of CEO to a great extent, ensuring the effective operation and monitoring of the existing business of the Company. At the same time, the Board is endeavoring to identify a suitable candidate for CEO.

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 2015.

PURCHASE, SALE AND REPURCHASE OF THE COMPANY’S SHARES

During the year ended 31 December 2015, 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 internal control system of the Group. The audit committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2015, including the accounting principles and practices adopted by the Group and the identification and appointment of external auditors.

INTERNAL CONTROL

The Board conducted regular reviews on the 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 2015 will be despatched to the Company's shareholders and published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.capinfo.com.cn) in due course for inspection by shareholders and investors.

By Order of the Board
CAPINFO COMPANY LIMITED*
Mr. Xu Zhe
Chairman

Beijing, the People's Republic of China, 24 March, 2016

As of the date hereof, the executive director of the Company is Mr. Lu Lei; the non-executive directors of the Company are Mr. Xu Zhe, Dr. Feng Hao Cheng, Mr. Zhou Weihua, Mr. Shan Yuhu, Ms. An Lili and Mr. Cao Jun and the independent non-executive directors of the Company are Ms. Zhou Liye, Mr. Gong Zhiqiang and Mr. Cheung, Wai Hung Boswell.

* For identification purpose only