

**CAPINFO**  
Capinfo Company Limited



(a joint stock limited company incorporated in  
the People's Republic of China with limited liability)  
(Stock Code : 1075)





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# ABOUT THE REPORT

This report is the third annual corporate Environmental, Social and Governance Report released by Capinfo Company Ltd. The report shows how Capinfo focused on the mission of “growing into a leading smart city service provider” and “innovating IT services for smarter cities and more convenient life” to pursue the maximization of the comprehensive value and performance in economy, environment and society.

## SCOPE OF THE REPORT

The report covers Capinfo and its subsidiaries, branches.

## NAMING

To facilitate presentation and reading, “Capinfo Company Ltd.” in this report is referred to as “Capinfo” “the Company” and “we”.

## REPORTING PERIOD

The report covers from 1 January 2018 to 31 December 2018, and also includes additional information beyond the stated reporting period.

## REPORT COMPILATION PRINCIPLES

Reporting Guide of the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities of State-owned Assets Supervision and Administration Commission of the State Council. Guidelines to the State-owned Enterprises Directly under the Municipal Government on Fulfilling Corporate Social Responsibilities of State-owned Assets Supervision and Administration Commission of Beijing. Sustainability Reporting Guidelines of the Global Reporting Initiative (ISO 26000 Social Responsibility Guidelines (2010)). Guidelines to the Hong Kong Environmental, Social and Governance (HK-ESG).

## DATA SOURCE

All data used in the report come from the Company’s official documents and statistics reports. All the aforementioned data have been reviewed by relevant authorities. Should there be any discrepancy between the ESG report and the annual report, the annual report shall prevail.

# MESSAGE FROM THE CHAIRMAN

The year of 2018 was the commencing year for China's full implementation of the principles of the 19 National Congress of the Communist Party as well as the 20th anniversary of Capinfo's establishment. Under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Company adhered to the leadership of the Party, strengthened the establishment of the Party and made unremitting efforts to achieve the strategic goal of "adding value, consolidating basis, innovating and improving quality", demonstrated a responsible corporate image and achieved win-win results for stakeholders.

This year, we made concerted efforts to overcome difficulties. Due to intensified trade friction and economic downward pressure, the Company faced tough tests and challenges from external and internal environments. In this regard, with a focus on the strategic positioning in the capital city, the Company used its best endeavor to draw up its development plan and made dedicated efforts in the planning of major projects and businesses. Under its leadership, all staff members worked together in tackling problems and accomplished various business tasks in the year. Over the past year, the Group recorded an operating revenue of RMB1,131.51 million, representing an increase of 12.22%; and net profit attributable to owners of the Company of RMB62.17 million.

This year, we had continued to strengthen and consolidate the integrated network platform of government affairs and implemented the operating and maintenance idea of "dual-active links with emphasis on prevention". The availability of backhaul reached 100%. We provided protection, with the highest service standard, for major state affairs such as National and Beijing Two Sessions, Beijing Summit of the Forum on China-Africa Cooperation and Beijing International Marathon, thus fully demonstrating a strong sense of political responsibility and commitment as a state-owned enterprises. We continued to spend effort building a big data innovative service platform, and initially built a big data system platform for medical insurance, laying a solid foundation for business in the field of innovation of medical big data application. We further promoted Capinfo service platform, won the bid for Tongzhou government cloud project, completed the construction of government cloud of the data center of the sub-center administrative office, and gained further market share in the capital's e-government market. The "three platforms" effectively promoted the rapid development of the company.

This year, the "five business sectors" all achieved good results. In respect of smart government service, we satisfactorily completed the protection work of operation and maintenance of Beijing online government service center in 2018 and were praised by relevant departments. Smart medical and health service expanded rapidly. In terms of commercial insurance settlement platform, we cooperated with hundreds of hospitals and commercial insurance companies. Smart livelihood service was promoted in an orderly way and the point system for household registration was launched and fully affirmed by customers. Regarding smart city management business, achievements were made in terms of safe city. In addition to Dongcheng District, the "Sharp Eyes Project" was extended to Changping District and Yanqing District. Smart enterprise innovation continued to grow and we entered into contracts with more than ten group-sized customers in relation to enterprise cloud platform.

## Message from the Chairman

This year was the 20th anniversary of Capinfo's establishment. The Company successfully held the Capinfo Development Forum and invited many partners to participate in the forum, and Capinfo brand enjoyed an industrywide reputation in this regard. AI Laboratory, Block Chain Research Center and Big Data Research Center, which aimed at stepping up efforts on the research and development of new technologies for smart cities, were officially unveiled at the Capinfo Development Forum. We carried out indepth cooperation with well-established enterprises and signed strategic cooperation agreements with Huawei, Alibaba Cloud, ZTE and Lenovo. Over the year, we received dozens of awards and recognitions, such as the Leading Internet Brand in China, Internet Leader in China, New Era Brand Innovators in China, 2018 IT Service Innovation Unit in China, 2018 IT Service Innovation Pioneer in China, Innovation Award of Government Informatization Program in China, 2018 Top 100 Smart Data Ecology and 2018 Best Application Products for Smart City in China.

In 2019, starting a new journey of development, we will capitalize on the strong momentum with a bold vision, stay focus, manage changes according to trend, act according to plan, so as to break through all difficulties and overcome obstacles bravely and fearlessly. We will enhance independent innovation in the new information technology era, base our businesses in the capital city and expand to the whole country, strive to create new technologies, new brands and new achievements for industries, and develop Capinfo into a leading smart city service provider!

Lin Yankun  
Chairman

## COMPANY PROFILE

Capinfo Company Limited (“Capinfo” or “the Company”) was founded in January 1998. The Company was listed on the GEM of the Hong Kong Stock Exchange in December 2001, and transferred its listing to the Main Board of the Hong Kong Stock Exchange (stock code: 1075) in January 2011. As the leading enterprise in the field of E-governance in Beijing’s state-owned system, leveraging on its extensive experience in information service and abundant information resources, Capinfo has completed the construction, operation and maintenance of various major information technology application projects in Beijing and across the whole country over the past two decades, making outstanding contributions to the construction of “Digital Beijing” and “Smart Beijing”, and has formed its own unique service model for major urban information projects. During the anti-SARS Campaign, Beijing Olympics, National Day Parade, APEC Summit, the reform of separation of medicine and pharmacy, the Belt and Road Forum for International Cooperation, the 19th National Congress of the Communist Party of China and other major events, livelihood services such as the social security card system, medical insurance information system, housing provident fund system, air quality monitoring system and community service information system have built an image of state-owned enterprise that “emphasizes on politics and can be trusted”!

Building dreams for ten years, making changes for ten years. Capinfo has firmly grasped the pulse of the times, kept pace with the times, pursued excellence, opened up new business sectors in the Internet era, established the innovative business structure of “three platforms + five sectors” based on top-level design and shouldered the historical mission of building China’s smart city. The “three platforms” refer to: promote and build an innovative service platform for medical health, pension, credit, environmental protection, urban management and other industries with Capinfo big data analysis and processing system as the core. Capinfo took digital optical fiber, wireless governance website and wired governance website as the core to form a solid integrated government network platform in Beijing, and formed a trusted cloud platform based on IAAS, PAAS, SAAS services and private cloud solutions. The “five sectors” refer to: in the smart government affair service sector, the Company facilitates the transformation of government functions, interconnection, resources sharing and development of the new e-governance ecology; in the smart livelihood service sector, the Company takes serving the people’s livelihood as its responsibility, supports the government’s livelihood services in various fields and plays an important role in opening up convenient channels; in smart city management sector, the Company realizes wide collection and accurate positioning with the use of the Internet of Things and positioning technology, and helps the government to achieve smart city management; in the smart medical and health service sector, taking the operation of medical insurance system as the core and the informatization of medical institutions and the settlement platform of medical insurance and commercial insurance as the wings, the Company provides industry-based smart medical and health solutions to make medical services closer to the needs of the people; in the smart enterprise innovation sector, the Company focuses on enterprise information market, and provides integrated enterprise asset finance and group control industry solutions for state-owned enterprises, financial companies, trust enterprises and other industries.

Capinfo was born out of Digital Beijing and developed with Smart Beijing. With a sense of responsibility to lead the development of the industry, Capinfo has started a new era and new journey of information enterprise. During the “13th Five-Year” period, Capinfo will closely follow the national strategy of integrated development of Beijing, Tianjin and Hebei. In response to the policy requirements relating to Internet+ and big data, the Company will capture the market demand of smart city, grasp the historical opportunities of “Belt and Road”, the Winter Olympic Games, the integrated development of Beijing, Tianjin and Hebei, the Sub-center of the city, and the Xiong’an New Area, devote its efforts to growing into a “leading smart city service provider”, fully achieve its corporate mission of “innovative IT service, smarter city and easier life” and endeavor to build an international first-class harmonious and livable city!

About us

## CORPORATE CULTURE

### Corporate Mission

To be creative in IT service; To build a smarter city; To make a better life

### Corporate Vision

A leading smart city service operating provider

## SOCIAL RESPONSIBILITY MANAGEMENT

CSR management has become a global trend of economic and social development and an important way for an enterprise to achieve sustainable development. Integrating CSR philosophy into its business operation, daily management and corporate culture, Capinfo has constantly improved the social responsibility management mechanism, set up a platform for communication with stakeholders, and laid a solid foundation for social responsibility management, aiming to achieve balanced economic, social and environmental progress.

The Company has established and improved mechanisms and channels to promote regular communication with stakeholders. By learning and responding to the expectations and requirements of stakeholders such as investors, customers, employees, suppliers, communities and regulatory authorities, the Company communicates with stakeholders about its development and operation, thus gaining their understanding and support and continuously improving CSR management.





Stakeholders	Concerns	Communication Mechanisms
Investors	<ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Corporate governance</li> <li>• Financial performance</li> <li>• Protection of investors' interests</li> </ul>	<ul style="list-style-type: none"> <li>• Improve internal management system</li> <li>• Regular report and announcement</li> <li>• General meeting, meeting of the Board of Directors, meeting of the Board of Supervisors</li> </ul>
Government and superior regulators	<ul style="list-style-type: none"> <li>• Security management</li> <li>• Financial performance</li> <li>• Environmental responsibilities</li> <li>• Rights and interests of employees</li> <li>• Public welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Special report</li> <li>• Research and visit</li> <li>• Project cooperation</li> <li>• Working conference</li> <li>• Statistics report</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Service quality</li> <li>• Technological innovation</li> <li>• Information security</li> </ul>	<ul style="list-style-type: none"> <li>• Customers' feedback</li> <li>• Customer relationship management (CRM)</li> <li>• Online service</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Rights and interests of employees</li> <li>• Career development</li> <li>• Remuneration and welfare</li> <li>• Democratic communication</li> </ul>	<ul style="list-style-type: none"> <li>• Staff congress</li> <li>• Labor union</li> <li>• Suggestions, mailbox and Wechat</li> <li>• Staff service center</li> </ul>
Suppliers/Peers	<ul style="list-style-type: none"> <li>• Corporate reputation</li> <li>• Sunshine purchase</li> <li>• Communication and cooperation</li> <li>• Industry development</li> </ul>	<ul style="list-style-type: none"> <li>• Business negotiations</li> <li>• Contract and agreement</li> <li>• Training and technical seminar</li> <li>• Forum and conference</li> </ul>
Community/Society	<ul style="list-style-type: none"> <li>• Environmental responsibilities</li> <li>• Public welfare</li> <li>• Community development support</li> </ul>	<ul style="list-style-type: none"> <li>• Charitable activities</li> <li>• Volunteer activities</li> </ul>

## EVENT HIGHLIGHTS

- JANUARY, Capinfo was won the honors of “Preferred Information Service Provider in China 2017” “Innovative Enterprise of Cloud Computing in China 2017” and “Top 10 Leading Enterprises of IT service in China 2017”
- FEBRUARY, In the Beijing Science and Technology Awarding Ceremony and 2018 China Technological Innovation Center Development Meeting, Capinfo’s project of “development and industrialization of the support platform for smart city Internet of Things (IoT) applications in smart city” won the third prize of “2017 Beijing Science and Technology Award”
- MARCH, Capinfo won the bid for the project of Beijing municipal level government cloud
- APRIL, Beijing Points System for Household Registration built by Capinfo was officially open to the public
- MAY, “Smart Livelihood Service – Smart Home-Based Elderly Care Service Platform” built by Capinfo made its debut in the exhibition area of “Software and Information Services (Smart City)” in the 21st Hightech Expo
- JUNE. Capinfo held the choir competition-cum- “Two Excellent and One Advanced” award ceremony in celebration of the Party’s 97th anniversary in Dongsì Workers’ Culture Theater
- JULY, Capinfo held an exchange seminar with Xiong’an New District Public Service Bureau
- AUGUST, Capinfo attended the “2018 Hebei Smart City Summit” and delivered a keynote speech
- SEPTEMBER, At the 2nd Boao Enterprise Forum in 2018, Capinfo and Lin Yankun, Board chairman and secretary of the Party committee of Capinfo were awarded the “Leading Internet Brand in China” and the “Internet Leader in China”, respectively
- OCTOBER, Capinfo held an expert review meeting for its project of informatization construction of the smart venue of National Speed Skating Oval
- NOVEMBER, Capinfo’s discipline committee arranged the party cadres above the middle level to visit the anti-corruption education base in Dongchen District
- DECEMBER, “Capinfo Development Forum” were successfully held in Beijing Convention Center. At the forum, the Capinfo Development Report was released, thereby giving recognition to industry experts and informatization constructors who made specific contributions, and the establishment of AI Laboratory, Block Chain Research Center and Big Data Research Center was announced

## HONORS AND QUALIFICATIONS

- 2018 Innovation Award of Government Informatization Program in China (Beijing wireline and wireless governance network)
- 2018 IT Service Innovation Competition in China – Award of IT Service Innovation Unit in China
- China Top 100 Solution Providers in 2018
- Top 100 Hong Kong Stocks in terms of Brand Value in 2018
- 2018 Award for Best Application Products for Smart City in China
- 2018 Top 100 Smart Data Ecology
- 2018 Top 100 Software and Information Services Enterprises in terms of Comprehensive Strength in Beijing
- GoldenBee Excellent CSR Report 2018 – Supplier Engagement Disclosure Award

## DATE OF 2018

- Total assets: 2,210.35 million yuan
- Operating revenue: 1,131.51 million yuan
- Gross profit: 388.23 million yuan
- Total profit: 78.33 million yuan
- Net profit attributable to owners of the Company: 62.17 million yuan
- Initiated 2 patent applications which were accepted by the State Intellectual Property Office
- Total number of registered software copyright as accumulated: 313
- Total employees: 1,658
- Total technical and R&D personnel: 1,268

# FEATURE: USHERING IN A NEW JOURNEY AFTER 20 YEARS OF DREAM CHASING

As things change and time flies, the year 2018 came an end, and Capinfo has ushered in the 20th year of development. In the past two decades, Capinfo has been pioneering and innovating with arduous efforts, and growing larger and stronger in China's reform and opening up to become a backbone state-owned enterprise (SOE) in the information industry. While providing safe and convenient intelligent services for governments and urban residents, we keep forging ahead along the development path, aiming to contribute to China into a cyber power and economic power.

## 1998 – 2001 THE EARLY STAGE OF FOUNDATION

- 1998: Capinfo was founded
- 1999: The e-commerce project of Capinfo was exhibited at China (Beijing) International High-tech Industries Week. During the exhibition, Li Lanqing, former Vice Premier, Zou Jiahua, former Vice Chairman of the The Standing Committee of the National People's Congress, Jia Qinglin, former Secretary of the CPC Beijing Municipal Committee, and Liu Qi, former mayor of Beijing visited the exhibition area at Capital Electronics Mall
- 2000: Capinfo signed the Agreement on Strategic Partnership for Strategic E-Commerce Solutions with BroadVision, U.S.
- 2001: Capinfo was listed in Hong Kong Stock Exchange



The founding of Capinfo



Capinfo was listed in the Growth Enterprise Market of Hong Kong Stock Exchange through the placement of H shares

## 2002 – 2008 CONSOLIDATION OF CORE BUSINESSES

- 2002: The e-government special network for Beijing was contracted by Capinfo
- 2003: Beijing Information Office extended thanks to Capinfo for the Company's great contribution in the fight against severe acute respiratory syndrome (SARS)
- 2004: Capinfo was listed in the Deloitte Technology Fast 500 Asia Pacific Ranking
- 2005: Capinfo made donations to the Indian Ocean region
- 2006: Beijing Municipal Administration Platform Construction Project won the 2006 International Project Management "China" Excellent Award
- 2007: The Beijing Medical Insurance System Project won the 2007 International Project Management Award issued by the International Project Management Awards Organizing Committee
- 2008: Capinfo, as a service provider for the Beijing 2008 Summer Olympics, received the appreciation and approval of Gou Zhongwen, then Deputy Mayor of Beijing, and Zhu Yan, then Director of Beijing Information Office for guaranteeing information security of the capital



A meeting for the construction of the e-government special network of Beijing

Feature: Ushering in a New Journey After 20 Years of Dream Chasing

## 2009 – 2011 IMPROVEMENT OF BUSINESS PERFORMANCE

- 2009: The Olympic Multilingual Integrated Information Service System undertaken by Capinfo was awarded Information Beijing Top 10 Application Results of 2008
- 2010: The Social Security Card Project of Beijing was awarded
- 2011: Capinfo transferred the listing to the Main Board of the Hong Kong Stock Exchange in 2011 (stock code: 1075). In the same year, the Company was honored as Advanced Group for Guaranteeing the Security of Beijing 2008 Olympic and Paralympic Summer Games by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)



Capinfo tops the Information Beijing Top 10 Application Results of 2008



A representative of Capinfo participates in the Olympic torch relay

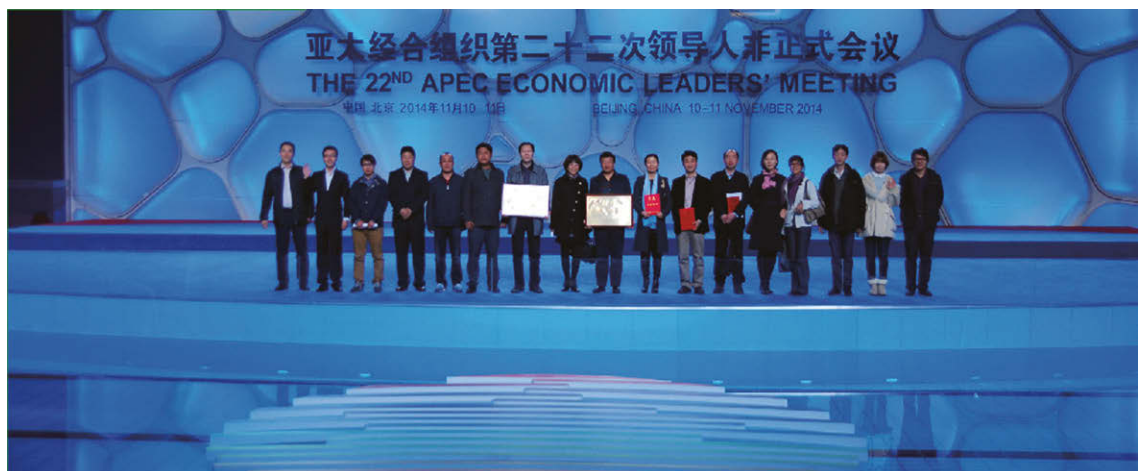


Capinfo provides support for guaranteeing the security of the government network during the 60th anniversary of the founding of the People's Republic of China

Feature: Ushering in a New Journey After 20 Years of Dream Chasing

## 2012 – 2016 EXPLORATION INTO BUILDING A MARKET-BASED ENTERPRISE

- 2012: Capinfo undertook the operation and maintenance of the Jingyitong (medical service in Beijing) project
- 2013: Comprehensive business related to housing fund of the Company won the Smart City Excellent Solution Award
- 2014: Capinfo completed the network security task of APEC China 2014 and was commended by Beijing State-owned Assets Management Co., Ltd. (BSAM)
- 2015: Capinfo participated in Smart Community High-level Dialogue and won the Excellent Application Award in the 2014 China Smart City Innovative Applications Competition
- 2016: The number of Jingyitong cards issued exceeded eight million



Capinfo completes the network security task of The 22nd APEC Economic Leaders Meeting



The Jingyitong project undertaken by Capinfo launched



By December 2016, the number of Jingyitong cards issued exceeded eight million

Feature: Ushering in a New Journey After 20 Years of Dream Chasing

## 2017 - INNOVATION AND DEVELOPMENT

- 2017: Capinfo won the Top 100 Most Developing Potential Credit Enterprise of “Credit Cultivate Double Hundred Project” 2015-2016 Zhongguancun award
- 2018: The Smart City Internet of Thing Project of Capinfo won the Third Prize of Beijing Science and Technology Award



Capinfo’s self-developed Capinfo Mall Order Management System V1.0, Capinfo Mall Press Release System V1.0 and Capinfo Mall Payment System V1.0 obtain the Certificate of Software Copyright Registration issued by the National Copyright Administration of China



Capinfo provides service guarantee for the Belt and Road Forum for International Cooperation successfully



Capinfo wins the 2018 China IT Service Innovation Organization Award and Lin Yankun, Party Secretary of Capinfo and Chairman of the Board, wins the 2018 China IT Service Innovation Industry Pioneer Award



# 1. CONFIDENCE – STICKING TO A RESPONSIBLE PATH

Capinfo continuously improves the modern corporate system, strengthens compliance management, and promotes the establishment of a compliance management system. Through improvement of our risk management and control capabilities, we strive to protect the legitimate rights and interests of shareholders. At the same time, the Company has been making efforts to continuously improve Party conduct and build a clean government, aiming to build a team with professional ethics and integrity to guarantee stable operations of the Company.

## 1.1 DEEPENING CORPORATE GOVERNANCE

By continuously improving corporate governance, modern corporate management and the operational mechanism, we have provided basic guarantees for the healthy development of the Company. In 2018, in line with the requirement of integrating Party leadership into the improvement of corporate governance, the Company included the overall requirements for Party building into the *Articles of Association* and clarified the legal status of the Party organization in the corporate governance structure. In compliance with relevant requirements of the Beijing SASAC and BSAM, based on the *13th Five-Year Strategic Development Plan of Capinfo* and through close cooperation with all business sectors and functional departments, we analyzed and summarized our business performance and key moves in the first phase of the 13th Five-Year Plan period, based on which we compiled the *Mid-term Evaluation Report of the 13th Five-Year Strategic Development Plan*.

## 1.2 COMPLIANCE OPERATIONS

Capinfo has established a comprehensive legal risk prevention mechanism and continuously strengthened internal supervision and audit. By formulating and distributing the *Internal Control Manual*, carrying out internal control assessment in strict accordance with relevant requirements stipulated in the *Internal Control Manual and Interim Regulation on Internal Control Assessment*, we have gradually improved our compliance management and ability of law-based corporate governance, thus reducing operational risks and ensuring healthy development of the Company.

### Strengthening internal supervision and audit

Based on the *Management System of the Internal Audit*, Capinfo combines self-assessment and external assessment to standardize internal audit management. In 2018, Capinfo established an internal control assessment leading group and working group to carry out annual self-assessment of internal control of the Company. We completed the *Internal Control Evaluation Report* and developed the *Internal Control Defect Correction Plan*, and tracked the implementation of internal control and rectification measures and plans of all departments, further improving the internal control system.

## 1. Confidence – Sticking to a Responsible Path

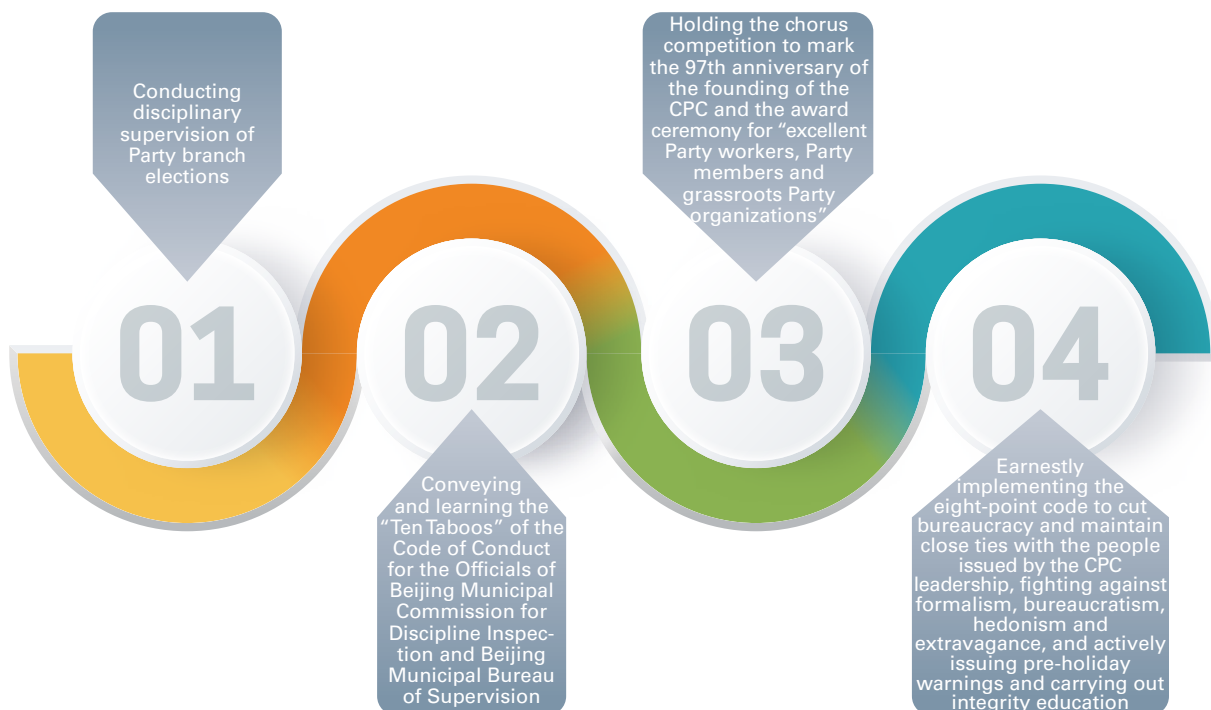
### Improving risk management

The Company has continued to strengthen and improve the establishment of the risk management and control system so as to keep optimizing the internal control environment. By revising and improving various financial management systems, the Company has built a financial internal control system to ensure that regulations are put in place and observed, and that the Company's financial risks and operational risks are under strict control. Meanwhile, the Company has intensified the management of the operational risk by integrating the risk monitoring system, and further enhanced the management system for connected transactions, significant risk alert mechanism and emergency handling mechanism in an effort to improve the risk management and control capabilities, expand the breadth and depth of market risk management, and effectively safeguard the Company's healthy development.

In 2018, Capinfo established a leading group composed of the Company's Chairman, President and other members of the top management to promote the rule of law. The leading group analyzed the legal risks that may be involved in the Company's main operations, and established a law compliance system to prevent legal risks. Throughout the year of 2018, the Company did not involve in any major lawsuits and liability incidents.

### 1.3 CLEAN GOVERNANCE AND ANTI-CORRUPTION

Capinfo thoroughly studied and implemented the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 19th CPC National Congress to constantly improve Party conduct, build clean governance and the anti-corruption system, and create a clean and upright business environment. No corruptions occurred in 2018.



The building of clean governance

## 1. Confidence – Sticking to a Responsible Path

### **Case: Capinfo warns employees about misconduct and dishonesty before holidays to strengthen integrity**

Before the Mid-Autumn Festival and the National Day holiday, the Company's Commission for Discipline Inspection realize that holidays could be a hotbed of misconduct and corruption, thus taking a number of measures to issue pre-holiday warnings and conduct integrity education to ensure that employees can strictly adhere to ethics and disciplines and spend the holidays with their hands clean.

The Company took precautions to raise the awareness of employees to be honest and clean during the holidays. The Commission for Discipline Inspection issued the *Notice on Strengthening the Building of Clean Governance During the Mid-Autumn Festival and National Day Holidays*, clearly requiring all units to raise their awareness and consciously abide by Party rules and disciplines in an effort to prevent the recurrence of formalism, bureaucratism, hedonism and extra.

We strictly managed the vehicles owned by the Company by cracking down on the use company-owned vehicles for private purposes and drunk driving during the holidays. Meanwhile, we assigned the general management department to make detailed planning and record the use of company-owned vehicles during the holidays.

Furthermore, we innovated in the form of publicity and education to enhance the influence. For instance, the Commission for Discipline Inspection made a cartoon named *The Wall* before the holidays. It tells the different lives of two families, one of great moral integrity and one corrupted by the desire for money and power. The peace and happiness as well as the tension and anxiety in the two families provided a startling contrast, which left a deep impression on all viewers.

After the holidays, the Commission for Discipline Inspection continued to consolidate its efforts to establish fine conduct and clean governance, build an "iron army" that is proficient in information technology, and create a clean and upright business environment.

## 2. INNOVATION – LEADING SMART CITIES

With new technologies such as cloud computing, big data, artificial intelligence, and blockchain profoundly changing people’s production and lifestyle, the Central Party Committee and the State Council have attached great importance to the new generation of information technology industry. Oriented toward diversified and differentiated market demands, Capinfo actively promotes business innovation and technological innovation by focusing on exploring new fields and new markets, and enhancing cross-regional and cross-industry service capabilities. The Company strives to promote the comprehensive and stable development of its business to achieve the mission of “innovative IT services for smarter cities and more convenient life”.

### 2.1 PROMOTING BUSINESS INNOVATION

Capinfo continues to optimize and upgrade its three basic platforms to enhance the fundamental driving force for the Company’s development. At the same time, Capinfo continuously strengthens technological innovation in five major areas, and integrates these innovations with the real economy to create new momentum for the Company’s development. The Group recorded an operating revenue of RMB1,131.51 million, representing an increase of 12.22% as compared with the same period of last year; excluding the effect of goodwill impairment, net profit attributable to the owners of the Company was RMB104.88 million, representing an increase of 29.28% as compared with the same period of last year.



The “Three Platforms” played a fundamental role

### Case: Capinfo listed in the “Top 100 AI&Big Data Ecosystems”

In October 2018, the 2018 AI&Big Data Ecosystem Summit was held at the China National Convention Center in Beijing. Capinfo was selected as one of the “Top 100 AI&Big Data Ecosystems” for successfully introducing AI application solutions to industry customer end in the educational sector as well as for its superiority in integrating AI applications. As “a leading smart city service provider” affiliated with BSAM, Capinfo has provided AI application services such as the face recognition system for multiple educational institutions in Haidian, Tongzhou and Daxing Districts of Beijing. Through cooperation with outstanding enterprises in the industry, we complement each other’s advantages to contribute to a world-class harmonious and livable city.



Capinfo is selected as one of the “Top 100 AI&Big Data Ecosystems”

### Case: Capinfo Mall obtains the Internet-Based Drug Information Service Certification

In February, the Capinfo Mall, Capinfo’s self-developed e-commerce platform, received the *Internet-Based Drug Information Service Certification* issued by the Beijing Municipal Food and Drug Administration. Since then, in addition to selling groceries and foodstuffs online, the Capinfo Mall can also promote various types of pharmaceuticals. The acquisition of the *Internet-Based Drug Information Service Certification* provides conditions for cooperation projects for the internet-based promotion of pharmaceutical products produced by SOEs and sold by medical insurance pharmacies after the medical insurance accounts are closed. This further promoted the development of the Company’s smart medical services, and also put in place a foundation for future partner assistance and economic cooperation projects via the e-commerce platform.

## 2.2 SUPPORTING TECHNOLOGICAL INNOVATION

Committed to becoming “a leading smart city service provider”, Capinfo continues to enhance its technical capabilities with increased R&D investment, support technological innovation, and strengthen intellectual property protection.

### 2.2.1 Creating innovative products

Capinfo capitalizes on its professional advantages in information technology to achieve breakthroughs in the fields of internet, big data, artificial intelligence, blockchain, smart city, etc., and has created core competitiveness with industry characteristics, so as to promote the comprehensive competitiveness and brand influence of software and information service enterprises in the capital.

## 2. Innovation – Leading Smart Cities

### Case: Capinfo’s “Credit Platform Products” wins the prize of “2018 China Smart City Top 100 Application Product”

On October 18, 2018, the 2nd China Smart City 100 Forum and Award Ceremony was held at the Boao Forum for Asia International Convention Center. Capinfo’s “Credit Platform Products” won the prize of “2018 China Smart City Top 100 Application Products” for “they have improved work efficiency, benefited the people, solved challenging problems, and gained high customer satisfaction in the construction, operation, management and service of smart cities.”

### Case: The “Map for Open Government Affairs and Public Service” enters the Top 10 outstanding innovation cases

On December 12, the 2018 E-Government Construction Forum and the 17th Chinese Government Website Performance Evaluation Conference hosted by the Computer and Microelectronics Development and Research Center of the Ministry of Industry and Information Technology was held in Beijing. At the conference, the “Map for Open Government Affairs and Public Service” project developed by Capinfo was selected as one of the Top 10 outstanding innovation cases of the provincial government websites in 2018. By creating a unified public service map management platform, Capinfo integrated the layers, location and service information resources of various public service agencies of government departments in Beijing, and then provided the public with efficient and convenient public service map services on the website and mobile devices. Since the new version was launched on October 10, 2018, the service has been well received by users.



Homepage of the Map for Open Government Affairs and Public Service

### 2.2.2 Intellectual property protection

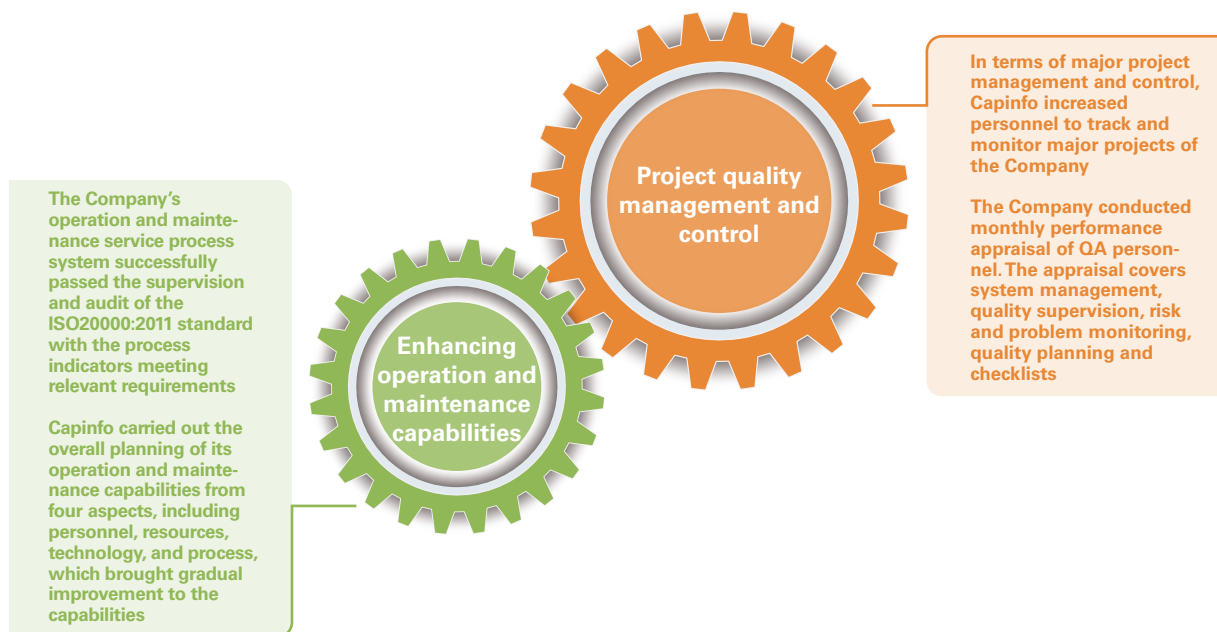
Capinfo attaches great importance to intellectual property protection. By conducting training on intellectual property protection and rewarding departments that have applied for or obtained intellectual property rights, the Company assists its technical departments in achieving innovation.

## 2.3 DEVELOPING PRODUCTS OF SUPERIOR QUALITY

Capinfo adheres to and implements the ideal of promoting business development through quality system. Focusing on providing high-quality products and services as well as serving the Company's strategic objectives, Capinfo has further enhanced its core competence in quality management, software development, IT service management and information security management to continuously improve customer satisfaction and trust.

### 2.3.1 Improving quality of service

By vigorously promoting the establishment of the quality system, and continuously optimizing business management processes, Capinfo has enhanced software process capabilities and operation and maintenance service capabilities, improved R&D and improvement capabilities, and continuously improves project quality management to ensuring better service quality. And the Company actively responds to customer complaints and earnestly protects customer rights and interests. In 2018, our customer satisfaction reached 93.2%.



Measures to improve quality of service

## 2. Innovation – Leading Smart Cities

### **Case: Capcloud passes the monitoring and evaluation of cloud computing service capabilities conducted by the MIIT**

In September 2018, the Information Technology Service Standards Sub-Association of China Electronics Standardization Association confirmed that Capinfo's public and private IaaS cloud services passed the monitoring and evaluation of cloud computing service capabilities. The approval from a national department is conducive to the Company's business development, and has further enhanced Capinfo's confidence and determination to contribute to the building of smart cities.

### **Case: Capinfo holds training on the business operation management and control system**

In order to further promote the application of information technology in the Company's business operation and management, on the afternoon of January 5, Capinfo held a training session on the use of the business operation management and control system (trial operation phase), instructing 35 participants in the operating procedures and requirements of the system, and guiding them the actual operation of the system. The training session was held for employees from all functional departments of the Company as well as employees from Capinfo Technology who were responsible for projects, budget, and the drafting, review and submission of contracts.

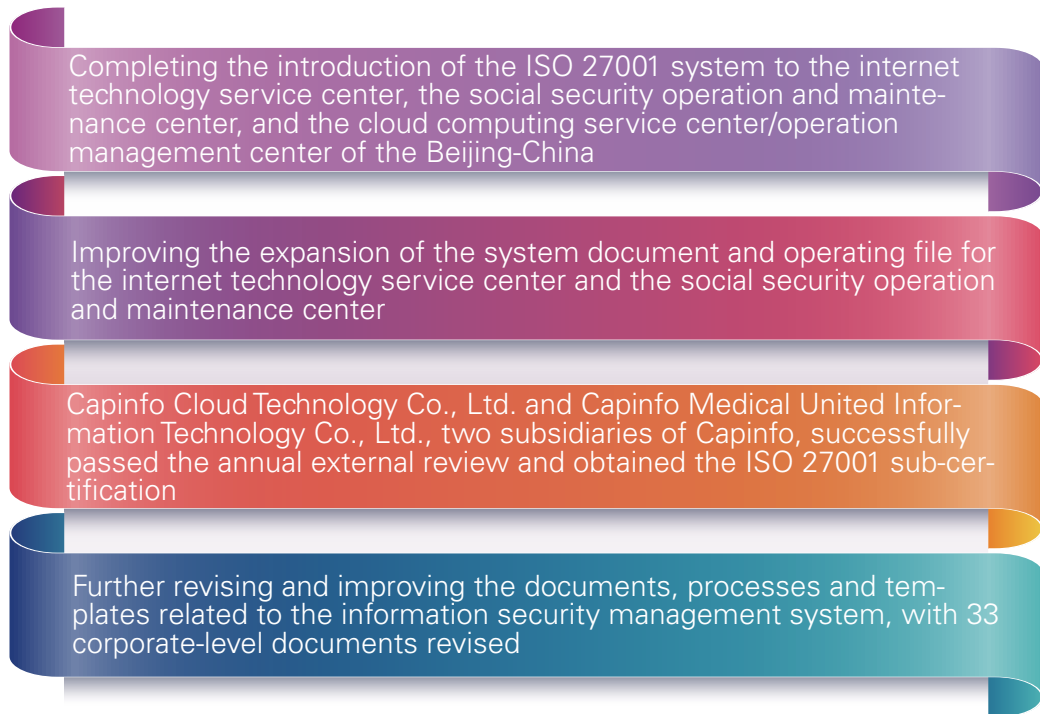


The training session



### 2.3.2 Information security management

In order to build trust with partners, Capinfo strictly abides by relevant national laws and regulations. Meanwhile, by improving the expansion of information security management in each business center and actively supporting each branch and subsidiary in their efforts to obtain information security management certifications, Capinfo has further improved its information security management capability, and strengthened the information security awareness of each center and department for the prevention of information leakage incidents.



Measures to enhance information security management

# 3. SINCERITY – BUILDING WIN-WIN PARTNERSHIPS

Capinfo has established an equal, fair and open supplier management and purchasing system, fostered cooperation with suppliers responsibly, constantly improved supplier management and their capacity to fulfill responsibilities. Meanwhile, the Company maintains close cooperation with its partners so as to advance the development of the industry and realize win-win cooperation.

## 3.1 RESPONSIBLE PURCHASING

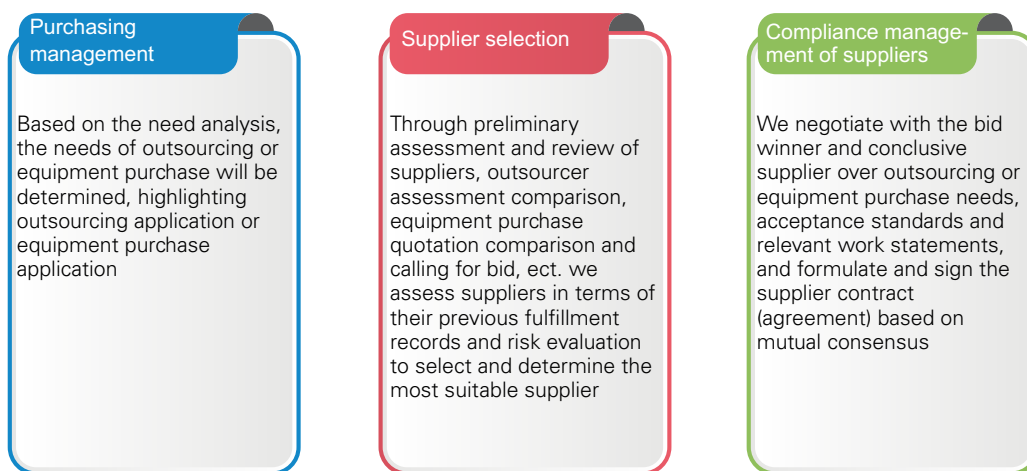
Capinfo, oriented by its corporate business objectives, standardizes supplier relationship management and constantly strengthens partnerships with suppliers.

### 3.1.1 Improved supplier management system

Capinfo strictly implemented the *Supplier Management System* to ensure the quality and stable supply. In order to standardize supplier relationship management, the Company has updated the supplier performance assessment method, requiring all business centers to fill out the *Purchasing Performance Assessment Form* and the *Outsourcing Performance Assessment Form* during the payment procedure of purchasing and outsourcing. These assessment forms would be filed after reviewing and are used to be the material for yearly re-evaluation. By doing so, we have improved the efficiency of the re-evaluation process and protected qualified suppliers from being kicked out due to loopholes during collective performance assessment procedures at all business centers.

### 3.1.2 Supplier selection

Capinfo adopts and constantly improves its strict, open and transparent selection procedures, making sure that relevant regulations comply with current laws and regulations as well as common requirements of the industry. In 2018, the Company signed a total of 340 purchasing orders.



Supplier selection procedure

### 3. Sincerity – building win-win partnerships

#### 3.1.3 Supplier management

We strictly implement the *Supplier Management System*, strengthen and standardize the process management, acceptance and evaluation to ensure stable supply. In addition, we also establish a blacklist management system. If suppliers are found violating relevant regulations during the cooperation, we will stop cooperation with them and add them in the blacklist. By the end of 2018, Capinfo had 829 partners on the supply side, including 244 suppliers (182 are for temporary cooperation and 62 are qualified) and 585 outsourcers (416 are for temporary cooperation and 169 are qualified).



Suppliers in the blacklist

## 3.2 CONDUCTING STRATEGIC COOPERATION

Believing in “cooperation leads to win-win results”, Capinfo follows closely with national strategies and policies. In the building of smart cities, the Company actively conducts strategic cooperation with governments, enterprises and institutions to promote harmonious development of enterprises, governments and cities, realizing all-win results.

### Case: Capinfo signs cooperation agreement with CITIC group on the CPC membership dues App

On May 14, Capital Information and CITIC Group signed a memorandum of cooperation on the Party Membership Dues system of CITIC. Compared with traditional payment method of the Party membership dues, this product is more compliant, safe, convenient, expandable and flexible. It supports cross-bank online and mobile payment, public account payment and other payment methods, and can be embedded in the management platform of the partner to realize real-time payment, dynamic inquiry and standardized management of Party membership dues. Through this cooperation, Capinfo has embedded the system into the existing Party building system application to further improve the payment module of the system.

### 3. Sincerity – building win-win partnerships

#### Case: Capinfo conducts strategic cooperation with Beijing Tourism Group

On October 12, Capinfo and Beijing Tourism Group (BTG) signed a strategic cooperation agreement on cloud platform. The “Capinfo Cloud”, based on cloud platform and data center, will provide computing, storage, network, security and other services for BTG and its member companies such as Quanjude, Donglaishun, Shouqi Group and Home Inn. It will also provide open network support services at system, network and data levels to support the Group’s overall hybrid cloud construction strategy and ensure the interconnection and sharing of systems and data. This cooperation gave fully play to the advantages of “Capinfo Cloud” as a cloud platform, laid a good foundation for the Group’s industrial transformation and quality and efficiency improvement, and consolidated the leading position of “Capinfo Cloud” in the field of “cloud services” of SOEs.

## 3.3 PROMOTING THE DEVELOPMENT OF INFORMATION INDUSTRY

Committed to boosting the development of information industry, the Company actively participates in industry conferences, conducts technological exchange and sharing to steer technological advancement of the electronic information industry, as well as strengthens industry-university-research exchanges and cooperation.

#### Case: Capinfo carries out exchanges and mutual learning with new high-tech enterprises in Langfang, Hebei province

In order to help Langfang enterprises to access the resources in Beijing and further promote the coordinated development of Beijing-Tianjin-Hebei region, the Langfang high-tech enterprise exchange activity was held in the Capinfo on the afternoon of August 31. The middle and high-level representatives of 25 high-tech enterprises from Langfang, together with representatives from Capinfo, participated in the event. The representatives from Langfang visited the Central Tower Monitoring Center and the Data Management Room of Capinfo and exchanged views. They highly praised the contribution of the Company’s integrated online platform and the Capinfo Cloud Platform in the infrastructure construction of “Smart Beijing”. The activity aimed to strengthen the communication between the Capinfo and high-tech enterprises in the Beijing-Tianjin-Hebei region in terms of information technology, investment management and resource management, and laid a foundation for the long-term development of the Company’s businesses and the strategic layout of the coordinated development of Beijing-Tianjin-Hebei region.

# 4. CARE – PAYING ATTENTION TO EMPLOYEES’ DEVELOPMENT

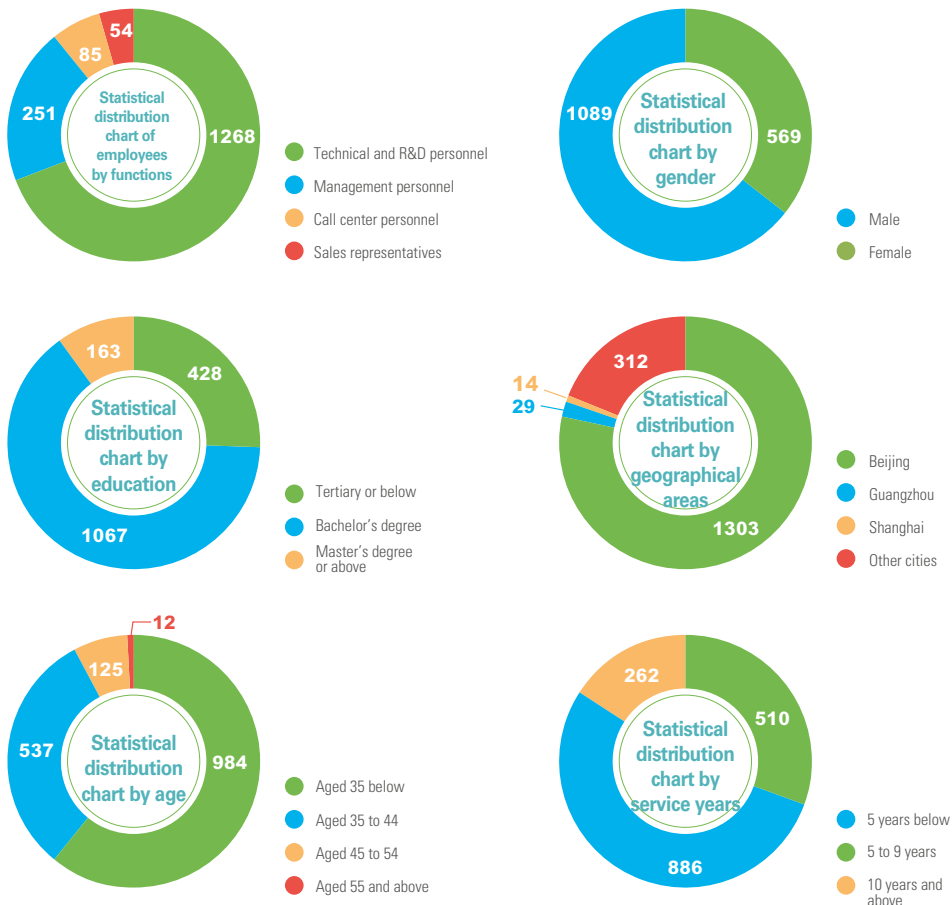
Capinfo views employees as our most valuable assets. With the human resources strategy of “attracting, cultivating, motivating and developing the talents”, we endeavor to build a sound career development platform and harmonious labor relations. We show respect to employees, provide equal opportunities to them, care for their lives, and share the corporate development results with them.

## 4.1 PROTECTING EMPLOYEES’ RIGHTS AND INTERESTS

Abiding by the *Labor Law and Labor Contract Law*, the Company adheres to the principle of equal employment, improves the remuneration and welfare system, provides an equal working environment for employees, and effectively protects their rights and interests.

### 4.1.1 Equal employment

Abiding by related laws and regulations, the Company gives fair and impartial treatment to employees of different nationalities, genders, religious and cultural backgrounds. Meantime, we oppose discrimination, give equal pay for equal work, resolutely prohibit child labor and resist all forms of forced labor. In 2018, the Company had a total of 1,658 employees, among which 1,268 were technical and R&D staff, 251 were functional management at all levels, 85 were call center staff, and 54 were sales representatives. The employee turnover rate was 13%, which was lower than the industry average, showing a decreasing trend in recent years. The Company had 183 new employees, and the labor contract signing rate reached 100%.



## 4. Care – Paying Attention to Employees’ Development

### Case: Capinfo wins the Diversity Extraordinary Employer Award of the Year for two consecutive years

On November 9, 2018, the “Work Different” annual award ceremony organized by Liepin.com was held in Beijing. Based on the principle of “cultural diversity creates harmonious and co-existing work and cultural environment”, Capinfo stood out among the 6,000 participating enterprises and won the 2018 Diversity Extraordinary Employer Award of the Year for the second time. Capinfo provides employees with good remuneration and welfare and a comprehensive vocational training system, which brings employees a sense of belonging through corporate culture and enhances the influence of employer value on employees and society.

### 4.1.2 Compensation and benefits

We have established a sound salary management system to enhance internal equality and external competitiveness of the salary and motivate employees to take more initiative. We pay for the staff pension, medical insurance, unemployment insurance, work injury insurance, supplementary medical insurance, supplementary work injury insurance and housing fund. In 2018, employees’ social security coverage reached 100% and average paid leave per employee was up to 11 days.

In 2018, the Company vigorously promoted the performance compensation management reform, established a new performance appraisal and compensation management system, and took stock of technical personnel. We conducted in-depth research and preparation for the implementation of the performance compensation management system, which further enhanced employees’ awareness of ability, performance and responsibility.



## 4. Care – Paying Attention to Employees’ Development

### Key points of the new performance appraisal management system

- Setting up corporate compensation and performance management department
- Establishing and improving performance monitoring and assistance system
- Carrying out classified performance appraisal (appraise both organizational operation performance and individual performance)
- Deepening management to implement the principle of “extending up two higher levels” for individual performance assessment
- Distributing personal assessment results scale compulsorily
- Extending the application of appraisal results

### Key points of the compensation management system

- Establishing new job hierarchy system and opening up the career development path, especially the development path of technical talents
- Designing a classified compensation system that implements different forms of linked distribution for various types of wage items
- Establishing a wide-ranging compensation system to increase the incentive effect of compensation
- Implementing the classified year-end bonus distribution method

Key points of the new performance compensation management system

#### 4.1.3 Promoting democratic management

The Company continues to promote democratic management by setting up employee representative supervisors to fully protect employees’ right to know, participate, express and supervise. We also actively improve the democratic management system and implement the labor union system. Labor union members are elected by the employees to present the employees’ reasonable opinions and suggestions.

#### 4.1.4 Caring for occupational health and safety

The Company provides employees with working environment and conditions that meet health and safety standards. In the meantime, Capinfo organizes employees to do physical examination and carries out trainings on occupational health and safety to improve their health and safety awareness. In 2018, the Company has invested RMB124,320 in safety education and trainings, and held 6 trainings on work safety with 388 participants. The physical examinations and health records have covered all employees. No major injury accident occurred and the working days lost caused by work injury is 120 days.

## 4. Care – Paying Attention to Employees’ Development

### Case: Strengthening safety education to raise safety awareness

To further improve the ability of the Company and employees to respond to and deal with emergencies, we carried out safety education to raise employees’ safety awareness. On June 14 and the afternoon of November 9, Capinfo organized call center staff and safety officers of all centers to take part in the fire fighting and emergency evacuation drills in Reide office and the Universiade Village headquarters in Quantum ginza. During the 15-minute drill, all the 45 call center staff and 61 safety officers accomplished this task and got to safe area quickly and efficiently within the given time. The drills improved employees’ awareness of fire control safety and also their ability to cope with emergencies.

## 4.2 PROMOTING DEVELOPMENT OF EMPLOYEES

Attaching much importance to talent development, Capinfo creates more development opportunities for employees, provides them with a career path in line with their own development needs and diversified trainings to help them realize self-value.

### 4.2.1 Improving the training system

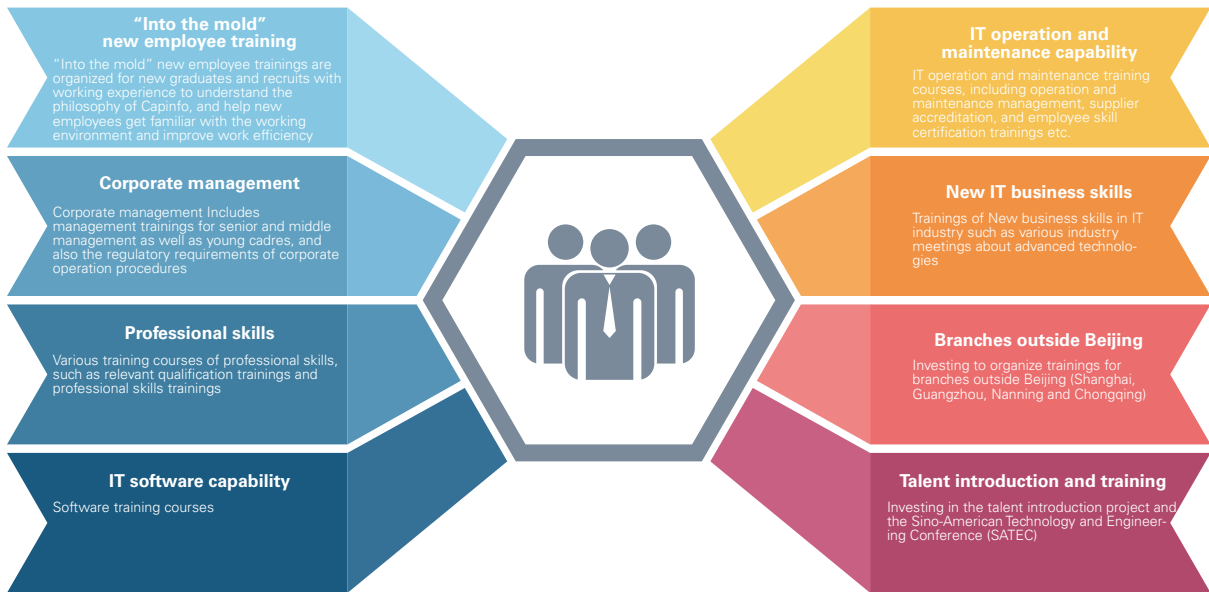
The Company cares for employees’ growth and career development. To meet the career development needs of employees, the Company provides 91 career development courses in 8 categories, encouraging employees to achieve self-value in their work. In 2018, the Company organized 40 professional and technical trainings for 944 participants, striving to nurture a group of innovative and technical talents that meet the needs of the market. In addition, the Company invited 7 experts to provide 21 courses in 7 sessions, a total of 145 trainees took those courses who will be better equipped to lead the development of science and technology.

Training hour per employee

Category		Training duration per capita
Employee gender	Male	8.00 Hours
	Female	6.70 Hours
Employee type	Senior management	5.99 Hours
	Middle management	5.98 Hours
	Grassroots employees	7.99 Hours



#### 4. Care – Paying Attention to Employees’ Development



Diversified training system

#### Case: Capinfo organizes 2018 orientation training for new employees

To help new employees get more familiar with the Company as soon as possible, Capinfo Institute organized 2018 (the fourth) orientation training for 28 new employees in the training room at the ground floor of the Universiade Village headquarters on August 30. Six employees from functional management departments introduced the Company profile, business scope, financial regulations, office network, personnel system, salary and benefits, quality management system, information security and fire control safety, which helped new employees systematically learn about the daily work procedure and relevant systems and laid a good foundation for their future work.



Group photo of the orientation training for new employees

## 4. Care – Paying Attention to Employees' Development

### 4.2.2 Smoothing career development

To provide a broad career development platform, the Company has set up a classified job hierarchy system including technological research, technological support, function, management and sales ensuring smooth professional development of each position and creating a professional and fair work environment that enables constant development of employees.

#### **Case: Capinfo launches the 2018 graduation exhibition of young caliber training camp**

On the afternoon of December 21, the Company held the 2018 graduation exhibition of young caliber training camp and graduation ceremony in the classroom at the fifth floor of the Long Fu Building. The training camp introduced an action learning model, focusing on the combination of learning and practice. Each trainee had a middle-level official as a mentor who instruct the trainee drawing from his/her work experience to facilitate their rapid growth.

#### **Case: Capinfo launches project manager qualification training and assessment**

In order to standardize the Company's project management system, improve the overall service quality of the projects, and nurture more professional project managers, the Company conducted four training sessions for 217 project managers from business centers and subsidiaries in 2018. The training and assessment requires all participating managers to improve project management norms, improve efficiency and avoid risks, and ensure that project delivery quality meets requirements, and encourages project managers to make their work satisfactory for customers, employees, as well as the Company. 180 project managers passed the training and assessment. This practice provided systematic knowledge and ability training to the project manager team and greatly promoted the Company's project management level.

## 4. Care – Paying Attention to Employees' Development

### 4.3 CARING FOR EMPLOYEES' LIFE

The Company carries out various activities to care for the cultural life of employees and create a sound work and living environment for them. We also actively provide assistance to employees in need and help them solve real life difficulties so as to improve their sense of happiness and belonging.

#### 4.3.1 Enriching employees' life

Through a variety of activities, the Company helps employees balance their work and life, enhance their cohesiveness, and create a harmonious and warm atmosphere in the Company to ensure employees work happily and live healthy.

#### 4.3.2 Caring for employees

The Company takes every employee's needs seriously, and organizes diversified activities to care for employees and their families while creating an atmosphere of mutual assistance, unity and friendship within the Company. The Company helps those in need tide over difficulties, letting them feel love and respect from Capinfo.

#### Case: Call Center Party committee visits employees in need

On the afternoon of November 27, 2018, the Call Center Party committee visited Li, a Capinfo employee suffering from uremia, and sent her milk, fruit and other gifts, as well as care and warmth. Li is extremely weak due to long-term dialysis and is having a very difficult time. The committee members concerned about her physical condition and life, and encouraged her to stay confident and positive. Warm greetings from the Company made the employees in need feel grateful and hopeful, and let them feel the unity, love and mutual help from the Capinfo family.



Call Center Party Committee visits employees in need

## 5. COMMITMENT – BUILDING A GREEN HOME

Responding to the call of the 19th CPC National Congress to develop green industries and understand that lucid waters and lush mountains are invaluable assets, Capinfo strictly carries out national policies and laws related to green development and environmental protection, actively promotes the green development model, and carries out environmental protection publicity activities, so as to integrate environmental protection in each part of its operation. By doing so, we strive to minimize our environmental impact and realize harmony of corporate development and ecological conservation.

### 5.1 ENVIRONMENTAL MANAGEMENT SYSTEM

In accordance with the requirements of the Environmental Protection Law, Capinfo continues to improve the environmental protection system, and fulfills the responsibility for energy conservation and emission reduction with great efforts. In 2018, the Company conducted in-depth research on the requirements of ISO 14000 (environmental management system), established a complete ISO 14000 system standard, and completed the training of ISO 14000 system management personnel to ensure continued improvement of environmental management capacity and boost sustainable development of the Company.

#### 5.1.1 Improving Environment Management

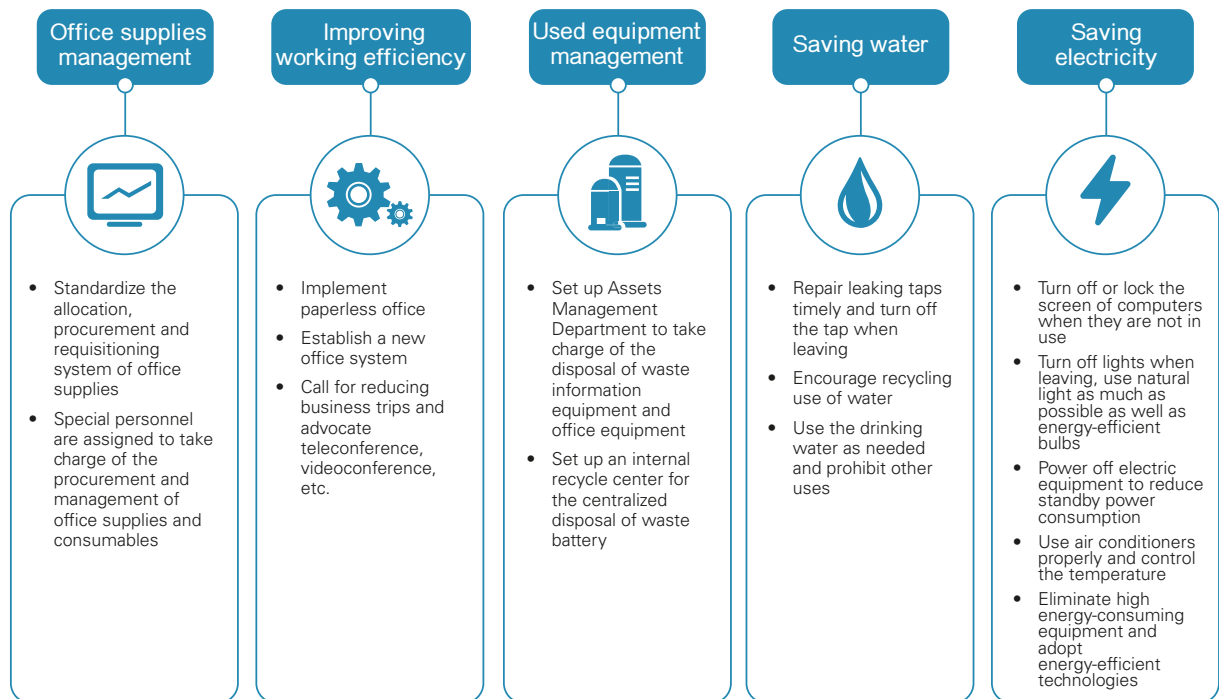
Adhering to the responsibility concept of green development, Capinfo constantly improves the environmental management system to strengthen supervision and management, optimize major approaches to and work procedures of energy conservation and emission reduction with due responsibilities fulfilled. The Company also develops circular economy for comprehensive utilization efficiency of resources, and actively organizes environmental management training to ensure green and efficient development of the Company. The water consumption mainly comes from domestic water used in operation and production, including drinking water, and water for cleaning and greenbelt and the toilets. The product development does not involve water-consuming process and emission of NO<sub>x</sub> and SO<sub>2</sub>, thus exerting little impact on water resources and the air.

#### 5.1.2 Environmental protection training

To improve the environmental awareness of all employees, Capinfo carries out extensive environmental protection trainings to popularize environmental science knowledge, help prevent and reduce the occurrence of various environmental accidents, boosting the Company build a green and beautiful home.

## 5.2 ADVOCATING GREEN OFFICE

Capinfo actively carries out green office activities while advocating the idea of green office. Our continuous exploration of energy-saving and environmentally-friendly office models facilitates the diversified measures of green office. We advocate resource conservation, and cultivate the awareness of environmental protection among employees.



Measures to promote green office

## 5.3 PASSING ON THE GREEN PHILOSOPHY

In addition to the practice of green office and raise the environmental awareness of employees, the Company also calls for the whole society to participate in environmental protection through public welfare activities. This enables more people to get to know the green development philosophy and helps protect lucid waters and lush mountains through concerted efforts, contributing to the harmony between man and nature and promoting ecological conservation.



Capinfo wins the Hainan Big Data Innovation and Application Contest Smart Environmental Protection Group Award

## 6. LOVE – BUILDING A BETTER COMMUNITY

Keeping its responsibility in mind, Capinfo contributes to the society by giving full play to its own strengths to boost economic and technological advancement in local communities while pursuing its own business development. Meanwhile, the Company actively participates in social welfare activities, showing a responsible corporate image with love and dedication and contributing to social harmony and stability.

### 6.1 SUPPORTING COMMUNITY DEVELOPMENT

While pursuing own rapid development, the Company is committed to responding to community needs, improving community building and resolving social problems. We have realized joint contribution, governance and sharing based on efficient and high-quality technologies, and make communities information-backed so as to promote community development.

#### Case: Capinfo hosts the SATEC Forum on Green City Information Technology Symposium

On May 14, the 12th SATEC Forum on Green City Information Technology Symposium was held at the Beijing Convention Center. With the theme of “optimizing the core functions of the capital and creating a livable urban environment” and focused on the construction of “four centers” in Beijing, this symposium proposed to further optimize the core functions of the capital, make the regional economic structure more reasonable, achieve overall quality of the ecological environment, and balance the level of public services, endeavoring to make Beijing an important region with strong international competitiveness and influence and play a bigger role in leading and supporting national economic and social development.

### 6.2 CARRYING OUT PUBLIC WELFARE ACTIVITIES

Keeping in mind that the wealth of enterprises comes from society and enterprises must take social responsibilities, the Company encourages employees to actively participate in social welfare activities, contribute to the society with a firm sense of social responsibility, help and care for more people with love and charity. By spreading love and warmth, we can create a more harmonious and better society.



### Case: 2018 Project of Warming the West Regions winter clothes donation

From November 5 to November 12, the call center called on all Party members and employees to actively participate in the 2018 Project of Warming the West Regions winter clothes donation and received warm responses. Employees donated cotton clothes, sweaters, down jackets and other winter clothes to the remote mountainous areas in Western China such as Qinghai, Gansu, Sichuan, Ningxia, etc. A small action from each employee of Capinfo aggregates into a powerful source of love, bringing the special warmth from us in Capinfo to friends in the west.



Winter clothes donation

### Case: Capinfo organizes volunteer service activities for targeted poverty alleviation and caring for the disabled

In order to promote the spirit of volunteer service, enrich the cultural life of the disabled and encourage them to have a positive attitude towards life, Capinfo joined hands with the Warm Home at Huayuan Road in launching a volunteer service to the disabled how to do tie-dyeing on T-shirts on April 25. With the assistance of Capinfo volunteers, the participants of the Warm Home quickly mastered the tie-dyeing procedure. This targeted volunteer service not only made those at the Warm Home feel the care and love from the society, but also made the volunteers feel deeply encouraged. Capinfo volunteers sincerely hope that they can participate in more charitable activities in the future to pass on the positive energy of the Company.

# OUTLOOK

The year 2019 marks the 70th anniversary of the founding of the People's Republic of China and is a critical year for securing a decisive victory in building a moderately prosperous society in all respects and achieving the first centenary goal. To this end, we must continue to uphold and put into practice the new vision of development, take pulse of the new normal of economic development in the new era, and strive to build a leading smart city operator. In this new journey of hard work, we must stay true to our original aspiration and have our mission always in mind, make continuous contribution to the building of Digital Beijing and Smart Beijing, build ourselves into a leading smart city service provider, and keep pressing ahead in Capinfo's next two decades.

## STRENGTHENING COMPLIANCE MANAGEMENT AND CONTROL

We will strictly adhere to the business ethics and the principle of integrity, advocate the lawabiding and compliance corporate culture, enhance risk control, and strengthen efforts in anti-corruption to build a disciplined and advanced organization. We will improve the corporate governance structure, improve corporate management level, and improve operation efficiency. We will strengthen the capability of management and control, optimize the organization and governance mechanism to better serve to social and economic development.

## IMPROVING INNOVATION CAPACITY

Taking innovation as the internal driving force for development and based on the development of the new generation infrastructure platform, we will improve the integrated technological innovation system that covers the whole industry chain, continue to strengthen innovation capacity, upgrade the three basic platforms, and step up the technological innovation in five areas. We will build an integrated industry-university-research platform with Chinese characteristics and boost the Company's overall competitiveness and brand influence so as to lay a solid foundation for future development.

## WORKING FOR COORDINATED DEVELOPMENT

We will continue to optimize supply chain management, integrate upstream and downstream resources, improve supplier management, aiming to develop a green and sustainable supply chain, aiming to develop a green and sustainable supply chain. We will build a diversified, sustainable and responsible value chain to promote sustainable development of the information industry with concerted efforts. We will improve smart city development capacity, and cooperate with leading enterprises and industrial alliance to give full play to our technology strength and provide better services to the society.

## PROMOTING EMPLOYEE DEVELOPMENT

With the human resources strategy of "attracting, cultivating, motivating and developing the talents" and the people oriented philosophy, we will protect employees' rights and interests, pay attention to employees' growth and continue to provide a development platform and a sound work environment for them. We will care for and love employees so as to make them have a sense of belonging and happiness.



## **BOOSTING GREEN DEVELOPMENT**

We will implement the principle of giving priority to environmental protection, improve the environmental management system, promote energy saving and emission reduction, and explore a green development model. We will carry out diversified activities for publicizing and implementing environmental protection, protect biodiversity and raise the environmental protection awareness among employees so as to achieve the harmony between corporate development and ecological conservation.

## **PARTICIPATING IN COMMUNITY BUILDING**

We will give full play to our industry strengths, fulfill corporate obligations and social responsibilities, spur economic and technological development of local communities, contribute to community building and support the course of public welfare so as to build a harmonious society and realize the beautiful Chinese dream.

# INDEX TABLE OF THE SEHK ESG

<b>Environmental</b>			
<b>Aspect</b>	<b>Index number</b>	<b>Index content</b>	<b>Report location</b>
A1: Emissions	General Disclosure	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P34
	A1.1	The types of emissions and respective emissions data.	Capinfo Company Ltd. emissions in production and operation are very low
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	not involved
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	not involved
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	not involved
	A1.5	Description of measures to mitigate emissions and results achieved.	not involved
	A1.6	Description of how hazardous and non-hazardous waste are handle reduction initiatives and results achieved.	not involved
A2: Use of Resources	General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	P34
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	not involved
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P34
	A2.3	Description of energy use efficiency initiatives and results achieved.	P34
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	not involved
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	not involved
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P34
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P35

## Index Table of the SEHK ESG

<b>Social</b>			
<b>Aspect</b>	<b>Index number</b>	<b>Index content</b>	<b>Report location</b>
<b>B1: Employment</b>	General Disclosure	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P27
	B1.1	Total workforce by gender, employment type, age group and geographical region.	P27
	B1.2	Employee turnover rate by gender, age group and geographical region.	P27
<b>B2: Health and Safety</b>	General Disclosure	relating to providing a safe working environment and protecting employees from occupational hazards. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	P29
	B2.1	Number and rate of work-related fatalities.	No deaths due to work related
	B2.2	Lost days due to work injury.	P29
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P29-P30
<b>B3: Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P30-P31
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P30
	B3.2	The average training hours completed per employee by gender and employee category.	P30
<b>B4: Labour Standards</b>	General Disclosure	relating to preventing child and forced labour. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P27
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P27
	B4.2	Description of steps taken to eliminate such practices when discovered.	No child labor or forced labor related incidents occurred during the year
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P24
	B5.1	Number of suppliers by geographical region.	The suppliers of Capinfo Company Ltd. are distributed nationwide, most of which are located in Beijing

## Index Table of the SEHK ESG

<b>Social</b>			
<b>Aspect</b>	<b>Index number</b>	<b>Index content</b>	<b>Report location</b>
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P25
B6: Product Responsibility	General Disclosure	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P18-P23
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	not involved
	B6.2	Number of products and service related complaints received and how they are dealt with.	P24
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P20
	B6.4	Description of quality assurance process and recall procedures.	not involved
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P23
B7: Anti-corruption	General Disclosure	relating to bribery, extortion, fraud and money laundering. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P16
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P16
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	P16-P17
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P36
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P36-P37
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P37

# OPINION FEEDBACK FORM

For constantly improving our company social responsibility work, we desire to receive your feedback, which becomes the crucial basis for improvement and advance of our work quality. We sincerely hope that you could give us some precious advice and suggestions on this report and our work.

Your information:

Name: \_\_\_\_\_ Company/Institution: \_\_\_\_\_

Phone Number: \_\_\_\_\_ E-mail: \_\_\_\_\_

Your comments:

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1. What do you think about the whole report:  
 great       good       fair       not good       bad
2. What do think of the report content:  
 very rich       rich       fair       not enough       rare
3. What do you think of the quality of the report content:  
 very high       high       fair       low       very low
4. What do you think of the layout design:  
 very reasonable       reasonable       fair       not good       bad
5. What are your advice and suggestions on the Company's CSR work and the compilation and release of the CSR report:

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