CAPINFO

Capinfo Company Limited

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

（Stock Code：1075）

2016
Environmental, Social and
Governance Report

CONTENTS

>>> ABOUT THE REPORT

This report is the first annual corporate social responsibility (CSR) 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. To facilitate presentation and reading, "Capinfo Company Ltd." in this report is referred to as "Capinfo" and "the Company".

REPORTING PERIOD

The report covers from 1 January 2016 to 31 December 2016, and also includes additional information beyond the stated reporting period.

REPORT COMPILATION PRINCIPLES

Reporting Guide of the Hong Kong Environmental, Social and Governance (HK-ESG)

Sustainability Reporting Guidelines of the Global Reporting Initiative (ISO 26000 *Social Responsibility Guidelines* (2010))

Guidelines to 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

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 CSR report and the annual report, the annual report shall prevail.

MESSAGE FROM CHAIRMAN ⋘

In 2016, China's economic growth slowed down and the Group proactively made the five-year development strategy and planning under the "new normal state", and firmly implemented innovation, development, transformation and upgrading. Operating results of the Group sustained growth. During the Reporting Period, the Group recorded a revenue of RMB929.7 million, representing an increase of 5.71% as compared with the corresponding period of last year. Profit attributable to owners of the Company amounted to RMB109.2 million, representing an increase of 7.58% as compared with the corresponding period of last year.

2016 is the first year of the "13th Five-Year" Plan of the Group. Facing increasingly fierce market competition, in-depth changes in government procurement, changing customer demand, and other severe challenges, the management and all staff members worked together to overcome difficulties and push forward for the stable development of the Group's businesses and good start of the "13th Five-Year" Plan Period. During the Reporting Period, the Group focused on consolidating the new generation of smart infrastructure platform, such as integrated network platform, trusted cloud platform and big data innovation service platform. Three major business segments including Internet + government affairs, smart health care and enterprise smart innovation have been initially formed. In the field of business, the Group made researches on the mature productization services and industry solutions to promote the productization, platformization, and nationalization, laying a solid foundation for making the Group a "leading smart city operator".

During the Reporting Period, the Group optimized a series of operation and management mechanisms, revised and launched numerous rules and regulations, clarified the innovation management process, summarized and improved management level to further enhance the overall operation efficiency and further strengthen the internal control management capacity of the Group. In the meantime, the Group carried out in-depth study and analysis of the status and characteristics of human resources, reformed the remuneration and performance-based system, planned the top-level design for talent development, and endeavored to build a high-quality and high-level talent team adapting to market competition and satisfying the development needs to push forward the Group's development in the "13th Five-Year" Plan Period.

In 2016, the Group has formulated the development blueprint for the "13th Five-Year" Plan. During the "13th Five-Year" Plan period, the Group will position itself as a "leading smart city operator", strengthen the basic support of "platformization + productization" integrated network platform, trusted cloud platform and big data innovation service platform through the dual-wheel drive of endogenous development and extension development, develop Internet + government affairs, smart health care and enterprise smart innovation, and determine the overall goal of four elements including "adding value, consolidating basis, innovating and enhancing quality".

In 2017, the Group will optimize and strengthen its core business and maintain the government affairs network construction and operation and maintenance status; the Group will make layout and planning of innovation business to promote its business to develop towards new customers, new areas, and new model; it will constantly optimize the institutional mechanism, organizational structure, and talent team structure and strengthen the construction of technical capacity system; it will effectively utilize the capital market to form the extension development driving force through capital operation. The Group will make a positive progress and constant efforts to achieve innovation, development, transformation and upgrading during the "13th Five-Year" Plan period and endeavor to make the Group a leading smart city service provider.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to the shareholders who give long-term support for the development of the Company, our dedicated staff who made contribution to our growth and people from various sectors who pay continuous attention to the development of the Company.
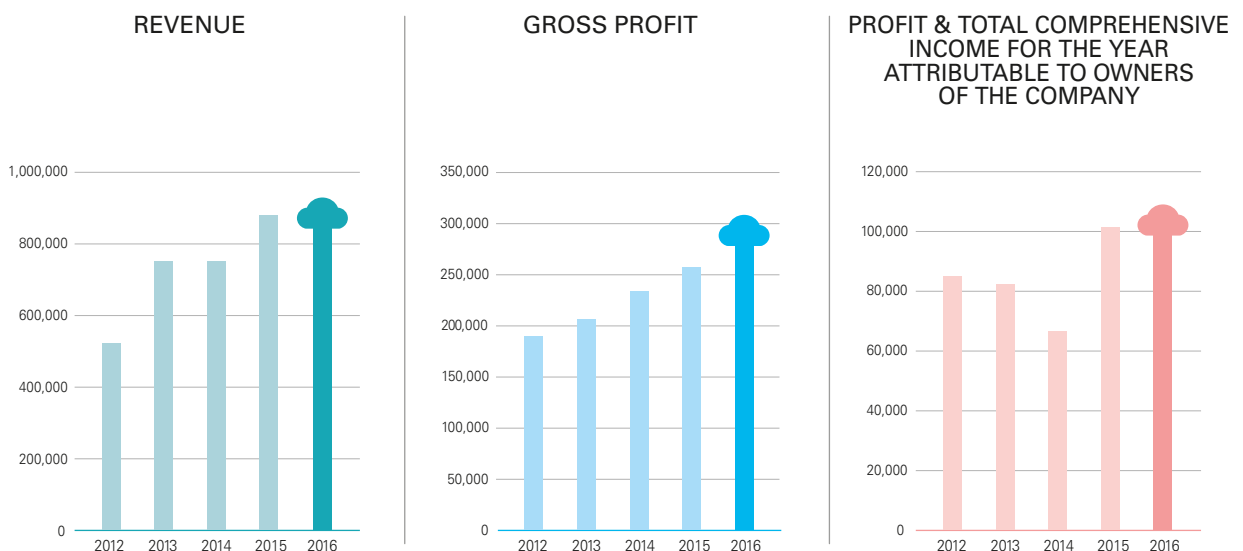
Mr. Xu Zhe
Chairman

1.1 COMPANY INFORMATION

Founded in January 1998, Capinfo Company Limited ("Capinfo" or "the Company") is a state-owned IT company whose controlling shareholder is Beijing State-owned Assets Management Co., Ltd. The Company is committed to developing information technology to drive business and society advance and establishing itself as a reliable partner for its clients with advanced technology and professional services. Capinfo was listed on the Growth Enterprise Market of the Hong Kong Stock Exchange in December 2001, and transferred its listing to the Main Board of the Hong Kong Stock Exchange in January 2011 (stock name: Capinfo; stock code: 1075).

As a famous smart city service provider in China, Capinfo has, through its professional IT service capability and high level of social responsibility, contracted the construction, operation and maintenance of various national key information technology application projects and livelihood projects. Since its establishment, the Company has made significant contribution to the anti-SARS Campaign, Beijing Olympics, National Day Parade and other major events. In respect of the people's livelihood related services such as social security card system, medical insurance information system, housing provident fund system, air quality monitoring system and community service information system, the Company kept pace with the times and created a new image of state-owned enterprise that upholds the philosophy of "taking customers as the first priority and the economic benefit as the basis". As of 31 December 2016, the Company had 1,508 employees and had established three branches and one representative office. Business covering areas including government, medical care, transportation, finance and many other areas, Capinfo has established its presence in nearly 100 cities across the country.

Unit: RMB'000

REVENUE

1,000,000
800,000
600,000
400,000
200,000
0
2012 2013 2014 2015 2016

GROSS PROFIT

350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
2012 2013 2014 2015 2016

PROFIT & TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

120,000
100,000
80,000
60,000
40,000
20,000
0
2012 2013 2014 2015 2016

1.2 ORGANIZATION STRUCTURE

General Meeting

Board of Directors

Board of Supervisors

Audit Committee

Remuneration and Appraisal Committee

Operation Management

Nomination Committee

Strategy Committee

Healthcare Security and Social Security Segment

Private Network Segment

Internet of Things Segment

Software and Corporate Information Segment

Cloud Computing Segment

Housing Provident Fund and Call Centre Segment

Medical and Administrative Segment

Investment and Innovation Segment

Management Service Platform

1.3 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

1.4 SOCIAL RESPONSIBILITY MANAGEMENT

Social responsibility management has become an important management mechanism for global enterprises to develop themselves. The fulfillment of corporate social responsibility is also an important basis for stakeholders to concern themselves with and understand the development of the enterprise. Integrating the CSR philosophy with the Company's strategic deployment, Capinfo has formulated a comprehensive sustainability plan, actively fulfilled corporate social responsibilities, and promoted the harmonious development of the Company and society.

1 Company Profile

Stakeholders' communication is the basis for the sustainability of Capinfo. Through the establishment of diversified communication mechanisms and communication channels, we have a better understanding of the needs and feedback of stakeholders. We communicate with stakeholders about the development and operation of the Company to promote the continuous improvement of social responsibility management.

Stakeholders	Concerns	Communication Mechanisms
Investors	• Information disclosure • Corporate governance • Financial performance • Protection of investors' interests	• Improve internal management system • Regular report and announcement • General meeting, meeting of the Board of Directors, meeting of the Board of Supervisors
Government and superior regulators	• Security management • Financial performance • Environmental responsibilities • Rights and interests of employees • Public welfare	• Special report • Research and visit • Project cooperation • Working conference • Statistics report
Customers	• Service quality • Technological innovation • Information security	• Customers' feedback • Customer relationship management (CRM) • Online service
Employees	• Rights and interests of employees • Career development • Remuneration and welfare • Democratic communication	• Staff congress • Labor union • Suggestions, mailbox and Wechat • Staff service center
Suppliers/Peers	• Corporate reputation • Sunshine purchase • Communication and cooperation • Industry development	• Business negotiations • Contract and agreement • Training and technical seminar • Forum and conference
Community/Society	• Environmental responsibilities • Public welfare • Community development support	• Charitable activities • Volunteer activities

2 COMPLIANCE OPERATION《《《

Good corporate governance serves as a foundation for the Company to improve its management. The Company pursues sound corporate governance, with an aim to continuously improve its corporate governance level, the Company constantly improves its corporate governance practices and procedures, with a standardized and improved corporate governance structure established. It also strictly complies with the state laws and regulations, relevant regulatory requirements and provisions of Listing Rules as well as closely observes trends in regulatory changes in China and abroad. The corporate governance has been enhanced continuously.

2.1 GOVERNANCE FRAMEWORK

In accordance with the relevant provisions of the laws and regulations including the Companies Law and the Listing Rules as well as the Articles of Association, and with reference to the status of the Company, the Company constantly developed, improved and effectively implemented work systems and related work processes for the Board and its various specialized committees. The Company has established an effective corporate governance system with general meeting as the organ of highest authority, the Board as the decision-making organ, the Board of Supervisors as the supervisory organ and the management as the implementation organ. In 2016, through the management coordination, effective checks and balances of the general meeting of shareholders, the board of directors and its subordinate professional committee, the board of supervisors and management, and effective internal control management system, the company's internal management more specification, and the management level are rising.

2.2 INTERNAL MANAGEMENT AND RISK MANAGEMENT

Capinfo focuses on improving internal management. Through establishment and implementation of the relatively improved and reasonable *Internal Management Manual*, the Company has built a sound and effective internal management system and improved the awareness of internal management. The auditing department monitors the effectiveness of internal management and objectively conducts internal management evaluation and consultation. No major lawsuits or liability accidents occurred in 2016.

Internal Control System	
Control Culture	Establish regulated corporate governance structure, foster the integrity and moral values of employees enhance the competence and control awareness of employees and create good business atmosphere for the Company.
Risk Assessment	Confirm and identify risks relating to the Company as the basis to develop control measures.
Control Measures	Formulate policies and procedures for each business function, including approval, authorization, check, advice, performance assessment, assets safety and division of responsibilities.
Information Communication	Ensure smooth information communication with outside and provide responsibilities reminder for the management to take measures to implement the supervision effectively.
Supervision	Adopt control and risk assessment system and continuously assess and control risks through internal audit and by informing employees of important control process.

Capinfo conducts risk management in accordance to the Company's strategic transformation, regulatory requirements, operational objectives and improvement of customers' satisfaction. Through effectively promoting the optimization of business structure, the Company's risks are effectively controlled, and asset quality remains good.

According to regulatory requirements and the duties entrusted to the *Articles of the Company*, the Board of Supervisors further strengthens self-construction and enhances the fulfillment of corporate social responsibility. The Board of Supervisors takes financial and internal control compliance supervision and risk prevention as the core and safeguards efficient corporate governance and healthy development. The Board of Supervisors conscientiously performs supervision duties, enhances supervision, improves the quality of supervision, and effectively safeguards the legitimate rights and interests of the Company, shareholders and employees.

2.3 CLEAN GOVERNANCE AND ANTI-CORRUPTION

Under the guidance of the spirit of the 18th CPC National Congress, Capinfo unswervingly promotes the Party discipline and rule-based Party governance in an all-round way. The Company follows the Eight Rules of the central government and the municipal Party committee's opinions on its implementation, integrates Party management and governance into the Company's Party building and strict corporate governance, and draws on corporate operation centers to prevent and control corruption risks. The Company also strives to build a loyal and reliable discipline inspection and supervision team, and constantly promotes the work of clean governance and anti-corruption. In 2016, in order to strengthen the daily education, management and supervision of relevant leaders of the Company, enhance the sense of honesty and self-discipline of the leaders and promote incorruptible employment, the Company formulated Regulations on Incorruptible Employment Talks and Circularization to Leaders of Capinfo.

2.4 INFORMATION SECURITY

In order to meet customer needs, comply with laws and regulations and implement risk management and control, Capinfo set up the information security management committee and the information security management system, and formulated the information security policy. The Company also improved information security management and formulated a unified information risk management method to ensure the proper protection of information assets.

Establish and maintain *Security Risk Evaluation Guidelines* → Establish and maintain the unified information security risk evaluation process → Identify information security risks ↓ Analyze information security risks ← Evaluate information security risks
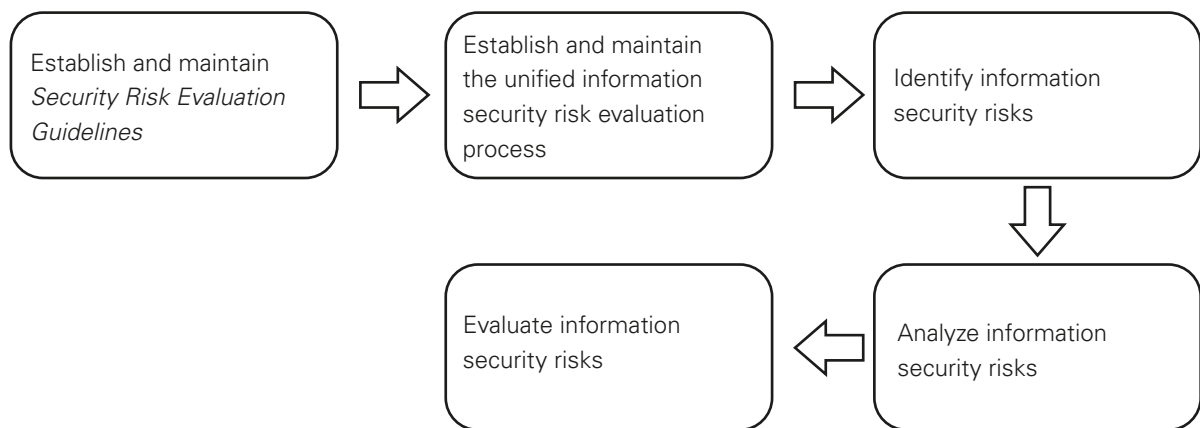
Process of Information Security Risk Evaluation

➤➤➤3 INNOVATIVE DEVELOPMENT

Capinfo gives full play to its advantage as "the Cooperation Base for Introduction of High-end Foreign Experts" and "the R & D Center for International Cooperation". The Company continues to strengthen communication with foreign experts and sharing of human resources, scientific and technological resources and intellectual resources. The Company also actively increases the scale and speed of business development, constantly innovates in scientific and technological research and development, expands application promotion, and strives to provide high-quality smart services.

3.1 PROMOTE BUSINESS CONSTRUCTION

Capinfo adheres to the development concept of "taking professionalism as the base and putting customers' interests first", takes diversified and differentiated market demands as the orientation to actively promote business construction and institutional innovation, optimize organization structure, strengthen platform construction and improve refined scientific management. The Company focuses on development of new areas and new business to support the comprehensive and stable business development of the Company.

3.1.1 Strengthen business development

Capinfo actively explores effective ways to enhance innovating ability, and promotes upgrades and diversification of business. Through years of market competition and accumulation of corporate advantages, the Company has developed three major business areas including "Internet + Government" service, smart medical and health care, and enterprise smart innovation. Moreover, the Company has launched mature-productization services and initiated industry solutions research in different business areas to push productization, platformization and popularization.
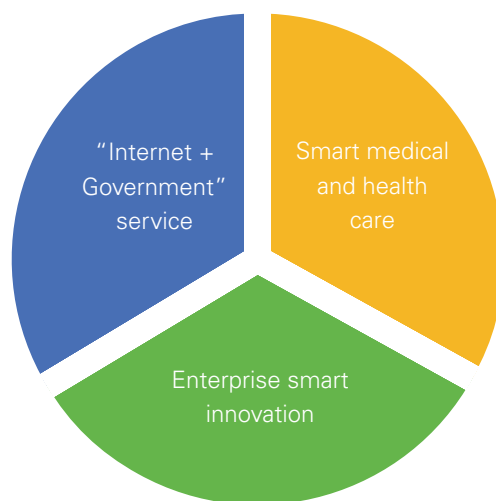
Three major business areas

- "Internet + Government" service: government information service, housing fund management, community pension information service, human resources information service, transportation information service, education and training service, public safety and governance service, ecological and environmental protection service, and urban operation service, etc.

- Smart medical and health care: Medicare and card service, informatized service for hospitals, hospital financial settlement, information service for drugstores, information service for patients and regional health care integration, etc.

- Enterprise smart innovation: informationalization of tobacco industry, finance companies, state-owned enterprises and information service for medium, small and micro-sized enterprises, etc.

We proactively adapted to the new and common status of economic development, took its advantages to adjust development pattern and business structure, focused on smart infrastructure service, "Internet+ Government" service, smart medical and health care, informatization of smart enterprises, put emphasis on cultivating new momentum of innovative development; the Group also optimized operation and management mechanism, formulated top-level design for talent development, strengthened working study of investment and fund-raising, promoted its continuous healthy and rapid development via dual-wheel driven endogenous development and external development. During the Reporting Period, the Group recorded revenue of RMB929.65 million, representing an increase of 5.71% as compared with the corresponding period of last year; and profit attributable to owners of the Company of RMB109.23 million, representing an increase of 7.58% as compared with the corresponding period of last year.

Case: Capinfo won the title of Top 100 Enterprises of Beijing Software and Information Services Industry

On 8 November, Capinfo won the title of Top 100 Enterprises of Beijing Software and Information Services Industry on the Beijing Software 30-Year Development Seminar, namely, the Third Congress of the Eighth Council of Beijing Software and Information Service Industry Association. It is a praise and honor to Capinfo for its technical strength and outstanding performance in software and information service industry over the years.

The selection of Top 100 Enterprises of Beijing Software and Information Services Industry in 2016 was held by Beijing Software and Information Service Industry Association in July, 2016. The selection aims to cultivate outstanding brand in Beijing software and information services industry, accelerate the enhancement of competitiveness of key enterprises, and promote sustainable and long-term development of local software and information services industry.

Award certificate

3 Innovative Development

3.1.2 Accelerate market construction

Based on project-based business model and customers' demand in e-government affairs market, Capinfo formed a flat organizational structure with various core businesses. The Company has transformed from 21 business centers in the early years of the 12th Five-Year to "support platform + business units" in the mid-term, then made further adjustment to eight major business segments. The overall trend reflects the gradual convergence of business based on its nature and resource capability, which effectively enhance the Company's market competitiveness.

Adhere to innovation-driven development, accelerate business transformation and upgrading

- Transform the Company's business to emerging technology market, emerging potential industry, and national market, and enhance market agility
- Increase input in emerging business and innovate management and assessment mechanisms to improve emerging business's market competitiveness

Adhere to the exogenous growth strategy and expand the market

- Quickly acquire development resources through investment and acquisition, leverage into the market with high informatization level
- Decentralize operation risks through the exogenous growth strategy, continue to optimize the market structure and expand the market

Adhere to creating a good environment for development, form a new ecosystem for Beijing's information

- Maintain the traditional advantages created by the relationship with government, industry and institutions, strengthen cooperation and communication on scientific research with peers, enhance marketing, and drawn on the strategy of mutual benefits for the whole industry chain to build the capital information ecosystem

Adhere to consolidating existing business, deeply explore and exploit the market

- Consolidate the Company's position as an information infrastructure operator, build and operate the new information infrastructure platform
- Enhance the comprehensive service capacity in three main industries, continue to explore and exploit the smart city market

Strategies of business transformation

In 2016, Capinfo granted customers of the Company's business centers with 190 tickets of "Bird's Nest • Attraction" to promote the Company's business development and brand building, and further promoted the resources sharing of state-funded enterprises. At the same time, in order to support promotion of key business in 2016, Capinfo carried out market-oriented packaging work based on the business to be optimized mentioned in the Company's *Key Work in 2016*. The Company completed packages planning for 20 products from 4 major areas, 6 centers and one subsidiary.

Case: Construction of community service management platform

The Integrated Information Platform for Community Public Service is Chaoyang District's exploration and practice of Ministry of Civil Affairs' community management and service innovation pilot project. The platform is a demand-oriented platform that mainly serves community residents. It integrates public service resources of the community and implements the "reception at the front and coordinating at the back " service model. As of the end of 2016, the platform had covered 24 streets of Chaoyang District.

3.2 DRIVE TECHNICAL INNOVATION

Capinfo strives to increase research and development input to accelerate the process of platformization and productization. The Company focuses on intellectual property protection, takes generality support platform as the core to achieve platformization of software products, takes existing projects as basis to achieve productization of software and ensures the healthy development of the Company through formation of refined industry solutions based on platforms and products.

3.2.1 Support technical innovation

Capinfo continues to strengthen technical capacity development and actively explores new areas of technical services. The Company focuses on "Cloud Technology, Internet of Things, Big Data and Mobile Internet", tightly follows the trend of the new generation of technologies. The Company also supports its market expansion and core capacity building through implementation of "productization of industry software and platformization of software products".

Case: Build the Company's overall technology platform to promote product R&D

In 2016, Capinfo launched the research and development of CAPINFO Enterprise Architecture (CAPINFO EA) version 1.0, to enhance the Company's overall technical capabilities and provide customers with a more stable and reliable software service. The platform has proved effective in points-based household registration system. At the same time, the Company actively tracked new technologies and designed CAPINFO BigData Processing & Analysis Platform (CAPINFOBDPA) version 1.0. Equipped with various functions including data collection, collation, statistics and analysis, the project has been used in the pension service demand forecast project. In 2016, the Company successfully obtained the title of "Beijing Internet Technology Engineering Laboratory of Smart Health Care and Pension Industry" from Beijing Development and Reform Commission, which made the Company another municipal engineering laboratory after it was approved by Beijing Municipal Science & Technology Commission and Beijing Municipal Commission of Economy and Information Technology as a Key Laboratory of Beijing, Engineering Technology Research Center and Enterprise Technology Center.

Case: Capinfo supported business innovation with cloud technology and the private cloud service platform of China Beijing Equity Exchange was launched

The Private cloud service platform of China Beijing Equity Exchange, planned and built by Capinfo, was put on line on 12 April. The platform is the first private cloud service platform for equity transaction invested by China Beijing Equity Exchange, which opens a new page of resources sharing and synergetic development within state-funded enterprises system. The platform integrates existing resources, uses "physical decentralized, logical concentration" technical structure, and draws on the cloud computing platform to implement unified smart scheduling and management of computing, storage, network, and system software, realizing elastic calculation, balanced load, cloud monitoring, automatic application deployment and big data processing. As a result, the platform supports property rights transaction of large concurrent business, large-scale computing and big data processing. The platform leads to a substantial acceleration of the processing of bidding and pricing and comprehensively improves users' experience in online transaction and investment.

Cloud service platform of China Beijing Equity Exchange

3.2.2 Intellectual property protection

Capinfo undertakes multiple projects for the construction, operation and maintenance of information systems in Beijing and in China, which also give us an opportunity to gain valuable knowledge. Through various measures including intellectual property training, "patent mining seminar" held for targeted business department, and rewarding the business department which declares or applies for any intellectual property, the Company works to maximize the encouragement and guidance for technology department and R & D department to declare intellectual property rights.

Case: The new patent for "a wireless communication gateway" was granted by State Intellectual Property Office

In April, 2016, Capinfo's application of the new practical patent – "a wireless communication gateway" was granted by State Intellectual Property Office. The patent is a short-range wireless communication gateway that supports voice, which is mainly used to facilitate communication between the short-range wireless aware network and the Internet. The patent realizes protocol conversion between the protocol network and the Internet, and that between different types of perceptual networks. The patent is widely applied in smart home, smart senior care and other smart control areas. Its voice function can also meet users' individual needs for the gateway.

Patent authorization

3.3 BRING UP SUPERIOR QUALITY

Capinfo adheres to and implements the ideal of promoting business development through quality system. Focusing on its strategic objectives, the Company has made continuous efforts to further improve its core competence in quality management, software development, IT service management and information security management. The Company takes high-quality products and services as the core to continuously enhance customers' satisfaction and trust.

3.3.1 Improve quality of work

Capinfo always takes quality of work as the basis in its development. The Company continues to strengthen its effort to improve its business and optimize the work management system and processes. Capinfo has established and improved the operation and maintenance service capacity management system, achieved business quality objectives step by step, carried out regular supervision, inspection and reporting to ensure the steady improvement of the Company's service quality.

1. Formulated *Provisional Regulations on Capinfo's Conference and Training Expense*

2. Formulated *Provisional Regulations on Capinfo's Office Supplies Management*

3. Amended *Namelist of Safety Production Committee and Office Safety Production Committee*

4. Amended *Capinfo's Emergency Plan for Office Security Management*

5. Amended *Capinfo's General Contingency Plan for Emergencies*

6. Amended *Registration Form for Visitors to Office Area*

7. Updated *Record Form of Safety Director and Safety Condition of Centers*

Optimize the work management system and processes

In 2016, based on the primary standard of Maturity Model of Operation, Maintenance and Service Capacity issued by Ministry of Industry and Information Technology (MIIT), Capinfo built the management system for Operation, Maintenance and Service Capacity. The Company issued 27 new documents and amended 6 existing documents; based on the requirement to upgrade standards according to the international standard ISO9001:2015, the Company reviewed 517 documents; the Company also established 12 corporate-level quality objectives, 117 center-level quality decomposition objectives. The rate of objective decomposition reached 100%. The Company's centers and departments are organized to submit Analysis Report on Implementation of Quality Objectives monthly.

Case: ITSS publication and implementation training

In order to facilitate the release of the Company's operation and maintenance service capacity management system (ITSS), Capinfo School cooperated with Quality Management Department to carry out publication and implementation training. Counselor Zhu Aibin was invited as the lecturer. The lecture gave the detailed information about the content of ITSS system, operation and maintenance service quality management, index system, personnel management, and tools, knowledge base management, etc. A total of 36 people, including deputy general managers in charge of operation and maintenance, personnel responsible for the implementation and other relevant managers and engineers, participated in the training. After the training, relevant employees are expected to implement corresponding work and better improve the Company's operation, maintenance, service and management.

Training scene

3.3.2 Rigorously enforcement of security management

Security is the basic guarantee for the survival of enterprises. Capinfo adheres to the concept of "safe development", strictly follows relevant national laws and regulations, and sets up the hidden hazard detection and rectification mechanism. The Company constantly improves the information security management, actively organizes security drills, and strives to enhance employees' security awareness to lay a solid foundation for the Company's healthy development.

In 2016, in order to protect the stability of the Company's major business systems, Capinfo organized the Company's operation and maintenance centers to carry out hidden hazard detection and rectification work. As of December 2016, 11 of the 13 untreated hidden hazards in 2015 had been closed while the other 2 were being improved; 6 new hidden hazards were detected and being improved.

Development of information security has not only been witnessed in telecommunication and data area, but also involves with computer security, communications security and network security and other aspects. In 2016, Capinfo passed the ISO27001 System Expansion Accreditation and got co-license. The Company successfully completed the promotion of Medical Unicom service center, online community service center and security system of social security application and service center, and defined information security strategies and sorted out security events of various operation and maintenance centers.

3.4 PROMOTE SMART SERVICE

Capinfo constantly consolidates the new generation of intelligent infrastructure platform to enhance the core competitiveness. The new generation of intelligent infrastructure platform, including integrated network platform, trusted cloud platform and big data innovation service platform, adheres to the purpose of providing customer-oriented products and services. These platforms have met the demand of customers and wholeheartedly provide high-quality services for customers.

In 2016, through conscientious organization and considerate deployment, we ensured the stable operation of major systems such as the capital government affairs network, data of Internet of Things network, and Medicare network. At the same time, research and development of large data platform continues to improve. The platform has been used in Beijing senior care industry and successfully declared the Beijing Municipal Development and Reform Commission's "Beijing Engineering Laboratory's innovation capacity construction project for smart health care and pension industry internet technology". In addition, based on the traditional operating services, the Company actively explored new service content and methods, continued to promote online service of 96102 WeChat public platform. As of the end of 2016, the platform had more than 100,000 followers.

Case: Use smart service to support the construction of city

In 2016, based on the pilot on Chang'an Boulevard, Capinfo promoted the "QR code identity project for Internet plus facilities management of public service facilities" in nine districts and counties of Beijing. The project has created an "Internet plus facilities management" smart city management system with the help of QR code and internet technology. Using Wechat, QQ, Microblog and other software, residents can scan the QR code to get the information of facilities immediately. Residents can also report the problems occurred to the facilities online, including dirty, messy and broken facilities. The reports will be sent to Capinfo's call center. The project helps to achieve mutual benefits of economy and society. In 2017, the project will be promoted to all streets of Beijing.

Case: Capinfo's e-mall promote the sharing of state-funded enterprises

Based on the "micro-innovation" activity, Capinfo's e-mall, as an extension and supplement for state-funded company's resource sharing platform, has been facing 105 state-funded enterprises. The establishment of the platform has won highly praise from the state-funded enterprises and broad attention from peer enterprises. Currently, the website provides an online sales platform for nearly 100 products from 9 enterprises within the system, which further promote cooperation on project resources in the state-funded enterprises system.

Capinfo's e-mall museum

⟫⟫⟫4 LOW CARBON AND ENVIRONMENTAL PROTECTION

Capinfo thoroughly implements the government's energy-saving and environmental protection policies, continues to strengthen environmental management, and has always been strict on corporate management. The Company integrates environmental protection concepts with the different aspects of its operation, actively promotes the green development model and organizes environmental advocacy activities, to minimize the impact on the environment and achieve the harmonious development of the Company and ecological civilization.

4.1 STRENGTHEN ENVIRONMENTAL MANAGEMENT

Capinfo adheres to the concept of "green development" and strictly abides by laws and regulations such as the Environmental Protection Law. The Company continuously improves the environmental management system, strengthens the supervision and management of environmental issues, optimizes energy-saving and emission-reduction work process, and actively organizes environmental management training to ensure green and effective corporate development.

4.1.1 Environmental management system

Focusing on the Company's environmental protection work and energy-saving and emission-reduction targets, Capinfo formulated and submitted the Capinfo's Society Responsibility Management System to promote the scientific and systematic management of the Company's environmental protection and energy-saving and emission-reduction project, and to achieve sustainable development of the Company.

4.1.2 Environmental protection training

Capinfo carries out various environmental protection trainings to popularize environmental science knowledge. The Company strives to improve the environmental awareness of the staff to prevent and reduce the occurrence of environmental accidents and make the Company a green office. In 2016, the Company held 4 environmental protection trainings. 43 employees participated in environmental training with an average training period of 4 hours; RMB3,925.8 was invested in the trainings.

Capinfo's knowledge and skills training for environmental projects 2016

4.2 ACHIEVE GREEN DEVELOPMENT

As environmental protection is the responsibility all corporate citizens, Capinfo concerns about the development and cultivation of environmental protection industry. Based on its own brand and resource advantages, the Company actively explores new cooperation modes of environmental protection and continues to enhance its participation in the environmental protection, committed to achieving environmental, health and sustainable development of the Company.

4.2.1 Green scientific and technological innovation

Taking "green development" as its management concept, Capinfo strengthens research, development and promotion of green technology to meet the needs of low-carbon economy and green economy. The Company also integrates energy-saving and emission-reduction into the expansion and development of its business, and lays a good foundation for the construction of a resource-saving and environment-friendly enterprise.

Case: Capinfo held the 11th SATEC Seminars on Electronic Information Technology of Green Information Team of Green City Group

As the organizer of the Green City Group of the 11th SATEC, Capinfo held a three-day seminar themed "Electronic Information Technology" from 16 May to 18 May at its headquarters in Dayun Village. Five experts from the United States carried out discussion and research over topics including energy-saving and efficient data centers, cloud ecosystem's impacts on the application and economy of information technology, how to use cognitive technology to improve our life and the development trend of the Internet plus medical. During the seminars, experts also went to the Xiyuan Hospital for on-site communication. A total of 22 experts from the United States consecutively came to Beijing for guiding and communication during the seminar, while 580 key business and technical personnel participated. As of 2016, the Company had sent a total of 45 key technical personnel to the Silicon Valley for exchange.

The 11th SATEC

4.2.2 Expand environmental protection business

Capinfo concerns about the development and cultivation of environmental protection industry. Based on its own brand and resource advantages, the Company has planned for a multi-cooperation development model. Through participating in diverse environmental protection industry projects, the Company has actively promoted the development of emerging environmental protection industry and healthy and vital corporate development.

4.3 ADVOCATE ENVIRONMENTAL PROTECTION PROPAGANDA

Capinfo focuses on enhancing employees' awareness of energy-saving and environmental protection and integrates the concept of environmental protection into every aspect of the work. With various environmental protection trainings and propaganda, the Company promotes energy conservation and waste elimination and guides employees to form the concept of environmental protection in their daily work and life to maximize the utilization of energy and resources.

4.3.1 Green office

Capinfo positively endeavors to organize the green office activities and continuously explores the work model of energy conservation, environmental protection and high efficiency. Starting with details, we advocate resources conservation by promoting the habit of using electricity and water as well as optimizing the schedule and regular of worn-out facilities management to help employees cultivate a good environmental consciousness.

Strengthen the management of office supplies and consumables
The Company standardizes allocation, procurement and requisitioning system of office supplies. Special personnel are in charge of the procurement and management of office supplies and consumables

Improve working efficiency
Capinfo is trying to implement paperless office. Based on the advantage of the internet, the Company strives to establish a new office system, which advocates teleconferences and video conferences instead of business trips

Regulate the management and disposal of used equipment
Capinfo set up Assets Management Department to take charge of the disposal of waste information equipment and office equipment. An internal recycle center is set for the centralized disposal of waste battery

Green office campaign

4.3.2 Propaganda of environmental protection

Capinfo actively responds to the appeal of the government, and continues to strengthen propaganda of energy-saving, low carbon, and environmental protection. Capinfo calls for people to pay attention to biodiversity conservation. Through a variety of activities, the Company spreads the concept of environmental protection among employees and community residents, and works together with them to build beautiful and green surroundings.

Case: Planting activity of intellectual resource information service center

In order to enhance the team awareness, cooperation awareness and understanding of environmental protection and ecological civilization, the members of the intellectual resource information service center (hereinafter referred to as "the Center") took the bus to Huairou Qinglonghu Tree Planting Base to carry out planting activity themed "crack the smog and eliminate heart and lung suffering" on April 16th. Many colleagues named their trees and wrote their sincere wishes, hoping that the trees would thrive and give Beijing more sunny days.

Planting activity

⟫⟫⟫ 5 WIN-WIN COOPERATION

Capinfo, oriented by its corporate business objectives, works to establish an equal and fair purchasing system, constantly improves the management of relationships with our suppliers and makes close cooperation with our strategic partners, so that we can advance the development of the industry and realize win-win cooperation with suppliers, strategic partners and industry organizations.
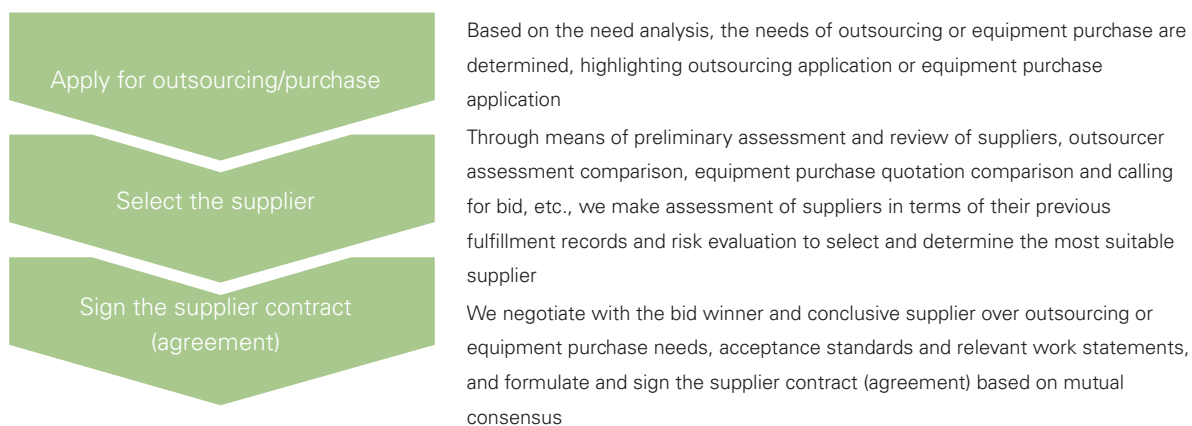
5.1 RESPONSIBLE PROCUREMENT

Capinfo, oriented by its corporate business objectives, constantly improves the process specifications of procurement outsourcing, and enhances the process management, achievements acceptance and comments of our supply parties (outsourcers and suppliers). In 2016, our company was shortlisted on the government procurement list of Beijing which strengthens our market competitiveness; the scheduled delivery rate of the purchased product was up to 98%, and the punctual rate of service request process was over 95%.

5.1.1 Improved systems

In 2016, to improve the process specification of the procurement outsourcing, we revised Control Program of Managing Suppliers, Control Program of Choosing Suppliers and newly added Management Procedure of Project Purchasing Plan; we unified the data specification of project purchasing recording sheets, including recording process of projects outsourcing and purchasing management, recording process of contracts management and recording process projecting; we preliminarily established the management mechanism of collective projects purchasing plan and annual operation and outsourcing services plan.

5.1.2 Selection of suppliers

Capinfo is strict on the selection of suppliers, therefore we set out public and transparent select procedures, and complied Control Program of Managing Suppliers and stuck on it; During the period of choosing suppliers, Company strictly verifies every aspects of suppliers, such as their qualifications, quality-guaranteed ability, supplying ability, ability to control producing process and so on; during the process of purchasing, we collect, track and evaluate the information of suppliers' products quality, delivery time, technical support and after-sale service, etc.

Apply for outsourcing/purchase	Based on the need analysis, the needs of outsourcing or equipment purchase are determined, highlighting outsourcing application or equipment purchase application
Select the supplier	Through means of preliminary assessment and review of suppliers, outsourcer assessment comparison, equipment purchase quotation comparison and calling for bid, etc., we make assessment of suppliers in terms of their previous fulfillment records and risk evaluation to select and determine the most suitable supplier
Sign the supplier contract (agreement)	We negotiate with the bid winner and conclusive supplier over outsourcing or equipment purchase needs, acceptance standards and relevant work statements, and formulate and sign the supplier contract (agreement) based on mutual consensus

Capinfo's procedure for suppliers selection choosing suppliers

5.1.3 Suppliers management

We compiled a thorough system, Suppliers Management Control Procedure, and stuck on it. We strengthen and standardize the process management, achievements acceptance and later comments of external suppliers in order to ensure the supplying quality and stability. We also set out blacklist management, if suppliers are founded conducting one of the following issues during our cooperation, their supplier qualifications shall be cancelled and blacklisted.

i.   Offering fake certificates, lying on the price or colluding in quotes, which harm the interests of Company

ii.   Unable to fulfill contract commitments and refusing to take its legal liabilities

iii.   Having some illegal problems (there are some bad records on suppliers' qualification and credit)

iv.   Seriously disobeying business ethics and damages reputation

5.2 STRATEGIC COOPERATION

Capinfo holds the conception of "cooperation leads to win-win results" and closely follows national development strategies and polices. During the establishment of the "Digital City", "Smart City" and some other projects, we not only consolidate current strategic alliance relationships, but also explore new strategic partnerships. We enhance the communication with our VIP customers, and build a platform for customers and cooperation partners to make exchanges of technologies and industry development and seek for cooperation opportunities. Through cross-industry projects, we have signed strategic cooperation agreements with local governments and enterprises to jointly promote the harmonious development of the enterprise, the government and the city.

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Case: Build a financial settlement platform for business medical insurance to realize the system docking of commercial medical insurance and the hospital

On 25 June, Capinfo signed a strategic cooperation agreement with the China-Japan Friendship Hospital. Through strategic cooperation, Capinfo takes its technical advantage to assist the China-Japan Friendship Hospital to realize the automation and real-time function of business medical insurance settlement, and to provide a well technical platform for the development of business medical insurance. On this basis, the two parties explored and established a unified hospital financial settlement platform, which realized the diversification of medical charges settlement, and unified management and independent operation of financial settlement. That has changed the current situation of hard settlement medical expenses, and provided more convenient and high-quality settlement service for most patients.

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5.3 PROMOTE THE DEVELOPMENT OF INFORMATION INDUSTRY

Capinfo took an active part in exchanging activities of various industries at home and abroad, and discussed and exchanged with the government, industry associations and international organizations about hot social issues. We participated in to the formulation of multiple national industry standards, assisted the formulation and subject research of the new industry standard, led the technical advance and promotion of the ICT industry, and strengthened industry-university-research technology exchange and cooperation. We regard it as the duty of our purchasing department to accelerate the technology exchange between our company and the industry, and to improve our company competitiveness. Thus, we organized the visit to Beijing EBC of Huawei and exchange technologies, and the themed activity to exchanging technologies for the establishment of Private Cloud Data Center by SANGFOR and its safety protection.

Capinfo was relisted to be the member of the National Internet of Things Basic Standard working group

Extended reading:

The Working Group on Basic Standards for National Internet of Things was jointly founded by National Standardization Management Committee and National Development and Reform Commission in November 2010, whose major duty is to study the technical architecture and standard system for Internet of Things; formulate key technology and basic general technical standard system; communicate and connect with all application standard working groups to coordinate the work of the general standard and applying standard, and promote the international standard.

Case: Participating in the standard establishment, and strengthening industry impact

Capinfo participated in the study and compilation of *White Paper on the Operation and Management Maturity Evaluation System of Information Technology Service Data Center* and many other standards and specifications. We also actively promoted the development of our information technology service and operation and maintenance service capability system under the guidance of *Information Technology Service—Maintenance Service Capability Maturity Model.* We contributed to the implementation of *Five-Year Action Plan for Standardization of Information Technology Service (2016-2020)*, jointly printed and distributed by the Ministry of Industry and Information Technology and National Standardization Management Committee, which effectively enhanced the development and application work of National Information Technology Service Standard (ITSS). Capinfo was awarded for "Development and Application Unit of National Information Technology Service Standard (ITSS)" as the Company participated in the informationalization of the MIIT and the development of ITSS guided by the Software Services Department.
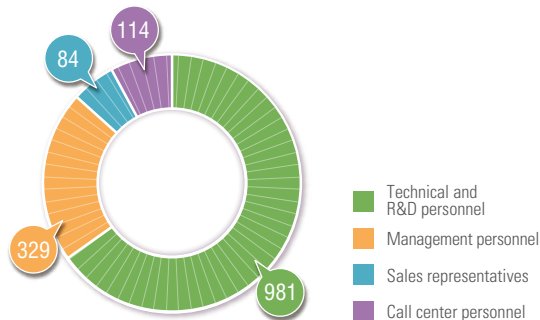

Capinfo regards the staff as the company's most valuable assets. We strive to pay employees with due respect, trust and growth opportunities, and provide a safe and healthy working environment for them to motivate their passion, responsibility awareness and creativity for creating greater values.
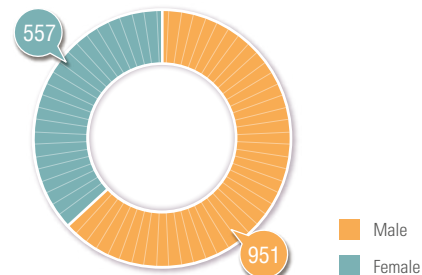
6.1 PROTECT EMPLOYEES' RIGHTS AND INTERESTS

Capinfo upholds the people-oriented concept, constantly optimizes the employment management system, establishes and improves the salary management and performance appraisal system to safeguard the democratic rights and interests of employees, to encourage their full participation in enterprise management, and protects their expression, participation, supervision rights.
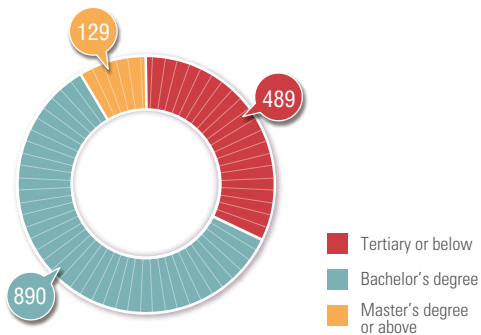
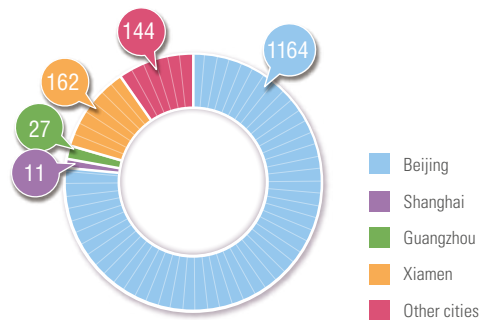**Statistical distribution chart of employees by functions**

114
84
329
981

- Technical and R&D personnel
- Management personnel
- Sales representatives
- Call center personnel

Statistical distribution chart by sex

557
951

- Male
- Female

Statistical distribution chart by education

129
489
890

- Tertiary or below
- Bachelor's degree
- Master's degree or above

Statistical distribution chart by geographical areas

144
162
27
11
1164

- Beijing
- Shanghai
- Guangzhou
- Xiamen
- Other cities

Statistical distribution chart by age

83
11
419
995

- Aged 35 below
- Aged 35 to 44
- Aged 45 to 54
- Aged 55 and above
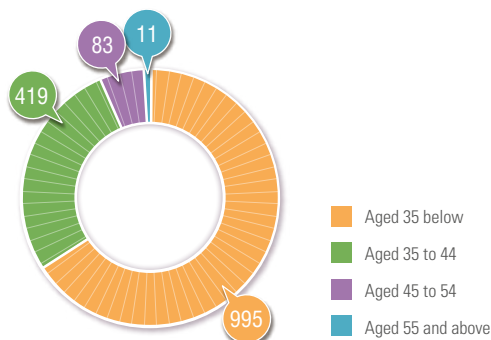
Statistical distribution chart by service years

216
979
313

- 5 years below
- 5 to 9 year
- 10 years and above
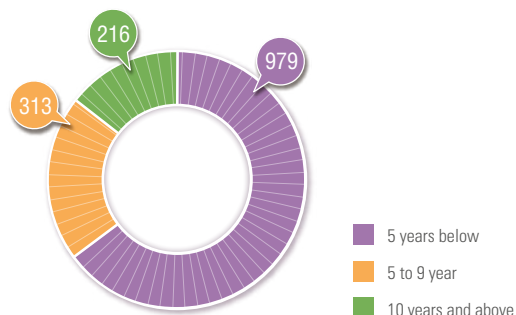
6 Staff Growth

6.1.1 Protect rights and interests

We abide by the *Labor Law* and other relevant laws and regulations. We adhere to the principle of equal employment, fair and impartial treatment of employees of different nationalities, races, sexes, religious and cultural backgrounds, and equal pay for equal work. Meantime, we resolutely prohibit the employment and use of child laborers and resist all forms of compulsive and mandatory labor. As of the end of 2016, the Company had a total of 1,508 employees, and the labor contract signing rate reached 100%.

6.1.2 Democratic management

The Company sets up employee supervisors in the Board of Supervisors to ensure that employees have full rights in corporate governance. At the same time we also have a union, elected by the staff of trade union members to express the wishes of employees on behalf of the staff to protect the interests of employees involved in corporate democratic management.

6.1.3 Remuneration and welfare

We have established a scientific and reasonable salary control mechanism and the staff income distribution mechanism. We use the duty-salary system, and formulate a reform program of the salary management and performance appraisal system to enhance the external competitiveness of the company's salary, broaden staff promotion space, and strengthen the incentive role of pay to mobilize the initiative and responsibility awareness of employees.

We pay for the staff pension, medical treatment, unemployment, work injury, supplementary medical insurance, supplementary work injury insurance and housing funds. In 2016, employees' social security coverage reached 100%, employees' average paid leave was up to 11 days. In 2017, according to the company's "13th Five-Year Plan" and the actual situation, we will develop the specific implementation plan for the reform of the remuneration and performance appraisal system.
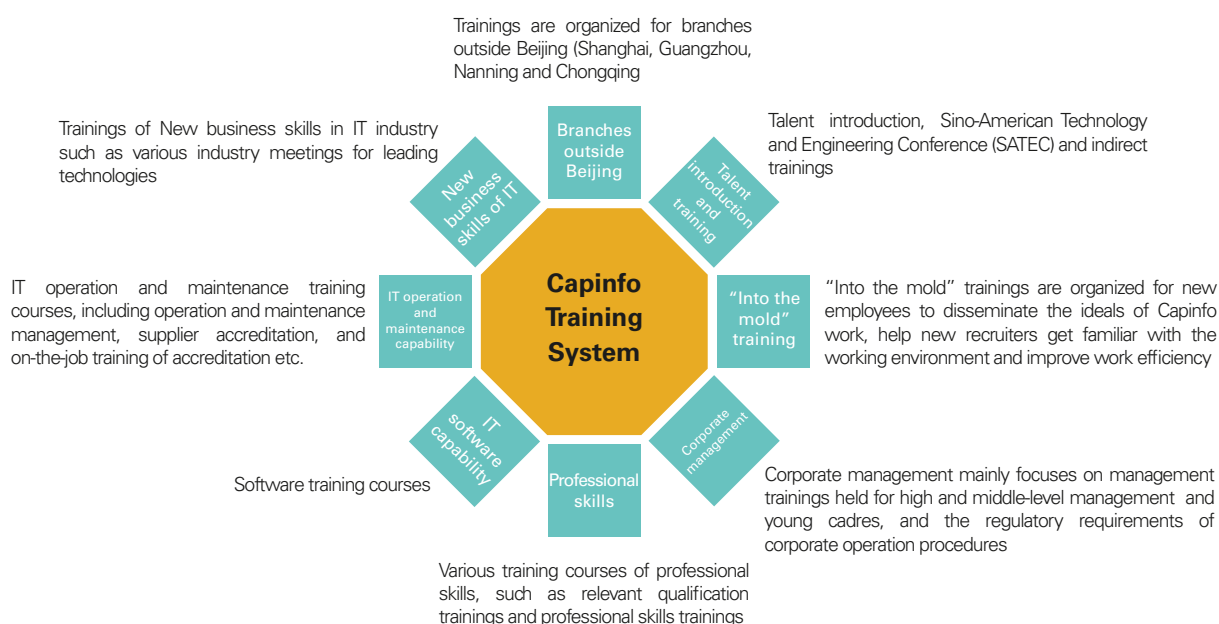
6.2 ASSIST STAFF DEVELOPMENT

Capinfo considers the staff as its engine to corporate development. Thus we persistently perfect the training system to provide personalized training scheme, encouraging further study of our staff to promote their comprehensive qualities, conformity between their competence and their posts related and broaden their career channels. By doing so, we aim to promote the mutual development of our staff and the Company.

6.2.1 Talent development planning

Centering on the "13th Five-Year strategy", we have designed a human resource structure suitable for our corporate development and a structure consisting of effective talent recruitment and training mechanism. Moreover, by changing the remuneration and performance management system, perfecting the human resource working system, and establishing a short-term plus middle- and long-term incentive system, we have formulated a holistic strategy for corporate talents development, which guarantees the successful execution of our "13th Five-Year strategy".

6.2.2 Professionalized training system

We pay much attention to employees' needs and growth by establishing sound training system rich in training methods and contents. Based on all business center, the research results and needs of training system from our subsidiaries, we set out a new annual training plan that covers 8 main classes and 106 courses, among which includes 46 internal training courses and 60 external ones. We also provide those distinguished employees with opportunities of job shifts through ways such as young caliber training camps and implement the strategy of going global for exchanges and introducing foreign experts through the talent introduction platform to broaden employees' horizon.

Trainings are organized for branches outside Beijing (Shanghai, Guangzhou, Nanning and Chongqing

Trainings of New business skills in IT industry such as various industry meetings for leading technologies

Talent introduction, Sino-American Technology and Engineering Conference (SATEC) and indirect trainings

IT operation and maintenance training courses, including operation and maintenance management, supplier accreditation, and on-the-job training of accreditation etc.

"Into the mold" trainings are organized for new employees to disseminate the ideals of Capinfo work, help new recruiters get familiar with the working environment and improve work efficiency

Software training courses

Corporate management mainly focuses on management trainings held for high and middle-level management and young cadres, and the regulatory requirements of corporate operation procedures

Various training courses of professional skills, such as relevant qualification trainings and professional skills trainings

Capinfo Training System — New business skills of IT · Branches outside Beijing · Talent introduction and training · IT operation and maintenance capability · "Into the mold" training · IT software capability · Professional skills · Corporate management

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Big Data:

RMB550,000 for employee training

48.45% of female coverage in employee training, with 6.56 training hours per person

40.51% of male coverage in employee training, with 9.62 training hours per person

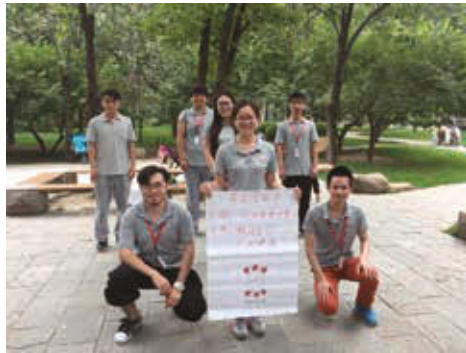56.25% of high-level employees, with 7.77 training hour per person

53.19% of middle-level employees, with 6.28 training hour per person

42.99% of basic-level employees, with 8.14 training hour per person

The young caliber training camp of 2016 class delivered by Capinfo

New employee orientation training delivered by Capinfo

Corporate management-archive management and electronic training delivered by Capinfo

Case: International talent training base-"Capinfo Institute"

To satisfy the manpower need in Smart City Building and service and further accelerate talent cultivation for the Company, Capinfo established its own international talent training base in 2012 – Capinfo Institute. Capinfo Institute was honored as the first "High-End Foreign Experts Co-Operation Base" by Beijing Municipal Commission of Foreign Experts Affairs.

Having been made up of 11 "visiting professor" from St. José State University in United States and foreign experts, teachers and trainers, Capinfo Institute clearly designs over 90 premium courses in four main categories; professional training aimed at promoting comprehensive management qualities and competences for skilled calibers; a series of career-directing courses and camps for young caliber; courses helping the latecomers to integrate the whole team with Capinfo characteristics and so on…

To give full play to its advantages of international team of experts, further promote the results of wisdom-attracting, and build the "Capinfo Institute" a true international cooperation model offering service to smart Beijing and other smart cities, Capinfo Institute extends its branches to include multiple internationalized engineering centers such as the Internet engineering center and the Internet application center to study and research the electronic medical records, cloud computing standards and other latest technical research works. Meanwhile, it also works for the industry Internet industry, small and medium-sized micro-enterprise services, and smart city project planning, further facilitating the company's business development in the future.

Case: The talent-introduction courses broaden employees' horizon

Based on the needs and courses of different business centers, Capinfo Institute plans to open talent-introduction courses to broaden the horizon of its employees. During 18-20 of April, 2016, Capinfo Institute invited Dr. Ye Xingjian from US to deliver the 2016 talent-introduction series of courses – "Air Pollution Control Information Technology" for employees. These courses introduced foreign environmental monitoring trends and related innovative technology, and the rich experience in environmental monitoring geographic information system, monitoring of anti-control technology and quality control technology, which enriches our employees' environmental protection knowledge. About 20 employees from different business centers participated.

6.3 PROTECTING STAFF HEALTH

Capinfo always gives top priority to the health and security of our employees. We strengthen the diseases prevention and control, and actively carry out safety education and training activities to provide staff with health knowledge to enhance their safety awareness and ability.

6.3.1 Safety management

Safety and security plays a decisive role in the healthy development of corporation. We highlight the safety management and we realize that the safety awareness of staffs is of great importance in the safety management. Thus, we positively deliver safety education and related training activities to promote the emergence-handling capabilities of the staff. In 2016, no major or minor injury accident occurred and no employee asked leave because of work injuries.

Big Data:

Money used in safety education: RMB4,640

Times of safety education and training: 10

The number of employee trained in safety education: 161

Safety education and training hours for middle-level employees: 2

Safety education and training hours for basic-level employees: 2,908

Courses of safety education and training in total: 15

Case: Practice fire safety drill to enhance the emergency response capacity

On July 14, Capinfo sent 61 security officers to join fire emergency evacuation and fire drill in the headquarters of Dayun Village Quantum Silver Plaza office area organized by the Quantum Silver Plaza property owners/property management to further improve the emergency awareness and corresponding handling capacities of the staff.

6.3.2 Physical and mental health

With the philosophy of "health first", Capinfo gives priority to both the physical and mental health of its employees. We organize employees to undergo physical test regularly, organize them to participate in different health training and strengthen the occupational diseases prevention and control; we actively improve working conditions to offer a healthy environment to our staffs. In 2016, no occupational disease was detected in our employees and the health records coverage rate reached 100%.

"More walks means more healthier"——Fitness activities in Capinfo

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Case: The Activity of 51 Workers' Health

On 26 April, the Mall of Capinfo – www.shouxin598.com, together with its internal trader, the "Spine Health Center" of Intech Rehabilitation & Nursing Center, co-organized the Activity of 51 Workers' Health with Trade Union and Department of Career Development and Training. The activity aims to provide healthy solutions for those who are sedentary in office and suffer from cervical and lumbar ailments. About 44 employees from over 10 different centers in Capinfo attended this lecture delivered by a physical therapist of Intech Rehabilitation & Nursing Center and experienced the therapy of relieving back pain, a classical disease besetting white collars, on the spot. This activity lasted in May, and a "Health Service Stop" was then established on the 12th floor within the Dayun Office Area of our corporation. Health experts from Intech Rehabilitation & Nursing Center are invited to carry with them relevant equipment to provide health related service for our employees.

6.4 CARE FOR STAFF LIFE

Capinfo helps employees in need by broadly delivering positive cultural and sports activities, stimulating their love and dedication to their jobs, enriching their spare life and motivating them to work with passion and enjoy life with peaceful minds.

6.4.1 Cultural development

To uphold the corporate philosophy of "professionalism-based, customer-oriented" and encourage the morale of the employees, we use self-operated business platform Capinfo Mall to carry out the activity of "sending warmth to staff abroad", which has extended into Land and Resources Bureau in Beijing, the operation management center of the window of the capital and Shanghai Hengyue Computer Technology Co., Ltd..

The activity of "sending warmth to staff abroad" was extended to the operation management center of the window of the capital.

6.4.2 Care for staff

We do care for our employees' life and we are persistently perfecting the mechanism of assisting staff in need. Two employees from the software center turned to the assistance mechanism for help in our company. Besides, we carry out different activities for our employees to balance their work and life, which stresses the employees' family life and helps to promote their happiness index.

Case: Care for the next generation of Capinfo

On July 26, The Capinfo Mall, Trade Union and Aiyuhua hospital for Children and Women jointly held the Activity of 51 Workers' Health – Care of Next Generation of Capinfo, in which 52 employees and their family members from 13 different departments participated. They went to Aiyuhua hospital for Children and Women to visit, experience medical instruments and undergo physical tests as well as participate in the interactive activity of 'I am the junior doctor' to help employees' children to learn hygienic knowledge.

Case: Carry out the book-reading activity of "Cultural Capinfo"

On October 28, Capinfo delivered the activity of "Cultural Capinfo" aimed at promoting the exchange of ideas and friendship among employees with books as the medium. The activity invited the famous writer, Mr. Yongcheng, to share his successful transformation from a business background investigator to a writer, how he began and got inspiration in writing, all these offered readers a glimpse towards his colorful life experience and his personal perception of reading and writing.

➤➤➤7 HAPPINESS AND HARMONY

Capinfo gives a full play to corporate advantages to repay the society, promote the development of the community, culture and education, medical treatment and so on. We keep good communication with the community and join the social public welfare events actively to contribute to the harmony, stability and sustainable development of our society.

7.1 PROMOTE THE COMMUNITY DEVELOPMENT

We connect our figures and advantages with social issues so that we can use our superior information communication technology, products and services to improve the informatization and development of the community.

Case: Support the development of the disabled sports events

On 25 May, 2015, Capinfo and the China Disabled Persons Sports Management Center signed a strategic cooperation agreement to jointly build the disabled sports service information platform. 2,500 informatized service centers in Beijing are operated for the promotion of the foundation and the disabled Fitness demonstration sites, community salvage points and other infrastructure are drawn on to meet the disabled Internet social, sports and other diverse needs. The development of the platform not only helps people with disabilities to understand life information, enrich social interaction, participate in sports events and activities, buy sports equipment and equipment, improve the quality of life, better integrate into society, but also enables the community with a wider and better understanding of the disabled sports, and guides more people with disabilities to better participate in sports.

Case: Focus on autistic children towards a beautiful future

On 18 May, 2015, Capinfo with Tuanjiehu Street Agency assisted the China Disabled Persons' Sports Management Center to hold the event of "Focusing on Autistic Children towards a Beautiful Future – Internet Thinking Entering into Sports for the Disabled".

Capinfo used cloud computing, Internet of things, location services and other technologies to help the Tuanjiehu Street Agency create a "Humanization" Smart Community Unit include a set of thorough perception (smart perception), a wide range of interoperability (smart nerve), in-depth intelligent (smart brain), concentrated large data (smart heart), standardized management (smart context), as well as the smart home support services system for the disabled, community service and management system and other core applications to provide technical support for the secure, convenient, comfortable and pleasant life of the community residents, which achieved great user experience, application effects and social feedback.

Through parent-child games and interactive exchanges, the activity has guided more people with disabilities to participate in sports fitness activities and develop good sports fitness. Therefore, they could build a healthy body, develop their potentials and better join in society.

7.2 LOVING CHARITY AND PUBLIC WELFARE

For a long time, Capinfo has always kept on contributing to the society. We have carried out public welfare events and organized staff to join in various voluntary services, including donation, protecting environment, caring for kids and the old, etc. We have taken an active part in the promotion of the community development to build a better world.

Capinfo volunteers participated in "Cleaning Spots and Gums in the Subway Station", making better capital environment

Capinfo volunteers went to the Taiyang Village to visit children there

The year of 2017 is a crucial year to implement the "13th Five-Year Plan" and to deepen the structural reform of the supply side. We will continuously uphold and carry out the development concept of "Innovation, Coordination, Green, Openness and Sharing". We will adapt, grasp and lead the new normal of economic development to give better play to the reform. We will also make critical breakthroughs on products and businesses, and advance the sustainable, sound and fast development of our company to serve as the pioneer of Smart City service providers.

- We will strictly adhere to the corporation ethic and integrity norms, advocate the law-abiding and rule-conformed corporation culture, enhance the company risk control, intensify the anti-corruption work, keep the discipline and advance of our organization; We will improve the corporate governance structure, shorten the management chain, improve operation efficiency practically; we will strengthen the capability of management and control, optimize the organization governing mechanism, keep the establishment of informatization and security to better serve to social and economic development.

- We will keep on independent innovation to drive development, and build an integrated technology innovation system covering the whole industry chain to promote smart technologies such as Smart City, new industry, new business type to grow quickly; we will deepen the scientific research system reform and increase the conversion rate of scientific research achievements. We will also focus on building a national-level research center, laboratories and an integrated platform for industries, schools and research institutions, and motivate innovative vitality for the company to become a leading high-tech enterprise.

- We will improve the environmental management system by integrating the concept of environmental protection into the whole process of production and operation, improve energy efficiency, and reduce emissions to achieve environmental goals; we will carry out the energy-saving fining management, make an energy-saving emission reduction comprehensive management system and increase energy utilization; we will carry out the green production construction and protect the biological diversity; we will enhance green office to promote the green, healthy and sustainable development of the Company.

- We will integrate the supply chain resources, improve the level of supplier management and the material procurement efficiency; we will work closely with suppliers to continue to develop and refine the supply chain management measures to create a diversified and sustainable responsibility industry chain; we will enhance the construction ability of Smart City, and intensify cooperation with operators to take advantage of our proprietary technology and expand social services; we will strengthen the union with premium enterprises and industrial alliances, striving to make corporate development benefit the whole industry chain.

8 Outlook

- We will build a sound and modern enterprise system to adapt to the talent selection and employment mechanism and the scientific and standard management system for the reserve cadre team, and make a good system and mechanism for talents to grow and express their values; we will conscientiously carry out trainings for the staff, create a learning enterprise, and promote the team construction of various types of talents; we will improve the enterprise democratic management, care for staff life and health to meet their multi-level needs and to create a warm and harmonious working environment and culture.

- We will join the cause of public welfare, and steadily promote the work of poverty alleviation to make our contributions for improving people's livelihood; we will take good use of our own advantages to play an active role in disaster relief; we will respect local culture, make benefits for the region through responsible operation. We will also encourage our employees to actively participate in volunteer activities, continue to care for the education and growth of the disadvantaged teenager group, and constantly contribute to the community so as to fully establish a good image of corporate citizen.

9 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:

_____

_____

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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