



CAPINFO COMPANY LIMITED*
首都信息發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8157)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTH ENDED 30 JUNE 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“THE STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Perspective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristic of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Capinfo Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Recorded an unaudited turnover of approximately RMB126.7 million for the six months ended 30th June, 2009, representing an approximately 65% increase over the same period of the previous year;
- Sustained an unaudited profit attributable to the equity holders of the Company of approximately RMB9.6 million, for the six months ended 30th June, 2009;
- The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The board of Directors (the “Board”) of Capinfo Company Limited (the “Company”) announces that, for the six months ended 30th June, 2009, the Company and its subsidiaries (collectively the “Group”) recorded an unaudited turnover of approximately RMB126.7 million, representing an increase of approximately 65% over the same period of last year, and a gross profit margin of 29%, as compared with 32% for the same period of last year. The Group has sustained an unaudited profit attributable to equity holders of the Company of approximately RMB9.6 million for the period under review while the loss attributable to equity holders of the Company was approximately RMB6 million for the same period of last year.

Other income included government grants, interests and investment income which increased in the period under review.

The Group’s current ratio, defined as total current assets over total current liabilities, was approximately 2.7 while the gearing ratio, defined as total borrowing over net assets, stayed at a relatively low level of less than 2%. Both ratios reflected the sufficiency in financial resources of the Group.

As at 30th June, 2009, the Group had short-term, unsecured borrowings of RMB9.09 million. Cash and bank deposits of the Group were approximately RMB143.9 million as at 30th June, 2009 which mainly came from shareholders’ contribution and working capital generated from operations.

As at 30th June, 2009, the Group had no assets pledged and had no significant contingent liabilities.

At at 30th June, 2009, the Group had capital commitment of approximately RMB12.6 million.

During the period under review, the Group’s financial position was not exposed to significant fluctuations in exchange rates and any related hedges.

BUSINESS REVIEW

Foundation Businesses

Various business sectors of the Group progressed steadily during the period. The E-Government network was being applied in more aspects, delivering outstanding results to the Group. The upgrade and renovation project for the medical insurance system proceeded smoothly, and the network linkup among selected medical institutions in Shijingshan District and Xicheng District, Beijing, has been completed successfully. Based on its development philosophy of “securing a foothold in Beijing locally and orienting towards the country nationwide”, the Group has stepped up efforts to expand the housing pension business to cover cities such as Beijing, Guangzhou and Nanning.

Research and Development

During the period, the Group was awarded “The Best Service Award in 10 Years’ Development of China E-Commerce” (「中國電子商務十年發展最佳服務獎」) and “The Best Innovation Award in 10 Years’ Development of China E-Commerce” (「中國電子商務十年發展最佳創新獎」) by the China Electronic Commerce Association, and was rated “New High-Tech Enterprise in Zhongguancun” (「中關村高新技術企業」) and “Innovative Enterprise in Haidian Park” (「海澱園創新企業」) by the Beijing Zhongguancun Technology Park.

Future Prospects

During the period under review, the Group stepped up efforts to integrate its internal resources, further supported sectors which performed better while discontinuing the weaker ones, and optimized its production structure in order to enhance its overall competitiveness. As the Group’s foundation businesses are developing steadily, we will focus on expanding the market share of its principal business, exploring new business and creating greater benefits for shareholders in the future.

Employees

The Group had 889 employees as at 30 June 2009, as compared to 937 employees as at 30 June 2008. Remuneration of employees is determined according to government policies and with reference to the market conditions as well as the performance, qualification, and experience of individual employees. Discretionary bonuses will be granted to outstanding employees as a reward for their contributions. Other benefits include retirement benefits and share options.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

	NOTES	Three months ended		Six months ended	
		30.6.2009	30.6.2008	30.6.2009	30.6.2008
		RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	4	71,029	46,878	126,686	76,829
Cost of sales		(47,915)	(32,550)	(90,577)	(52,153)
Gross profit		23,114	14,328	36,109	24,676
Gain on disposal of a subsidiary		-	-	-	1,777
Other income		6,407	9,072	11,801	11,705
Fair value gain on investments held for trading		-	2,384	-	2,447
Research and development costs		(4,991)	(7,081)	(9,340)	(8,251)
Marketing and promotional expenses		(2,591)	(2,876)	(4,462)	(5,236)
Administrative expenses		(11,751)	(9,430)	(21,634)	(18,708)
Interest on other loan wholly repayable within five years		(64)	(85)	(128)	(149)
Share of results of associates		1,524	(836)	(875)	(2,761)
Profit before tax	5	11,648	5,476	11,471	5,500
Income tax charge	6	(2,216)	(4)	(2,324)	(7)
Profit for the period and total comprehensive income		<u>9,432</u>	<u>5,472</u>	<u>9,147</u>	<u>5,493</u>
Profit for the period and total comprehensive income attributable to:					
Owners of the Company		9,652	5,739	9,588	6,034
Minority interests		(220)	(267)	(441)	(541)
		<u>9,432</u>	<u>5,472</u>	<u>9,147</u>	<u>5,493</u>
Earnings per share					
- Basic	8	<u>RMB0.33 cents</u>	<u>RMB0.20 cents</u>	<u>RMB0.33 cents</u>	<u>RMB0.21 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2009

	NOTES	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	143,705	241,930
Investment property	10	73,158	–
Interests in associates		23,330	24,245
Available-for-sale investments		1,350	1,350
Deposits paid on acquisition of property, plant and equipment		2,146	5,098
Trade receivable – non-current	11	5,794	7,881
Deferred tax assets	12	–	1,537
		<u>249,483</u>	<u>282,041</u>
Current assets			
Inventories		2,003	1,801
Amounts due from customers for contract work		40,466	31,481
Trade and other receivables	11	123,029	45,397
Amounts due from associates		120	–
Entrusted loan	13	91,615	88,832
Bank deposits		193,844	239,300
Bank balances and cash		143,898	171,748
		<u>594,975</u>	<u>578,559</u>
Current liabilities			
Customers' deposits for contract work		85,968	64,620
Trade and other payables	14	108,459	148,787
Dividend payable	7	15,070	–
Amounts due to associates		482	644
Current income tax liabilities		4,833	10,980
Other loan		9,090	9,090
		<u>223,902</u>	<u>234,121</u>
Assets helds for sale	15	–	–
Net current assets		<u>371,073</u>	<u>344,438</u>
		<u>620,556</u>	<u>626,479</u>
Capital and reserves			
Share capital	16	289,809	289,809
Reserves		329,331	334,813
Equity attributable to owners of the Company		<u>619,140</u>	<u>624,622</u>
Minority interests		<u>1,416</u>	<u>1,857</u>
Total equity		<u>620,556</u>	<u>626,479</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2009

	Attributable to owners of the Company							Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Accumulated profits	Total	Minority interests	
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
At 1st January, 2008	289,809	254,079	5,216	9,532	53,345	611,981	2,283	614,264
Total comprehensive income for the period	-	-	-	-	6,034	6,034	(541)	5,493
Dividend declared	-	-	-	-	(40,573)	(40,573)	-	(40,573)
Disposal of a subsidiary	-	-	-	-	-	-	34	34
At 30th June, 2008	<u>289,809</u>	<u>254,079</u>	<u>5,216</u>	<u>9,532</u>	<u>18,806</u>	<u>577,442</u>	<u>1,776</u>	<u>579,218</u>
At 1st January, 2009	289,809	254,079	5,216	14,332	61,186	624,622	1,857	626,479
Total comprehensive income for the period	-	-	-	-	9,588	9,588	(441)	9,147
Dividend declared	-	-	-	-	(15,070)	(15,070)	-	(15,070)
At 30th June, 2009	<u>289,809</u>	<u>254,079</u>	<u>5,216</u>	<u>14,332</u>	<u>55,704</u>	<u>619,140</u>	<u>1,416</u>	<u>620,556</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2009

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash (used in) from operating activities		
Increase in trade and other receivables	(79,158)	(3,736)
Decrease in trade and other payables	(39,039)	(19,479)
Other operating cash flows	<u>55,369</u>	<u>153,096</u>
	<u>(62,828)</u>	<u>129,881</u>
Net cash from (used in) investing activities		
Cash paid for purchase of property, plant and equipment	(10,561)	(44,542)
Deposits paid on acquisition of property, plant and equipment	(1,548)	(3,368)
Decrease (increase) in bank deposits	45,456	(12,900)
Proceeds from disposal of a subsidiary	-	505
Other investing cash flows	<u>1,631</u>	<u>2,792</u>
	<u>34,978</u>	<u>(57,513)</u>
Net (decrease) increase in cash and cash equivalents	(27,850)	72,368
Cash and cash equivalents at beginning of the period	<u>171,748</u>	<u>445,677</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u><u>143,898</u></u>	<u><u>518,045</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

1. GENERAL

The Company was established in Beijing, the People's Republic of China (the "PRC") as a joint stock limited company. The Company's H shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment.

The Company's ultimate holding company is Beijing State-Owned Assets Management Corporation Limited ("BSAM"), a state-owned enterprise, also established in the PRC.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 Interim Financial Reporting.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2008, except for the accounting policy for investment property and assets held for sale and the adoption of the new and revised standards, amendments and interpretations ("new HKFRSs") which have become effective during the current financial period. The adoption of the new HKFRSs had no material effect on the results and financial position of the Group for the current or prior accounting periods.

Investment property

Investment property are property held to earn rentals and/or for capital appreciation. If an item of property, plant and equipment carried at cost model becomes an investment property because its use has changed as evidenced by end of owner-occupation, such transfer do not change the carrying amount of the property transferred. Subsequent to initial recognition, investment property are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment property over its estimated useful lives and after taking into account of its estimated residual value, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the item is derecognized.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

The Group discontinued the use of equity method of accounting from the date that its interest in an associate is classified as held for sale in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are measured at the lower of the interest in associates' previous carrying amount and the fair value less costs to sell.

HKAS 1 (Amendments) Presentation of Financial Statements

(effective for annual periods beginning on or after 1st January, 2009)

The revised standard has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised standard has had no impact on the results or financial position of the Group.

Improvements to HKFRSs issued in May 2008

The Improvements include 35 amendments across 20 different standards that largely clarify the required accounting treatment where previous practice had varied. The only amendment included in Improvements to HKFRSs that resulted in a change of the Group's accounting policies is the amendment to HKAS 20 Government Grants, which require the benefit of a government loan at a below-market rate of interest to be accounted for as a government grant, measured as the difference between the initial carrying value of the loan determined in accordance with HKAS 39 and the proceeds received. In the past, the Group has not recognized the government grant in form of a loan at below-market rate of interest. The amendment to HKAS 20 will be applied prospectively to government loan received on or after 1st January, 2009. No such government loan was received during the current interim period.

The Group has not early applied the following revised standards, amendments and interpretations that have been issued by the HKICPA but are not yet effective on 1st January, 2009:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ¹
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRS issued in 2008 ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 39 (Amendment)	Eligible Hedged Items ²
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transaction ⁴
HK (IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ²
HK (IFRIC)-Int 18	Transfers of Assets from Customers ³

¹ Effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate

² Effective for annual periods beginning on or after 1st July, 2009

³ Effective for transfers on or after 1st July, 2009

⁴ Effective for annual periods beginning on or after 1st January, 2010

The directors of the Company anticipate that the application of these revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENTS INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's Chief Executive Officer is identified as the chief operating decision maker. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. In past, the Group's primary reporting format was business segments based on e-Government technology services and e-Commerce technology services. However, the information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of performance is based on the project reports carried out by the project team of the Group. Accordingly, no operating segment is presented.

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting) the following items:

	Three months ended		Six months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation	20,821	15,368	38,687	25,709
Less: Depreciation included in				
– research and development				
expense	(48)	(88)	(415)	(161)
– contract work	(14,628)	(13,617)	(24,879)	(19,649)
	<u>6,145</u>	<u>1,663</u>	<u>13,393</u>	<u>5,899</u>
Impairment loss recognised				
in respect of:				
– inventories	16	194	27	55
– interests in associates (included in				
share of results of associates)	–	–	513	–
Allowance for doubtful debts	652	1,217	1,517	2,302
Government grants	(3,536)	(7,526)	(6,522)	(8,338)
Interest income from bank deposits	(701)	(1,039)	(1,621)	(2,515)
Rental income from investment property	<u>449</u>	<u>–</u>	<u>449</u>	<u>–</u>

6. INCOME TAX CHARGE

	Three months ended		Six months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RMB'000	RMB'000	RMB'000	RMB'000
The charge comprises:				
PRC income tax				
– Current period	2,318	19	3,885	22
– Over provision in prior year	(24)	(15)	(24)	(15)
	<u>2,294</u>	<u>4</u>	<u>3,861</u>	<u>7</u>
Deferred tax credit	(78)	–	(1,537)	–
	<u>2,216</u>	<u>4</u>	<u>2,324</u>	<u>7</u>

At 30th June, 2009, the subsidiaries have unused tax losses of approximately RMB19,000,000 (31.12.2008: RMB16,000,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unused tax losses will expire before 2014.

7. DIVIDENDS

During the current period, a dividend of RMB0.52 cents (pre-tax) in cash (2008: 1.40 cents) per share, amounting to an aggregate amount of approximately RMB15,070,000 (2008: RMB40,573,000), based on the Company's total issued capital of 2,898,086,091 shares as at 31st December, 2008 has been declared.

According to the Enterprise Income Tax Law of the People's Republic of China and the Implementation Regulations for Enterprise Income Tax of the People's Republic of China which took effect on 1st January, 2008, enterprise income tax is payable by non-resident enterprises in respect of dividend income derived from the PRC at an applicable tax rate of 10% and listed issuers shall withhold such enterprise income tax on behalf of the non-resident enterprises. Cash dividend payable to H-share non-resident enterprises after the deduction of the said enterprise income tax is RMB0.47 cent for every share.

8. EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period attributable to owners of the company	<u>9,652</u>	<u>5,739</u>	<u>9,588</u>	<u>6,034</u>
	Three months ended		Six months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
Number of ordinary shares for the purposes of basic earnings per share	<u>2,898,086,091</u>	<u>2,898,086,091</u>	<u>2,898,086,091</u>	<u>2,898,086,091</u>

No diluted earnings per share has been presented as the exercise price of the Company's share options was higher than the weighted average market price of the Company's shares for both periods.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately RMB13,642,000 (2008: RMB47,338,000) on acquisition of property, plant and equipment.

10. INVESTMENT PROPERTY

During the current period, the Group transferred a property from property, plant and equipment to investment property and such property was rented out under operating leases.

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 180 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	30.6.2009 <i>RMB'000</i>	31.12.2008 <i>RMB'000</i>
0 – 60 days	53,579	27,675
61 – 90 days	1,074	242
91 – 180 days	41,351	791
Over 180 days	16,844	5,169
	<u>112,848</u>	<u>33,877</u>
Less: Non current portion classified as non-current assets (<i>Note</i>)	<u>(5,794)</u>	<u>(7,881)</u>
	<u>107,054</u>	<u>25,996</u>

Note:

Included in the balance of trade receivables at 30th June, 2009 was a trade receivable of approximately RMB5,794,000 which will be settled by four equal annual instalments from 1st July, 2010 in accordance with the terms of payment of the contract with a customer. Therefore, the portion that will be settled after one year is classified as non-current assets at the balance sheet date. The effective interest rate applied on this receivable is 3.33% per annum.

12. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the current period:

	Accrued expense <i>RMB'000</i>
At 1st January, 2009	1,537
Charge to profit or loss for the period	<u>(1,537)</u>
At 30th June, 2009	<u><u>–</u></u>

13. ENTRUSTED LOAN

On 8th September, 2008, the Company entered into a trust agreement with 中誠信託有限責任公司 (China Credit Trust Co., Ltd.) (“China Credit Trust”), pursuant to which the Company contributed cash amounting to RMB92 million as the trust property into China Credit Trust and China Credit Trust extended the trust property to 北京巨鵬投資公司 (Beijing Jupeng Investment Company Limited) (“Beijing Jupeng”) as the short-term loan under the loan agreement and the asset pledge agreement, which will be fully repayable on 25th July, 2009 and secured by the properties and relevant land use right which are owned by 北京柏裕投資公司 (Beijing Baiyu Investment Company Limited) (“Beijing Baiyu”). According to the trust agreement, if the interest derived from the entrusted loan, after deducting the relevant tax and duties and other relevant expenses, is greater than RMB 4 million, China Credit Trust is entitled to obtain the amount of interest payment in excess of that amount of RMB 4 million as trust management fee; otherwise, the Company is not obliged to pay China Credit Trust any trust management fee. The Company has received the full interest amount of RMB 4 million for the whole loan period in advance in 2008. The amount of entrusted loan is carried at amortised cost at an effective interest rate of 5% per annum.

Subsequent to the balance sheet date, the entrusted loan was fully repaid on 24th July, 2009.

14. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 60 days	1,467	13,215
61– 90 days	322	1,766
91– 180 days	1,424	3,559
Over 180 days	8,997	5,662
	<u>12,210</u>	<u>24,202</u>

15. ASSETS HELD FOR SALE

In June 2009, the management of the Company has committed a plan to dispose of its interest in an associate, Touch Beijing IT Development Co., Ltd, and accordingly the carrying amount of interest in this associate was reclassified as assets held for sale and presented separately in the consolidated statement of financial position. After the end of the reporting period, the Company entered into an equity transfer agreement with an independent third party for such disposal, details of which was set out in note 19.

The carrying amount of the interest in an associate at the date of reclassification is as follows:

	<i>RMB'000</i>
Investment cost	16,000,000
Share of post-acquisition losses	<u>(16,000,000)</u>
	<u><u>—</u></u>

16. SHARE CAPITAL

	Number of shares		Share capital <i>RMB'000</i>
	Domestic shares	H Share	
Authorised, issued and fully paid: Ordinary shares of RMB0.10 each At 1st January, 2009 and 30th June, 2009	<u>2,123,588,091</u>	<u>774,498,000</u>	<u>289,809</u>

17. CAPITAL COMMITMENTS

	30.06.2009 <i>RMB'000</i>	31.12.2008 <i>RMB'000</i>
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	<u>12,681</u>	<u>11,179</u>

18. RELATED PARTY DISCLOSURES

(i) Transactions and balances with a shareholder and fellow subsidiaries

Name of related party	Nature of transactions	Three months ended		Six months ended	
		30.6.2009 RMB'000	30.6.2008 RMB'000	30.6.2009 RMB'000	30.6.2008 RMB'000
(a) Shareholder					
China United network Communications Corporation Limited Beijing Branch	Dedicated circuit leasing services expense	3,814	1,814	5,062	2,980
	Telephone related services expense	101	138	217	238
(b) Fellow subsidiaries					
Capnet Company Limited	Network system and the related maintains services income received	2,010	2,010	4,020	4,020
Beijing IC Design Park Co., Ltd.	Property rentals paid	992	992	1,985	2,074

Amounts due from fellow subsidiaries as at 30th June, 2008 were approximately RMB5,953,000 (31.12.2008: RMB5,061,000). The amount is included in trade and other receivables and is unsecured, non-interest bearing and expected to be recovered within one year.

(ii) Transactions with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“state-controlled entities”). In addition, the Group itself is part of a larger group of companies under BSAM which is controlled by the PRC government. Apart from the transactions with BSAM and fellow subsidiaries and other related parties disclosed above, the Group also provided e-Government technology services of approximately RMB114,884,000 (2008: RMB70,451,000) to other state-controlled entities and the PRC government for the current period. The directors consider they are independent third parties so far as the Group’s business transactions with them are concerned.

Other loan of RMB9,090,000 is borrowed from the PRC government, unsecured and bears interest at annual interest rate of 2.55%, and the Group has incurred interest expense approximately RMB128,000 (2008: RMB149,000) in current interim period.

In addition, the Group has entered into various transactions, including utilities services and surcharges/taxes charged by the PRC government, and deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities, in its ordinary course of business. In view of the nature of those transactions, the directors are of the opinion that separate disclosure would not be meaningful.

(iii) Transactions with an associate

Associate	Nature of transaction	Three months ended		Six months ended	
		30.6.2009 RMB'000	30.6.2008 RMB'000	30.6.2009 RMB'000	30.6.2008 RMB'000
Beijing Certificate of Authority Center Company Limited	Software development and providing related technical services to the Group	22	-	217	-
Beijing Community Service Company Limited	Software development and providing related technical services to the Group	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>

(iv) Amounts due from/to associates

The amounts due from/to associates are unsecured, non-interest bearing and repayable on demand.

(v) Compensation of key management personnel

The short term benefits paid or payable by the Group to directors of the Company and other members of key management during the six months ended 30th June, 2009 was approximately RMB2,200,000 (2008: RMB1,955,000).

19. POST BALANCE SHEET DATE EVENT

On 30th July, 2009, the Company entered into an equity transfer agreement with an independent third party to dispose of its equity interest in an associate, Touch Beijing IT Development Co., Ltd. for a cash consideration of RMB16,000,000. The associate is engaged in provision of information application services and related businesses. The transaction has not yet completed as of the date of the report.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the board of directors on 12th August, 2009.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30th June, 2009 (2Q 2008: Nil).

INTERESTS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (THE “SFO”)

a. Directors and Chief Executive of the Company

Save as disclosed below, as at 30th June, 2009, none of the Directors and chief executive of the Company had any interest and short position in shares, debentures or underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

Long positions in the underlying shares – options under share option scheme

Name	Number of H Shares under options outstanding at 30th June, 2009 Granted under			Percentage to the issued H share capital
	Pre-IPO Share Option Plan	Share Option Scheme	Total	
<i>Directors</i>				
Dr. Wang Xu	1,297,350	1,466,000	2,763,350	0.36%
Mr. Qi Qigong	1,244,650	1,466,000	2,710,650	0.35%
Mr. Pan Jiaren	<u>1,244,650</u>	<u>1,466,000</u>	<u>2,710,650</u>	<u>0.35%</u>
	<u>3,786,650</u>	<u>4,398,000</u>	<u>8,184,650</u>	<u>1.06%</u>

Note: Ms. Zhang Yan resigned as executive Director on 19th June 2009.

All of the above-mentioned share options (the “Pre-IPO Options”) granted under the pre-IPO share option plan of the Company (the “Pre-IPO Share Option Plan”) were granted on 6th December, 2001 at RMB1 per grant with an exercise price of HK\$0.48 per H Share. All these share options are exercisable within a period of ten years from the date of grant and apportioned in accordance with the following schedule subject to restrictions imposed by the relevant PRC laws and regulations:

Proportion of share options granted and held by each of the directors which become exercisable

Exercise period

20%	7th December, 2002 to 6th December, 2011
20%	7th December, 2003 to 6th December, 2011
20%	7th December, 2004 to 6th December, 2011
20%	7th December, 2005 to 6th December, 2011
20%	7th December, 2006 to 6th December, 2011

All of the above-mentioned share options (“Share Options”) granted under the share option scheme of the Company (“Share Option Scheme”) were granted on 17th August, 2004 at RMB1 per grant with an exercise price of HK\$0.41 per H Share. These share options are exercisable within a period of ten years from the date of grant and apportioned in accordance with the following schedule subject to restrictions imposed by the relevant PRC laws and regulations:

Proportion of share options granted and held by each of the directors which become exercisable

Exercise period

25%	18th August, 2005 to 17th August, 2014
25%	18th August, 2006 to 17th August, 2014
25%	18th August, 2007 to 17th August, 2014
25%	18th August, 2008 to 17th August, 2014

b. Substantial shareholders of the Company and other persons (other than Directors or chief executive of the Company)

Save as disclosed below, the Directors are not aware of any other interests and short positions in shares and underlying shares of the Company of any person (other than a Director or chief executive of the Company) as recorded in the register required to be kept under section 336 of the SFO as at 30th June, 2009:

Name of shareholder	Number of shares	Nature of interests	Percentage to the issued share capital
Beijing State-owned Assets Management Corporation Limited	1,834,541,756 domestic shares	Beneficial owner	63.31%

c. Interests in other members of the Group

So far as is known to any Director or chief executive of the Company, the following companies/ persons were interested in 10% or more of the equity interests of any other members of the Group as at 30th June, 2009:

Name	Equity interests held in members of the Group (other than the Company)	Nature of interests	Approximate percentage
Business Incubator of Chongqing Hi-tech Industrial Development Zone (重慶高新技術產業開發區創新服務中心)	Chongqing Hongxin Software Company Limited (重慶宏信軟件有限公司)	Beneficial owner	10%
Dongguan City Shilongzhen Industrial Company (東莞市石龍鎮工業總公司)	Dongguan City Longxin Digital Technology Company Limited (東莞市龍信數碼科技有限公司)	Beneficial owner	40%
Fu Zengxue (付增學)	Beijing Hongxin Software Company Limited (北京宏信軟件有限公司)	Beneficial owner	40%
China Association of Mayors (中國市長協會)	Beijing City Technology Development Company Limited (北京城市之窗科技發展有限公司)	Beneficial owner	15%

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTIONS

(a) Pre-IPO Share Option Plan

Under the Pre-IPO Share Option Plan, the Pre-IPO Options had been granted in prior years at an exercise price of HK\$0.48 per H Share, which is the placing price upon the listing of the Company's H Shares, exercisable within a period of ten years from the date of grant subject to restrictions imposed by the relevant PRC laws and regulations. These options were to recognise the past and present contributions of the grantees to the Group. A summary of the Pre-IPO Options granted is as follows:

	At 1st January, 2009	Lapsed during the period	At 30th June, 2009
Directors of the Company	5,094,850	(1,308,200)	3,786,650
Supervisors of the Company	1,244,650	–	1,244,650
Senior management of the Company	5,313,400	–	5,313,400
Senior advisors of the Company	3,929,250	1,308,200	5,237,450
Advisors of the Company	2,063,050	–	2,063,050
Other employees of the Company and its subsidiaries	<u>16,804,790</u>	<u>(1,250,230)</u>	<u>15,554,560</u>
	<u>34,449,990</u>	<u>(1,250,230)</u>	<u>33,199,760</u>

Note: Ms. Zhang Yan resigned as the executive director on 19th June, 2009. The Share Options which she holds were reclassified from the category of directors to senior advisors.

(b) Share Option Scheme

Pursuant to the Share Option Scheme, the Company may grant options to the directors or employees of the Company or its subsidiaries, for the recognition of their contributions to the Group, to subscribe for H Shares in the Company with initial payment of RMB1 upon each grant of options offered and the options granted must be taken up within 14 trading days from the date of grant. The exercise price of the share option will be determined at the higher of the average of closing prices of H Shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option; the closing price of H Shares on the Stock Exchange on the date of grant; and the nominal value of H Shares.

The share options are exercisable at any time for a period to be determined by the directors, which shall not be more than ten years from the date of grant subject to restrictions imposed by the relevant PRC laws and regulations.

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 30% of the number of shares to be issued by the Scheme and other option scheme and the number of issued H Shares of the Company from time to time and no employee shall be

granted an option which, if all the options granted to the employee (including both exercised and outstanding options) in any 12 months period up the date of grant are exercised in full, would result in such person's maximum entitlement exceeding 1% of the number of issued H Shares of the Company.

A summary of the Share Options granted by the Company under the Share Option Scheme during the period were as follows:

	At 1st January, 2009	Lapsed during the period	At 30th June, 2009
Directors of the Company	5,864,000	(1,466,000)	4,398,000
Supervisors of the Company	1,466,000	–	1,466,000
Senior management of the Company	7,241,000	–	7,241,000
Senior advisors of the Company	13,964,000	1,466,000	15,430,000
Advisors of the Company	1,925,000	–	1,925,000
Other employees of the Company and its subsidiaries	<u>17,008,000</u>	<u>(1,377,000)</u>	<u>15,631,000</u>
	<u><u>47,468,000</u></u>	<u><u>(1,377,000)</u></u>	<u><u>46,091,000</u></u>

Note: Ms. Zhang Yan resigned as the executive director on 19th June, 2009. The Share Options which she holds were reclassified from the category of directors to senior advisors.

COMPETING INTERESTS

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company and their respective associates had any interest in a business which competes with the Company or may compete with the business of the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the six months ended 30th June, 2009.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the requirements of the GEM Listing Rules. The audit committee comprises three independent non-executive directors, namely Dr. Wang Huacheng, Mr. Chen Jing and Mr. Gong Zhiqiang, Dr. Wang Huacheng is the Chairman of the audit committee. During the period under review, 2 audit committee meetings were held. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The Group's unaudited results for the six months ended 30th June, 2009 have been reviewed by the audit committee, which was of the view that the preparation of the financial statements were in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period under review, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

By order of the Board
CAPINFO COMPANY LIMITED*
Dr. Li Minji
Chairman

Beijing, the People's Republic of China, 12th August, 2009

As at the date hereof, the executive directors of the Company are Dr. Wang Xu; the non-executive directors of the Company are Dr. Li Minji, Ms. Sun Jing, Ms. Li Zhi, Mr. Pan Jiaren, Mr. Cao Jun, Mr. Qi Qigong, Ms. Lu Xiaobing and the independent non-executive directors of the Company are Mr. Chen Jing, Dr. Wang Huacheng and Mr. Gong Zhiqiang.

This announcement will remain on the GEM website at "www.hkgem.com" on the "Latest Company Announcements" page for at least 7 days from the day of posting.

* *For identification purposes only*