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CAPINFO COMPANY LIMITED*

首都信息發展股份有限公司

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

**RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 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.

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

- The Group achieved a turnover of approximately RMB363.1 million for the year ended 31st December, 2009;
- The Group attained an audited profit attributable to the equity holders of the Company of approximately RMB65.93 million for the year ended 31st December, 2009, representing an increase of approximately 24%;
- The Board does not recommend the payment of a final dividend for the year ended 31st December, 2009.

CHAIRMAN'S STATEMENT

Against the backdrop of the global financial crisis, the Company reaped impressive business results with its cutting-edge technologies and advantages in resources during the year, which is the best footnote to its proven business strength.

2009 saw ongoing breakthroughs and innovations in the Company's principal businesses. The Beijing Medical Insurance Information System had both better satisfied the needs under the new medical insurance policy and fully promoted the integrated services for the application of the Beijing Social Security Cards. Upon successful completion of the upgrade and renovation project for Beijing's e-Government Network, the security task for the celebrations of the 60th anniversary of the founding of China was completed smoothly. System upgrade and website revision for the Beijing e-Community Information System were completed during its smooth operation, and a software was developed for the Community Service Site Information System, which lays a foundation for extending the Community Public Service Platform and the Street Digitalisation Office Information System to the community service site. The "Beijing-China" business had remarkably completed its operation and maintenance services and smoothly accomplished its security tasks for some major events such as the NPC and CPPCC sessions and the National Day celebrations.

Progress was made in exploring the new IT service market. After the IT services had become more steady in the Beijing market, the Company aggressively extended its business arm of IT services to the State's ministries and commissions, enterprises under the central government and even throughout the country. Currently, initial progress was made through successful business promotions in some cities in Guangdong Province, Guangxi Province, Sichuan Province, Jiangsu Province, Hebei Province and Liaoning Province, offering inexhaustible business opportunities in the future. Furthermore, the Company's provision of IT services tailored to meet customers' needs were well-received by most of its customers. This has laid a good foundation for setting a new business direction of the Company in the future.

Tremendous efforts were committed to corporate management innovation and reform in addition to the focus on business management. Through management upgrades such as the strengthening of the management of associated companies, formulation of strategies and optimisation of the internal control system, the standards had been raised substantially for the Company's strategic management and the Group's control, enhancing the Company's competitive edge.

Looking forward to 2010, Capinfo Group will turn a brand new page in its history, which will be composed by all of Capinfo staff. It is our responsibility to create a greater value for our shareholders; it is our vision to build Capinfo Group into an industrial leader. We believe we can certainly compose a more splendid chapter for Capinfo Group with the joint endeavours of all our staff.

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to the shareholders of Capinfo Group and people from various sectors for their persistent care and support to the development of the Group, and to all the dedicated frontline staff.

Dr. Li Minji

Chairman

Beijing, the PRC

22 March 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The board of Directors (the “Board”) of the Company announces that, for the year ended 31 December 2009, the Company and its subsidiaries (collectively the “Group”) recorded an audited turnover of approximately RMB363.1 million, representing an increase of approximately 7% over that of last year, and a gross profit margin of 33%, as compared with 34% for last year. The Group has attained an audited profit attributable to equity holders of the parent of approximately RMB65.93 million for the year under review, representing an increase of approximately 24% over that of last year.

Other income includes government subsidies, interests and investment income recorded during the period under review.

The Group’s current ratio, defined as total current assets over total current liabilities, maintained at a relatively reasonable level of over 2 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 31 December 2009, the Group had unsecured borrowings of RMB8.2 million, bearing interests at an average interest rate of 2.55%. The Group had entrusted loans of RMB99 million, bearing interests at an annual interest rate of 4.3%, which will be repaid on 24 September 2010. Cash and bank deposits of RMB490 million of the Group as at 31 December 2009 were mainly derived from shareholders’ contribution and working capital generated from operations.

As at 31 December 2009, the Group had no assets pledged and had no significant contingent liabilities.

As at 31 December 2009, the Group had capital commitment of approximately RMB24.9 million.

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

Business Review

Foundation Businesses

- The Social Security Card System and the Medical Insurance System

Breakthrough progress was made in the social security card and medical insurance businesses during the year, both delivering encouraging economic benefits and building a good brand image for the Company. As required by the Work Report of the Beijing Municipal Government, social security cards were issued and used in the medical insurance sector for the real-time settlement of expenses covered by medical insurance in order to intensify the healthcare system reform of Beijing and fully rely on the achievements already made in the Medical Insurance Information System. To ensure the smooth implementation of this “well-being Project”, the Company upgraded the existing Medical Insurance System, and improved its business support capability and processing speed through continuous research and development of new systems to meet the needs of users at large. Currently, the pilot scheme for the issuance of social security cards in Shijingshan District and Xicheng District of Beijing has been completed smoothly. A total of approximately 1 million cards were issued during the year. The smooth promotion of the social security card project will drive a huge amount of new needs for information technology development at hospitals, generating more market opportunities for the Company.

- The e-Government Network

The services of the e-Government Network reached a new high level following a successful upgrade to the network. To cope with the needs for the development of e-government services in future, the Company has persistently enhanced the security and reliability of the e-Government Network, as well as the carrying capacity for key business systems such as the Emergency Command Video Conferencing. By upgrading the e-Government Network under the BOT mode, the Company consolidated its leading position in Beijing’s e-government sector with its technology advantages and first-class services. During the year, the e-Government Network’s network security task for the celebrations of the 60th anniversary of the founding of China was accomplished well, and the commemorative plaque of “Military Parade in the Capital for the Celebrations of the 60th Anniversary of the Founding of New China” (「新中國成立60周年國慶首都閱兵」) was awarded by the Joint Command for Military Parade, and the medal of “Excellent Enterprise for Capital’s e-Government Network Security for the 60th Anniversary of the Founding of the People’s Republic of China” (「中華人民共和國成立60周年首都政務網絡保障優秀單位」) by the Beijing e-Government Network Administration Centre. This is another successful security mission in IT services completed by the Company following the 29th Olympic Games and the Beijing Paralympic Games 2008.

- The Community Service Information System

The e-community services proceeded steadily with an overall improvement in operation and maintenance standards. During the year, the Company launched an extensive upgrade and revision to the Community Service Information System and website (www.96156.gov.cn). The integration of information on various service resources led to an overall improvement in the capability of the community service information platform to serve the public. In 2009, the Company embarked on the research and development of “My Community Space” that closely addresses community residents, a cyber homeland for community residents and agencies, which serves as a more convenient platform for exchanges among community residents. Meanwhile, the Company has also developed the Community Service Station Information System, a software product with vast potential for broad applications in the future community service sector, which is expected to substantially improve the standards for community information services.

- Beijing-China

”Beijing-China” (www.beijing.gov.cn) is a portal website for the Beijing Municipal Government, and has been named the “No. 1 Nationwide Government Portal Website” for three consecutive years for its high speed, stable, secure and convenient network services, sufficiently demonstrating the Company’s leading position in operation and maintenance services for network technologies. During the year, “Beijing-China” successfully ensured network operation security for the major events and during festival holidays such as the NPC and CPPCC sessions in 2009 and the celebrations of the 60th anniversary of the founding of China. Given the number of “Beijing-China” users is on the increase, the target for future development will be to improve its international service standards.

Business Development

Based on its business development objective of “securing a foothold in Beijing locally with a nationwide perspective”, the Company aggressively opened up non-local IT service business while consolidating and developing the market in Beijing, with a particular focus on the cities where attempts have been made to carry out business promotions so as to seize an opportunity to capture the market and increase its market share. Meanwhile, the Company is exploring new principal business, and progressively moving towards the high-end service sectors such as the provision of high value-added IT services as well as consulting and planning services.

During the year, the Ronease Multilingual Information Processing Platform developed by the Company was accredited as one of the second batches of proprietary innovative products in Beijing, and the Company was appointed as the official information technology service provider for the 2009 World Snooker China Open, both in recognition of the Company’s IT services and technologies.

Corporate Management

Time and efforts were devoted to strengthening corporate management during the year. Quality and technology management was reinforced under the ISO9001 system, and the ISO20000 certification scheme was launched with an aim to uplift the Company's overall competitive edge under international IT service management standards. Furthermore, the Company persistently enhanced its budget management and risk control abilities, improved its system setups and performance assessment system, and focused on bringing in and fostering qualified staff to strive to build up a team with core competitiveness.

In 2009, the Company received a number of awards such as the “First Prize for the 24th Beijing Modern Corporate Management Innovative Achievements” (「第二十四屆北京市企業管理現代化創新成果一等獎」) and the title of “Enterprise with Outstanding Contributions to the 20 years' Innovation and Development of Zhongguancun” (「中關村20年創新和發展做出突出貢獻企業」), and was rated as a “New High-Tech Enterprise in Zhongguancun” (「中關村高新技術企業」) and an “Innovative Enterprise in Haidian Park” (「海淀園創新企業」).

Future Prospects

In the context of the global economic recovery in 2010, the Company will seize every opportunity, fully leverage on its advantages in technologies and resources, expedite its development and make unremitting efforts for building itself into an industrial leader.

Employees

As at 31 December 2009, the Group had 897 employees (2008: 755 employees). The payable staff cost was approximately RMB107.37 million (2008: RMB99.52 million).

ANNUAL RESULTS

The Board of Directors (the “Board”) of the Company are pleased to announce that the audited consolidated results of the Group for the year ended 31st December 2009, together with the comparative figures for the corresponding period of 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2009

	NOTES	2009 RMB'000	2008 RMB'000
Turnover		363,125	339,499
Cost of sales		<u>(243,610)</u>	<u>(225,357)</u>
Gross profit		119,515	114,142
Other income		22,220	16,456
Gain on disposal of a subsidiary	4	1,929	1,777
Gain on disposal of an associate		16,000	–
Fair value gain on investments held for trading		1,142	3,447
Research and development costs		(18,658)	(16,486)
Marketing and promotional expenses		(19,103)	(15,308)
Administrative expenses		(49,452)	(41,824)
Finance cost		(255)	(255)
Impairment loss recognised in respect of interest in an associate		(513)	–
Share of results of associates		<u>865</u>	<u>(3,344)</u>
Profit before tax	5	73,690	58,605
Income tax expense	6	<u>(7,575)</u>	<u>(6,090)</u>
Profit and total comprehensive income for the year		<u>66,115</u>	<u>52,515</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		65,934	53,215
Minority interests		<u>181</u>	<u>(700)</u>
		<u>66,115</u>	<u>52,515</u>
Earnings per share – Basic and diluted	8	<u>RMB2.28 cents</u>	<u>RMB1.84 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2009

	NOTES	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment		153,895	241,930
Investment property		71,265	–
Deposits paid on acquisition of property, plant and equipment		1,355	5,098
Interests in associates		22,087	24,245
Available-for-sale investments		1,350	1,350
Trade receivables – non-current		5,794	7,881
Deferred tax assets		1,306	1,537
		<u>257,052</u>	<u>282,041</u>
Current assets			
Inventories	9	831	1,801
Trade and other receivables	10	62,743	45,397
Amounts due from customers for contract works	11	31,842	31,481
Entrusted loan		99,403	88,832
Held-for-trading investments		206	–
Bank deposits		150,955	239,300
Bank balances and cash		338,886	171,748
		<u>684,866</u>	<u>578,559</u>
Current liabilities			
Trade and other payables	12	167,806	148,787
Amounts due to associates		212	644
Customer deposits for contract works		75,933	64,620
Income tax payable		10,488	10,980
Other loan	13	8,180	9,090
		<u>262,619</u>	<u>234,121</u>
Net current assets		<u>422,247</u>	<u>344,438</u>
Total assets less current liabilities		<u><u>679,299</u></u>	<u><u>626,479</u></u>
Capital and reserves			
Share capital	14	289,809	289,809
Share premium and reserves		385,677	334,813
Equity attributable to owners of the Company		<u>675,486</u>	<u>624,622</u>
Minority interests		<u>3,813</u>	<u>1,857</u>
Total equity		<u><u>679,299</u></u>	<u><u>626,479</u></u>

Notes:

1. GENERAL

The Company is a limited company established in Beijing, the People's Republic of China (the "PRC") and its H shares are listed on The Stock Exchange of Hong Kong limited (the "Stock Exchange"). Its ultimate holding company is Beijing State-owned Assets Management Corporation Limited ("BSAM"), a state-owned enterprise, also established in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" to the annual report.

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 consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its principal subsidiaries.

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

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009.
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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 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, financial position and cash flow of the Group.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). As the revised accounting policy has been applied prospectively from 1 January 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior accounting periods.

In the current year, there were no borrowing costs capitalised as part of the cost of a manufacturing plant.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

- 1 Effective for annual periods beginning on or after 1 July 2009
- 2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
- 3 Effective for annual periods beginning on or after 1 January 2010
- 4 Effective for annual periods beginning on or after 1 February 2010
- 5 Effective for annual periods beginning on or after 1 July 2010
- 6 Effective for annual periods beginning on or after 1 January 2011
- 7 Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The amendments to HKAS 24 Related Party Disclosures simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party. The amendments to HKAS 24 provide a partial exemption from the disclosure requirements of HKAS 24 for government-related entities. Specifically, a reporting entity is exempt from the general disclosure requirements of HKAS 24 in relation to related party transactions and outstanding balances (including commitments) with: (i) a government that has control, joint control or significant influence over the reporting entity; and (ii) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The application of HKAS 24 (amendment) shall not have a significant impact to the Group.

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

3. 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 for the purpose of allocating resources to the segment and to assess its performance. The Group's Chief Executive Officer ("CEO") 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 the past, the Group's primary reporting format was business segments based on e-Government technology services and e-Commerce technology services.

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

The Group's operations are located on the PRC and all the revenue of the Group comes from PRC customers, as well as all of the assets are located in the PRC. Aggregated revenues from state-controlled entities and the PRC government are approximately RMB323,579,000 (2008: RMB321,897,000).

4. DISPOSAL OF SUBSIDIARIES

- (a) On 17th September, 2009, the Company entered into a sale agreement with an independent third party to dispose of its interest in a subsidiary, Chongqing Hongxin Software Company Limited and its subsidiary ("Chongqing Hongxin") for a cash consideration of RMB840,000. The subsidiaries are engaged in software development and related businesses. The disposal was completed on 28th October, 2009, on which date the control of Chongqing Hongxin was passed to the acquirer.

The net liabilities of Chongqing Hongxin at the date of disposal were as follows:

	At 28.10.2009
	<i>RMB'000</i>
Net liabilities disposed:	
Property, plant and equipment	417
Inventories	60
Amount due from customers for contract work	356
Trade and other receivables	902
Bank balances and cash	84
Trade and other payables	<u>(3,243)</u>
	(1,424)
Minority interests	335
Gain on disposal	<u>1,929</u>
Total consideration	<u><u>840</u></u>
Satisfied by:	
Cash	<u><u>840</u></u>
Net cash inflow arising on disposal:	
Cash consideration	840
Bank balances and cash of subsidiaries disposed of	<u>(84)</u>
	<u><u>756</u></u>

- (b) On 28th December, 2007, the Company entered into a conditional sale agreement with third parties to dispose of a subsidiary, Beijing Co-Create Open Source Software Co., Ltd., for a cash consideration of RMB1,735,000. The subsidiary was engaged in development, sales and management consultation of operation systems and related businesses. The disposal was completed on 15th January, 2008, on which date control of Beijing Co-Create Open Source Software Co., Ltd. passed to the acquirer.

There was no significant profit and loss generated by the subsidiary during 2008 up to the date of disposal as the subsidiary has temporarily closed for office removal during the period. The revenue and cost of sales of this subsidiary for the year ended 31st December, 2007 was RMB2,499,000 and RMB1,864,000 respectively and the loss of this subsidiary for the year ended 31st December, 2007 was RMB3,334,000.

The net liabilities of Beijing Co-Create Open Source Software Co., Ltd. at the date of disposal were as follows:

	At 15.1.2008 RMB'000
Net liabilities disposed:	
Property, plant and equipment	242
Inventories	45
Amount due from customers for contract work	2,945
Trade and other receivables	797
Bank balances and cash	16
Trade and other payables	<u>(4,121)</u>
	(76)
Minority interests	34
Gain on disposal	<u>1,777</u>
Total consideration	<u><u>1,735</u></u>
Satisfied by:	
Cash	<u><u>1,735</u></u>
Net cash inflow arising on disposal:	
Cash consideration	1,735
Bank balances and cash of subsidiary disposed of	<u>(16)</u>
	<u><u>1,719</u></u>

5. PROFIT BEFORE TAX

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Profit before tax has been arrived at after charging:		
Directors' and supervisors' remuneration	1,347	1,550
Other staff costs	99,825	92,625
Other staff's retirement benefit scheme contributions	<u>6,204</u>	<u>5,347</u>
	107,376	99,522
Less: Staff costs included in research and development costs	(11,509)	(9,893)
Staff costs included in cost of sales	<u>(38,978)</u>	<u>(32,758)</u>
	<u>56,889</u>	<u>56,871</u>
Depreciation	87,518	65,031
Less: Depreciation included in research and development costs	(896)	(1,658)
Depreciation included in cost of sales	<u>(53,965)</u>	<u>(51,205)</u>
	<u>32,657</u>	<u>12,168</u>
Operating lease rentals in respect of		
– cable network	13,455	11,377
– land and buildings	<u>11,572</u>	<u>13,793</u>
	25,027	25,170
Less: Operating lease rentals included in research and development costs	(1,181)	(909)
Operating lease rentals included in cost of sales	<u>(8,885)</u>	<u>(8,316)</u>
	<u>14,961</u>	<u>15,945</u>
Allowance for doubtful debts	3,023	1,828
Auditors' remuneration	1,843	1,733
Cost of inventories recognised as expenses (including write down (2008: reversal) of inventories)	17,080	44,870
Loss (gain) on disposal of property, plant and equipment	126	(227)
Share of tax of an associate (included in share of results of associates)	1,404	416
and after crediting:		
Government grants (note)	9,749	8,443
Interest income from bank deposits	4,750	5,319
Interest income from entrusted loan	3,368	1,769
Dividend income from available-for-sale investment	245	407
Gross rental income from investment property	3,397	–
Less: Direct operating expenses from investment properties that generated rental income during the year	<u>(283)</u>	<u>–</u>
	<u>3,114</u>	<u>–</u>

Note: Government grants are obtained specifically for certain of the Group's research and development projects, that are eligible to receive government grants, in which attributable depreciation, staff costs, cable network and research and development costs are compensated.

6. INCOME TAX EXPENSE

The Company is awarded "key software enterprise under state planning and layout" (國家規劃佈局內重點軟體企業) by State Development and Reform Commission, Ministry of Industry and Information, Ministry of Commerce and State General Administration of Taxation this year. Thus, according to the relevant laws and regulations in the PRC, it is subject to PRC income tax at 10% of the estimated assessable profit for the year. The Company was recognised as a New and High-Tech Enterprise in 2008, according to the Law of the People's Republic of China on Enterprise Income Tax and subject to PRC income tax at 15% of the estimated assessable profit for the year 2008.

The Company's subsidiaries, Capinfo Technology Development Co., Ltd. and Beijing Sports Technology Co., Ltd. are recognised as High-Technology Enterprises which were approved by The Committee of Beijing Science and Technology. Pursuant to the relevant laws and regulations in the PRC, these companies are entitled to exemption from income tax for three years commencing from the year of operation and entitled to a 50% relief from income tax for the three years ("Tax Holiday") from 1st January, 2010 to 31st December, 2012. Under the implementation of Transitional Tax Relief Rules, the tax holiday can be enjoyed on going after the implementation of the New Law until the expiry dated on 31st December, 2012. The Company's subsidiaries, Dongguan City Longxin Digital Technology Co., Ltd. and Capinfo Soft Co., Ltd. are recognised as Soft Enterprises which were approved by the local Bureau of Industry and Information Technology. Pursuant to the relevant laws and regulations in the PRC, these companies are entitled to exemption from income tax for two years commencing from the first profit-making year of operation and entitled to a 50% relief from income tax for the three years from 1st January, 2010 to 31st December, 2012. Therefore, the above four Company's subsidiaries are entitled to exemptions from income tax for the year of 2009.

In addition, pursuant to recognition of Soft Enterprises by the local Bureau of Industry and Information Technology, the Company's subsidiaries, Dongguan City Longxin Digital Technology Co., Ltd. and Capinfo Soft Co., Ltd. qualify to apply for a exemption of income tax in 2008. As a result, a tax credit of approximately RMB420,000 for the year ended 31st December, 2008 is recognised in this year. Pursuant to an announcement made by the State Administration of Taxation in 2008, certain entities including the Company qualified to apply for a reduction of income tax rate to 10%, subject to the approval from the government in the following financial year, as an incentive and support to their software development activities in the PRC. As a result, a tax credit of approximately RMB2,402,000 for the year ended 31st December, 2007 was recognised in 2008.

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
The charge comprises:		
PRC income tax		
Current year	7,764	10,029
Tax credit for previous year	<u>(420)</u>	<u>(2,402)</u>
	7,344	7,627
Deferred tax charge (credit)	<u>231</u>	<u>(1,537)</u>
	<u>7,575</u>	<u>6,090</u>

The charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Profit before tax	<u>73,690</u>	<u>58,605</u>
Tax at domestic income tax rate of 10% (2008: 15%)	7,369	8,791
Tax effect of income not taxable for tax purpose	(193)	–
Tax effect of expenses that are not deductible in determining taxable profit	1,204	(710)
Tax effect of deductible temporary differences not recognised	2,196	1,294
Utilisation of deductible temporary differences previously not recognised	(1,600)	–
Tax effect of Tax Holiday granted to subsidiaries	(1,599)	(2,244)
Tax effect of tax losses of subsidiaries not recognised	137	860
Tax effect of share of (profit) losses of associates not recognised	(35)	501
Tax effect of different tax rates of subsidiaries	4	–
Decrease in opening deferred tax assets resulting from the decrease in applicable tax rate	512	–
Tax credit for previous year	<u>(420)</u>	<u>(2,402)</u>
Tax expense for the year	<u>7,575</u>	<u>6,090</u>

At the end of reporting period, the subsidiaries have unused tax losses of approximately RMB680,000 (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. DIVIDEND

A final dividend of RMB0.52 cents (2007: RMB1.40 cents) per share, amounting to an aggregate amount of RMB15,070,000 (2007: RMB40,574,000) for the year ended 31st December, 2008 has been declared and paid during the year.

No dividend has been proposed since the end of the reporting period.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of RMB65,934,000 (2008: RMB53,215,000) and 2,898,086,091 (2008: 2,898,086,091) shares in issue during the year.

The calculation of diluted earnings per share did not take into account the share option of the Company for the year ended 31st December, 2009 and 2008 because the exercise price of the Company's share options was higher than the average market price of the Company's shares for both years.

9. INVENTORIES

The inventories comprise of consumables.

10. TRADE AND OTHER RECEIVABLES

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Trade receivables		
– a fellow subsidiary	9,545	1,276
– other state-controlled entities and the PRC government	42,676	32,449
– third parties	9,421	9,514
	<u>61,642</u>	<u>43,239</u>
Total trade receivables	61,642	43,239
Less: Allowance for doubtful debts	<u>(11,763)</u>	<u>(9,362)</u>
	49,879	33,877
Less: Non-current portion which shown in non-current assets (note)	<u>(5,794)</u>	<u>(7,881)</u>
	44,085	25,996
Other receivables, deposits and prepayments	19,865	19,986
Less: Allowance for doubtful debts	<u>(1,207)</u>	<u>(585)</u>
	<u>18,658</u>	<u>19,401</u>
Trade and other receivables shown in current assets	<u>62,743</u>	<u>45,397</u>

The Group generally allows an average credit period of 180 days to its trade customers. The following is an aged analysis of trade receivables net of allowance at the end of reporting period:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
0 to 60 days	31,760	27,675
61 to 90 days	1,006	242
91 to 180 days	2,223	791
Over 180 days	14,890	5,169
	49,879	33,877

Note: Included in the balance of trade receivables at 31st December, 2008 was a trade receivable of approximately RMB10 million which will be settled by equal annual installment within 5 years from 1st July, 2009 in accordance with the terms of payment of the contract with a customer. As at 31st December, 2009, the remaining balance of that trade receivable is approximately RMB7.9 million. The portion that will be settled after one year are shown and included as non-current assets at the end of reporting period. The effective interest rate applied on this receivable is 3.33% per annum.

Movement in the allowance for the doubtful debts:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Balance at beginning of the year	9,947	16,418
Impairment losses recognised during the year	3,023	1,828
Write off during the year	-	(8,299)
Balance at end of the year	12,970	9,947

The overdue balances were approximately RMB7,009,000 aged over 180 days as at 31st December, 2009 (2008: RMB5,169,000 aged over 180 days) for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The credit quality of the trade receivable that are neither past due nor impaired is good.

Included in the allowance for doubtful debts are individually impaired trade receivables which aged over one year with an aggregate balance of RMB11,763,000 (2008: RMB9,362,000).

11. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Contract costs incurred to date	223,489	151,263
Recognised profits less recognised losses	<u>118,323</u>	<u>78,931</u>
	341,812	230,194
Less: Progress billings	(234,037)	(134,093)
Customer deposits for contract works	<u>(75,933)</u>	<u>(64,620)</u>
	<u><u>31,842</u></u>	<u><u>31,481</u></u>

12. TRADE AND OTHER PAYABLES

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Trade payables		
– third parties	24,268	24,202
– a fellow subsidiary	<u>47</u>	<u>–</u>
Total trade payables	<u>24,315</u>	<u>24,202</u>
Government grants not recognised as income	10,768	17,828
Other payables and accrued expenses	131,252	104,716
Customer deposits	<u>1,471</u>	<u>2,041</u>
	<u><u>167,806</u></u>	<u><u>148,787</u></u>

The following is an aged analysis of trade payables at the end of reporting period:

Age	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
0 to 60 days	14,436	13,215
61 to 90 days	8	1,766
91 to 180 days	2,187	3,559
Over 180 days	<u>7,684</u>	<u>5,662</u>
	<u><u>24,315</u></u>	<u><u>24,202</u></u>

13. OTHER LOAN

	2009 RMB'000	2008 RMB'000
Carrying amount repayable		
within one year and shown under current liabilities	<u>8,180</u>	<u>9,090</u>

The loan was granted by the PRC government in 2002, denominated in Renminbi, unsecured and bears interest at fixed interest rate is 2.55% (2008: 2.55%) per annum for the year ended 31st December, 2009.

14. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid RMB'000
	Domestic shares	H shares	
Balance of share capital of RMB0.10 each at 1st January, 2008, 31st December, 2008 and 31st December, 2009	<u>2,123,588,091</u>	<u>774,498,000</u>	<u>289,809</u>

15. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
At 1st January, 2008	289,809	254,079	5,216	9,532	53,345	611,981	2,283	614,264
Profit and total comprehensive income for the year	-	-	-	-	53,215	53,215	(700)	52,515
Dividend paid (Note 7)	-	-	-	-	(40,574)	(40,574)	-	(40,574)
Profit appropriations	-	-	-	4,800	(4,800)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	34	34
Capital contribution from minority owner of a subsidiary	-	-	-	-	-	-	240	240
At 31st December, 2008	289,809	254,079	5,216	14,332	61,186	624,622	1,857	626,479
Profit and total comprehensive income for the year	-	-	-	-	65,934	65,934	181	66,115
Dividend paid (Note 7)	-	-	-	-	(15,070)	(15,070)	-	(15,070)
Profit appropriations	-	-	-	5,418	(5,418)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	335	335
Acquisition of minority interest of a subsidiary	-	-	-	-	-	-	(40)	(40)
Capital contribution from minority owners of subsidiaries	-	-	-	-	-	-	1,480	1,480
At 31st December, 2009	<u>289,809</u>	<u>254,079</u>	<u>5,216</u>	<u>19,750</u>	<u>106,632</u>	<u>675,486</u>	<u>3,813</u>	<u>679,299</u>

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 of 31 December 2009, none of the Directors and chief executive of the Company had any interest and short position in shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of 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 as referred to in Rule 5.46 of the GEM Listing Rules.

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

Name	Number of H Shares subject to options outstanding as of 31 December 2009			Percentage to the issued H share capital
	Granted under the Pre-IPO Share Option Plan	Granted under the Share Option Scheme	Total	
<i>Directors</i>				
Dr. Wang Xu	1,297,350	1,466,000	2,763,350	0.36%
Mr. Pan Jiaren	1,244,650	1,466,000	2,710,650	0.35%
Mr. Qi Qigong	1,244,650	1,466,000	2,710,650	0.35%
	<u>3,786,650</u>	<u>4,398,000</u>	<u>8,184,650</u>	<u>1.06%</u>

Note: Ms. Zhang Yan resigned on 19 June 2009 as the executive Director of the Company upon the expiry of her term.

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 6 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 the terms and conditions of the Pre-IPO Share Option Plan, restrictions imposed by the relevant PRC laws and regulations and any conditions of the grant as stipulated by the Board of Directors:

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

Exercise period

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

All of the above-mentioned share options (the “Share Options”) granted under the share option scheme of the Company (the “Share Option Scheme”) were granted on 17 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%	18 August 2005 to 17 August 2014
25%	18 August 2006 to 17 August 2014
25%	18 August 2007 to 17 August 2014
25%	18 August 2008 to 17 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 31 December 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%

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 of 31 December 2009:

Name	Equity interests held in members of the Group (other than the Company)	Nature of interests	Approximate percentage
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%

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

During the year, 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

Pursuant to a pre-IPO share option plan adopted by the Company at an extraordinary general meeting held on 6th December, 2001, the Company, on the same day, granted options to subscribe for H Shares in the Company with a payment of RMB1 upon each grant of options and with an exercise price of HK\$0.48 per H Share. Options granted are exercisable within a period of ten years from 6th December, 2001, the date of grant, subject to the terms and conditions of the plan, the relevant PRC laws and regulations and any conditions of the grant as stipulated by the board of directors.

Details of the pre-IPO share options held by the directors, other key management and other parties and movements in such holdings during the year are as follows:

	Outstanding at 1.1.2008	Reclassified during the year (Note (i))	Lapsed during the year	Outstanding at 31.12.2008	Reclassified during the year (Note (ii))	Lapsed during the year	Outstanding at 31.12.2009
Directors	6,356,550	(1,261,700)	–	5,094,850	(1,308,200)	–	3,786,650
Supervisors	2,509,450	–	(1,264,800)	1,244,650	–	–	1,244,650
Senior management	4,836,620	1,261,700	(784,920)	5,313,400	–	–	5,313,400
Senior advisors	3,929,250	–	–	3,929,250	1,308,200	–	5,237,450
Advisors	2,808,910	–	(745,860)	2,063,050	–	–	2,063,050
Other employees	17,563,670	–	(758,880)	16,804,790	–	(1,250,230)	15,554,560
	<u>38,004,450</u>	<u>–</u>	<u>(3,554,460)</u>	<u>34,449,990</u>	<u>–</u>	<u>(1,250,230)</u>	<u>33,199,760</u>

The options outstanding at the end of the year have a remaining contractual life of 2 years (2008: 3 years). None of the pre-IPO share options has been exercised during the year.

Notes:

- (i) Dr. Wu Bo resigned as the director on 2nd June, 2008. The share options reclassified from the category of directors to senior management.
- (ii) Ms. Zhang Yan resigned as the 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 a share option scheme approved by a resolution of the shareholders of the Company dated 6th December, 2001 (the “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 a 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 during a period of not more than 10 years from the date of grant, subject to the terms and conditions of the Scheme, the relevant PRC laws and regulations and any conditions of grant as may be stipulated by the board of directors.

The maximum number of shares in respect of which options may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes shall not exceed 30% of the number of H Shares of the Company in issue from time to time. The total number of H shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the number of H Shares of the Company in issue as at the date of approval of the Scheme unless further shareholders' approval has been obtained pursuant to the conditions set out in the Scheme. No person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to 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.

The Company has granted 67,298,000 options under the Scheme on 17th August, 2004 at RMB1 for each grant of options and with an exercise price of HK\$0.41 per H Share. Total consideration received during the year ended 31st December, 2004 for taking up the options granted amounted to RMB114. The share options are fully vested on 17th August, 2004. Details of these share options held by the directors, other key management and other parties and movements in such holdings during the years are as follows:

	Outstanding at 1.1.2008	Reclassified during the year (Note (i))	Lapsed during the year	Outstanding at 31.12.2008	Reclassified during the year	Lapsed during the year (Note (ii))	Outstanding at 31.12.2009
Directors	7,330,000	(1,466,000)	–	5,864,000	(1,466,000)	–	4,398,000
Supervisors	2,932,000	–	(1,466,000)	1,466,000	–	–	1,466,000
Senior management	7,700,000	1,466,000	(1,925,000)	7,241,000	–	–	7,241,000
Senior advisors	13,964,000	–	–	13,964,000	1,466,000	–	15,430,000
Advisors	2,384,000	–	(459,000)	1,925,000	–	–	1,925,000
Other employees	<u>18,313,000</u>	<u>–</u>	<u>(1,305,000)</u>	<u>17,008,000</u>	<u>–</u>	<u>(1,667,000)</u>	<u>15,341,000</u>
	<u>52,623,000</u>	<u>–</u>	<u>(5,155,000)</u>	<u>47,468,000</u>	<u>–</u>	<u>(1,667,000)</u>	<u>45,801,000</u>

Notes:

- (i) Dr. Wu Bo resigned as the director on 2nd June, 2008. The share options which he holds were reclassified from the category of directors to senior management.
- (ii) Ms. Zhang Yan resigned as the director on 19th June, 2009. The share options which she holds were reclassified from the category of directors to senior advisors.

The options outstanding at the end of the year have a remaining contractual life of 5 years (2008: 6 years).

The financial impact of all the above share options granted and vested before 1st January, 2005 is not recorded in the consolidated statement of financial position until such time as the options are exercised, and no charge is recognised in the consolidated statement of comprehensive income in respect of the value of options granted in the year ended 31st December, 2004.

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 noncompliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the year ended 31 December 2009.

AUDIT COMMITTEE

An audit committee was established 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 year, 4 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 audited results for the year ended 31 December 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 year under review, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules.

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

Beijing, the People's Republic of China, 22nd March, 2010

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.

As of the date hereof, the executive director of the Company is 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 website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

* For identification purposes only