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**CAPINFO COMPANY LIMITED\***

**首都信息發展股份有限公司**

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

**(Stock Code: 1075)**

**CONSOLIDATED RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

- Turnover increased by approximately 35.40% to approximately RMB526.1 million
- Profit attributable to owners of the Company increased by approximately 10.38% to approximately RMB85.6 million
- Basic earnings per share increased by approximately 10.45% to RMB2.95 cents per share
- The board of Directors has recommended the payment of a final dividend of RMB1.30 cents per share (2011: RMB1.20 cents) totalling approximately RMB37.7 million for the year ended 31 December 2012, subject to approval by shareholders at the forthcoming annual general meeting.

The board of directors (the "Board") of Capinfo Company Limited (the "Company") is pleased to announce the consolidated financial results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the comparative figures for the corresponding period of 2011. These financial results and financial position have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants and reviewed by the audit committee of the Company.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>NOTES</i>	<b>2012</b> <b>RMB'000</b>	2011 <i>RMB'000</i> (Restated)
<b>Continuing Operations</b>			
Revenue		<b>526,097</b>	388,536
Cost of sales		<b>(335,095)</b>	(245,660)
Gross profit		<b>191,002</b>	142,876
Other income		<b>17,618</b>	17,053
Research and development costs		<b>(27,568)</b>	(19,643)
Marketing and promotional expenses		<b>(46,682)</b>	(34,658)
Administrative expenses		<b>(55,249)</b>	(43,424)
Share of results of associates		<b>9,747</b>	11,411
Other gains and losses	5	<b>8,775</b>	20,850
Finance cost for loan from government, wholly repayable within 5 years		<b>(196)</b>	(322)
Profit before tax	6	<b>97,447</b>	94,143
Income tax expense	7	<b>(11,416)</b>	(10,126)
Profit for the year from continuing operations		<b>86,031</b>	84,017
<b>Discontinued Operations</b>			
Loss for the year from discontinued operations	8	<b>(3,251)</b>	(14,558)
<b>Profit and total comprehensive income for the year</b>		<b>82,780</b>	69,459
<b>Profit and total comprehensive income (expense) for the year attributable to owners of the Company</b>			
– from continuing operations		<b>85,973</b>	84,092
– from discontinued operations		<b>(386)</b>	(6,552)
		<b>85,587</b>	77,540
<b>Profit and total comprehensive income (expense) for the year attributable to non-controlling interests</b>			
– from continuing operations		<b>58</b>	(75)
– from discontinued operations		<b>(2,865)</b>	(8,006)
		<b>(2,807)</b>	(8,081)
<b>Profit and total comprehensive income (expense) attributable to:</b>			
Owners of the Company		<b>85,587</b>	77,540
Non-controlling interests		<b>(2,807)</b>	(8,081)
		<b>82,780</b>	69,459
<b>EARNINGS (LOSSES) PER SHARE</b>			
From continuing and discontinued operations	10		
– Basic		<b>RMB2.95 cents</b>	RMB2.68 cents
– Diluted		<b>RMB2.95 cents</b>	RMB2.68 cents
From continuing operations	10		
– Basic		<b>RMB2.97 cents</b>	RMB2.90 cents
– Diluted		<b>RMB2.97 cents</b>	RMB2.90 cents
From discontinued operations	10		
– Basic		<b>RMB(0.01) cent</b>	RMB(0.22) cents
– Diluted		<b>RMB(0.01) cent</b>	RMB(0.22) cents

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2012**

	<i>NOTES</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		139,045	62,719
Investment property		59,922	63,706
Prepaid lease payments		30,016	–
Deposits paid on acquisition of property, plant and equipment		726	557
Interests in associates		60,528	39,309
Available-for-sale investments		1,971	1,971
Trade receivables		–	1,700
Deferred tax assets		9,678	4,671
		<u>301,886</u>	<u>174,633</u>
Current assets			
Inventories	11	759	296
Prepaid lease payments		4,687	–
Trade and other receivables	12	112,022	93,289
Amounts due from customers for contract works	13	81,496	41,939
Amounts due from related parties		6,890	2,929
Bank deposits		154,776	181,267
Bank balances and cash		453,764	438,563
		<u>814,394</u>	<u>758,283</u>
Assets classified as held for sale		–	42,107
		<u>814,394</u>	<u>800,390</u>
Current liabilities			
Trade and other payables	14	175,058	105,442
Amounts due to related parties		1,416	779
Customer deposits for contract works	13	143,426	103,813
Income tax payable		5,180	3,498
Loan from government	15	4,540	5,450
		<u>329,620</u>	<u>218,982</u>
Liabilities associated with assets classified as held for sale		–	5,384
		<u>329,620</u>	<u>224,366</u>
Net current assets		<u>484,774</u>	<u>576,024</u>
Total assets less current liabilities		<u>786,660</u>	<u>750,657</u>
Capital and reserves			
Share capital	16	289,809	289,809
Share premium and reserves		496,751	440,740
Equity attributable to owners of the Company		<u>786,560</u>	<u>730,549</u>
Non-controlling interests		100	20,108
Total equity		<u>786,660</u>	<u>750,657</u>

## 1. GENERAL

The Company is a joint stock limited company established in Beijing, the People's Republic of China (the "PRC") and its H shares are listed on The Stock Exchange of Hong Kong limited (the "Stock Exchange"). Its ultimate holding company is 北京市國有資產經營有限責任公司, 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 "Investors Relations" to the annual report.

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 transferred its listing from the Growth Enterprise Market to the Main Board of the Stock Exchange effective on 21 January 2011.

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

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

In the current year, the Group has applied the following amendments to Hong Kong Financial Report Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
HKAS 1 (Amendments)	As part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012

Except as described below, the adoption of the above amendments to standards in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **Amendments to HKAS 1 Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)**

Various amendments to HKFRSs were issued in June 2012, the title of which is *Annual Improvements to HKFRSs (2009 – 2011 Cycle)*. The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In current year, the Group has reclassified certain items from other income and administrative expenses to other gains and losses, which does not result in a material effect on the information in the consolidated statement of financial position as at 1 January 2011. In accordance with the amendments to HKAS 1, the Group does not present a statement of financial position as at 1 January 2011. The comparative figures of year 2011 have been reclassified to conform to the current year's presentation accordingly.

### **New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised Standards, Amendments and Interpretations (new and revised HKFRSs) and HKAS that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle, except for the amendments to HKAS 1 <sup>1</sup>
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>2</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>4</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2012.

HKFRS 12 disclosure of Interests in Other Entities is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

Except for the disclosure requirements under HKFRS 12 as described above, the directors of the Company anticipate that the application of the above new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

### 3. SEGMENTS INFORMATION

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

CEO for the purpose of resource allocation and assessment of performance, reviewed consolidated profit after taxation and the consolidated revenue (including profit and revenue from discontinued operation) of the Group as a whole prepared in accordance with the Accounting Standards for Business Enterprise of PRC, which has no significant differences as compared with the consolidated profit after taxation and 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 in the PRC and all the revenue of the Group comes from PRC customers. The Group's non-current assets are substantially located in the PRC. Aggregated revenues from government-related entities and the PRC government are approximately RMB511,668,000 (2011: RMB373,113,000). Other than this, the Group has no customer which contributes more than 10% of the Group's consolidated revenue for both years.

#### 4. DISPOSAL OF A SUBSIDIARY

As referred to note 8, on 15 August 2012, the Group disposed of its subsidiaries, Beijing Sports Technology Co., Ltd. (“Sports Technology”) and Beijing Shuिनiao Ticket Co., Ltd. (“Shuिनiao Ticket”), to a fellow subsidiary, Beijing BeiAo Group Co., Ltd., which had been classified as the disposal group under HKFRS 5 as at 31 December 2011.

The disposal of Sports Technology completed on 15 August 2012, on which date the Company’s equity interest in Sports Technology decreased from 45% to 20% and control over which was lost for a cash consideration of RMB9,562,000.

The disposal of Shuिनiao Ticket also completed on 15 August 2012, for a cash consideration of RMB238,000.

Analysis of net assets of the subsidiaries at the date of disposal was as follows:

	<b>Sports Technology</b> <i>RMB’000</i>	<b>Shuिनiao Ticket</b> <i>RMB’000</i>	<b>Total</b> <i>RMB’000</i>
Analysis of assets and liabilities over which control was lost:			
Property, plant and equipment	5,134	–	5,134
Intangible assets	8,617	–	8,617
Amounts due from customers for contract work	777	–	777
Inventories	549	–	549
Trade and other receivables	8,860	–	8,860
Amounts due from fellow subsidiaries	118	–	118
Amounts due from non-controlling shareholders	3,421	–	3,421
Bank balances and cash	15,031	237	15,268
Trade and other payables	(5,821)	–	(5,821)
Amounts due to non-controlling shareholders	(5,587)	–	(5,587)
Customers’ deposits for contract works	(313)	–	(313)
Net assets disposed of	<u>30,786</u>	<u>237</u>	<u>31,023</u>
Cash consideration	9,562	238	9,800
Non-controlling interests	17,201	–	17,201
Fair value of residual interest as an associate	<u>6,256</u>	<u>–</u>	<u>6,256</u>
Gain on disposal ( <i>note 8</i> )	<u>2,233</u>	<u>1</u>	<u>2,234</u>
Net cash outflow arising on disposal:			
Cash consideration received	9,562	238	9,800
Cash outflow arising on disposal	<u>(15,031)</u>	<u>(237)</u>	<u>(15,268)</u>
	<u><u>(5,469)</u></u>	<u><u>1</u></u>	<u><u>(5,468)</u></u>

The impact of Sports Technology and Shuiniiao Ticket on the Group's results and cash flows in the current and prior years is disclosed in note 8.

The loss on disposal is included in the loss for the year from discontinued operations in the consolidated statement of comprehensive income.

## 5. OTHER GAINS AND LOSSES

	<b>2012</b> <b>RMB'000</b>	2011 <i>RMB'000</i>
Continuing Operations:		
Gain on change in fair value of a financial asset at fair value through profit or loss ( <i>note</i> )	<b>13,023</b>	16,737
Gain on disposal of property, plant and equipment	<b>35</b>	25
Gain on disposal of a subsidiary	-	32
Gain on partial disposal of interests in an associate	-	5,676
Allowance for doubtful debts	<u>(4,283)</u>	<u>(1,620)</u>
	<u><b>8,775</b></u>	<u>20,850</u>

### *Note:*

On 13 April 2012, the Company entered into a trust investment agreement with 華能貴誠信託有限公司 (Huaneng Trustee Limited) in which the Company invested RMB175,000,000 in the trust investment managed by Huaneng Trustee Limited (the "Trust Investment") for the period up to 27 December 2012. The Trust Investment invested in fixed income financial instrument. The return of the Trust Investment is expected to be 11% per annum at a maximum. As at 27 December 2012, the principal of the Trust Investment has been settled together with investment income of approximately RMB13,023,000 (2011: RMB16,737,000).

In respect of the Trust Investment, the Company entered into a guarantee agreement with 深圳市金瑞格融資擔保有限公司 (ShenZhen Golden Regal Guarantee Co., Ltd.) which ShenZhen Golden Regal Guarantee Co., Ltd. guaranteed the principal amount and the return of the Trust Investment to be not less than the prevailing time deposit interest rate in the PRC banks. The Company recognised the guarantee fee of RMB1,750,000 as an expense in profit or loss. As at 27 December 2012, the guarantee has been released.



## 6. PROFIT BEFORE TAX

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
CONTINUING OPERATIONS		
Profit before tax has been arrived at after charging:		
Directors' and supervisors' remuneration	1,433	1,304
Other staff costs	130,986	108,183
Other staff's retirement benefit scheme contributions	<u>19,569</u>	<u>12,303</u>
	151,988	121,790
Less: Staff costs included in research and development costs	(21,468)	(13,573)
Staff costs included in cost of sales	<u>(65,508)</u>	<u>(43,592)</u>
	<u>65,012</u>	<u>64,625</u>
Depreciation of property, plant and equipment	34,005	52,548
Depreciation of investment property	<u>3,784</u>	<u>3,784</u>
Total depreciation	37,789	56,332
Less: Depreciation included in research and development costs	(1,473)	(255)
Depreciation included in cost of sales	<u>(25,508)</u>	<u>(43,436)</u>
	<u>10,808</u>	<u>12,641</u>
Operating lease rentals in respect of		
– cable network	45,511	21,552
– office premises	<u>22,525</u>	<u>14,732</u>
	68,036	36,284
Less: Operating lease rentals included in research and development costs	(486)	(686)
Operating lease rentals included in cost of sales	<u>(49,167)</u>	<u>(26,154)</u>
	<u>18,383</u>	<u>9,444</u>
Auditors' remuneration	2,044	2,330
Cost of inventories recognised as expenses	75,647	29,327
Share of tax of associates (included in share of results of associates)	<u>2,414</u>	<u>2,313</u>

## 7. INCOME TAX EXPENSE

The Company was recognised as a High Technology Enterprise (“HTE”) in 2011 and subject to PRC income tax at 15% for three years from 2011 to 2013 in accordance with the Law of the People’s Republic of China on Enterprise Income Tax.

The Company’s subsidiary, Capinfo Technology Development Co., Ltd. (“Capinfo Technology”) was recognised as HTE and approved by The Committee of Beijing Science and Technology. Pursuant to the relevant laws and regulations in the PRC, it is entitled to exemption from income tax for three years, from 2007 to 2009, commencing from the year of operation, and entitled to a 50% relief from income tax for three years, from 2010 to 2012, depending on if the entity could be continued to be entitled as HTE every three years. Capinfo Technology had successfully obtained the title of HTE in 2011, and therefore, it is entitled to a concession tax rate of 12.5% from 2011 to 2013.

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

	2012 <i>RMB’000</i>	2011 <i>RMB’000</i>
<b>Continuing Operations</b>		
The charge comprises:		
PRC enterprise income tax		
Current year	16,423	10,677
Deferred tax credit	<u>(5,007)</u>	<u>(551)</u>
	<b><u>11,416</u></b>	<b><u>10,126</u></b>

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

	2012 <i>RMB’000</i>	2011 <i>RMB’000</i>
Profit before tax from continuing operations	<b><u>97,447</u></b>	<b><u>94,143</u></b>
Tax at applicable income tax rate of 15% (2011: 15%)	14,617	14,121
Tax effect of income not taxable for tax purpose	(480)	(844)
Tax effect of share of result of associates	(1,462)	(1,712)
Tax effect of expenses that are not deductible for tax purpose	761	382
Utilisation of temporary differences previously not recognised	(1,641)	(2,111)
Tax effect of deductible temporary differences not recognised	1,925	–
Utilisation of tax losses previously not recognised	(41)	–
Tax effect of tax losses not recognised	170	47
Tax effect of changes in tax rate of deferred tax assets recognised	(2,335)	275
Tax effect of different tax rates of subsidiaries	<u>(98)</u>	<u>(32)</u>
Tax expense for the year	<b><u>11,416</u></b>	<b><u>10,126</u></b>

## 8. DISCONTINUED OPERATIONS

On 19 December 2011, the Company entered into a share transfer agreement with a fellow subsidiary, Beijing BeiAo Group Co., Ltd., to dispose of two subsidiaries, Sports Technology and Shuiniào Ticket, which carried out operations of all ticket agency service and parts of the Group's technology service of network systems. The disposal was consistent with the Group's long-term policy to focus its activities on the technology service market.

The disposal was completed on 15 August 2012, on which date control of the two subsidiaries was passed to the acquirer.

The profit/loss for the year from discontinued operations is analysed as follows:

	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Loss of Sports Technology for the year	(5,483)	(14,557)
Loss of Shuiniào Ticket for the year	<u>(2)</u>	<u>(1)</u>
	<b><u>(5,485)</u></b>	<b><u>(14,558)</u></b>
Gain on disposal of Sports Technology ( <i>note 4</i> )	2,233	–
Gain on disposal of Shuiniào Ticket ( <i>note 4</i> )	<u>1</u>	<u>–</u>
	<b><u>2,234</u></b>	<b><u>–</u></b>
Total loss for the year from discontinued operations	<b><u>(3,251)</u></b>	<b><u>(14,558)</u></b>

The combined results of discontinued operations for 2011 and during the period from 1 January 2012 up to 15 August 2012, which have been included in the consolidated statement of comprehensive income, were as follows:

	<b>Period ended 2012 RMB'000</b>	Year ended 2011 RMB'000
Profit for the year from discontinued operations		
Revenue	<b>11,965</b>	10,986
Cost of sales	<u>(7,501)</u>	<u>(8,934)</u>
Gross profit	<b>4,464</b>	2,052
Other income	<b>962</b>	3,645
Research and development costs	<b>(950)</b>	(1,260)
Marketing and promotional expenses	<b>(5,574)</b>	(13,414)
Administrative expenses	<u>(4,387)</u>	<u>(5,497)</u>
Loss before tax	<b>(5,485)</b>	(14,474)
Income tax expense	<u>—</u>	<u>(84)</u>
Loss and total comprehensive expense for the year from discontinued operations	<u><b>(5,485)</b></u>	<u><b>(14,558)</b></u>
Loss and total comprehensive expense for the year attributable to:		
Owners of the Company	<b>(2,468)</b>	(6,552)
Non-controlling interests	<u>(3,017)</u>	<u>(8,006)</u>
	<u><b>(5,485)</b></u>	<u><b>(14,558)</b></u>
Gain on disposal of discontinued operations ( <i>note 4</i> )	<u><b>2,234</b></u>	—
Total loss for the year from discontinued operations	<u><b>(3,251)</b></u>	<u><b>(14,558)</b></u>

Profit for the year from discontinued operations include the following:

	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Interest income	(43)	(86)
Government grants	(961)	(3,559)
Operating lease rentals in respect of		
– cable network	87	277
– office premises	929	1,894
	<u>1,016</u>	2,171
Staff costs	5,479	10,286
Staff's retirement benefit scheme contributions	500	746
	<u>5,979</u>	11,032
Less: Staff costs included in research and development costs	(328)	(1,181)
Staff costs included in cost of sales	(1,098)	(3,085)
	<u>4,553</u>	<u>6,766</u>

The major classes of assets and liabilities of discontinued operations at 31 December 2011, which have been presented separately in the consolidated statement of financial position, are as follows:

	<b>2011</b> <i>RMB'000</i>
<u>Assets and liabilities reclassified as held for sale</u>	
Property, plant and equipment	6,298
Intangible asset	9,350
Inventories	482
Trade and other receivables	5,915
Amounts due from customers for contract works	455
Amounts due from non-controlling shareholders	1,346
Amounts due from a fellow subsidiary	118
Bank balances and cash	18,143
	<u>42,107</u>
Total assets classified as held for sale	<u>42,107</u>
Trade and other payables	(5,157)
Customer deposits for contract works	(227)
	<u>(5,384)</u>
Total liabilities associated with assets classified as held for sale	<u>(5,384)</u>

During the year, discontinued operations had cash out flows of RMB2,827,000 (2011: RMB17,418,000), RMB47,000 (2011: RMB65,112,000) and RMB Nil (2011: RMB34,368,000) in respect of their operating activities, investing activities and financing activities.

The carrying amounts of the assets and liabilities of discontinued operations at the date of disposal are disclosed in note 4.

## 9. DIVIDENDS

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
2010 Final – RMB1.15 cents per share	–	33,297
2011 Final – RMB1.20 cents per share	<u>34,792</u>	<u>–</u>
	<u><u>34,792</u></u>	<u><u>33,297</u></u>

Subsequent to the end of the reporting period, a final dividend of RMB1.30 cents per share in respect of the year ended 31 December 2012 (2011: final dividend of RMB1.20 cents per share in respect of the year ended 31 December 2011) in total of approximately RMB37,675,000 (2011:RMB34,792,000) has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

## 10. EARNINGS (LOSSES) PER SHARE

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

### For continuing and discontinued operations

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>85,587</u>	<u>77,540</u>
<b>Number of shares</b>	2012	2011
Number of ordinary shares for the purpose of basic earnings per share	2,898,086,091	2,898,086,091
Effect of dilutive potential ordinary shares: issuable under the Company's share option scheme	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>2,898,086,091</u></u>	<u><u>2,898,086,091</u></u>

The calculation of diluted earnings per share did not take into account the exercise of the share options of the Company because the exercise price of the Company's share options was higher than the average market price of the Company's shares for the year of 2011 and 2012.

### **From continuing operations**

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

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Earning figures are calculated as follows:		
Profit for the year attributable to owners of the company	<b>85,587</b>	77,540
Add: loss from discontinued operations	<b>386</b>	6,552
	<hr/>	<hr/>
Earnings for the purpose of calculating basic earnings per share from continuing operations	<b><u>85,973</u></b>	<u>84,092</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

### **From discontinued operations**

Basic and diluted losses per share for discontinued operations for 2012 is RMB0.01 cent per share (2011: basic and diluted losses per share of RMB0.22 cent per share), based on the loss for the year from discontinued operations of RMB386,000 (2011: loss of RMB6,552,000) attributable to owners of the Company, and the denominators detailed above for both basic and diluted earnings per share. For the purpose of diluted losses per share from discontinued operations, the effect of outstanding share options of the Company is not considered because the effect is anti-dilutive.

## **11. INVENTORIES**

The inventories comprise of consumables and spare parts at the end of the year.

## 12. TRADE AND OTHER RECEIVABLES

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Total trade receivables	45,277	71,878
Less: Allowance for doubtful debts	<u>(14,049)</u>	<u>(9,780)</u>
	31,228	62,098
Less: Non-current portion which is shown in non-current assets (note)	<u>–</u>	<u>(1,700)</u>
	31,228	60,398
Other receivables and prepayments	42,719	14,874
Deposits for technology service projects	39,898	19,826
Less: Allowance for doubtful debts	<u>(1,823)</u>	<u>(1,809)</u>
	<u>80,794</u>	<u>32,891</u>
Trade and other receivables shown in current assets	<u><b>112,022</b></u>	<u><b>93,289</b></u>

The Group allows an average credit period of 180 days to its trade customers. The following is an aging analysis of trade receivables at the end of the year, presented based on the date of delivery of goods or the billing date of contract works and net of allowance for doubtful debts:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
0 to 60 days	25,035	51,696
61 to 90 days	37	–
91 to 180 days	1,937	3,464
Over 180 days	<u>4,219</u>	<u>6,938</u>
	31,228	62,098
Less: Non-current portion classified as non-current assets (note)	<u>–</u>	<u>(1,700)</u>
	<u><b>31,228</b></u>	<u><b>60,398</b></u>

*Note:* Included in the balance of trade receivables at 31 December 2012 was a trade receivable with the original balance of approximately RMB10,879,000 which will be settled by five equal annual installments from 1 July 2009 to 1 July 2013 in accordance with the terms of payment of the contract with a customer. As at 31 December 2012, the remaining balance of that trade receivable is approximately RMB1,938,000 (2011: RMB4,118,000), with current portion of RMB1,938,000 (2011: RMB2,418,000) and non-current portion of Nil (2011: RMB1,700,000). The effective interest rate applied on this receivable is 5.76% per annum.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB Nil (2011: RMB2,820,000) which are past due as at the reporting date for which the Group has not provided for impairment loss over these balances.



Movements in the allowance for the doubtful debts:

	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Balance at beginning of the year	<b>11,589</b>	9,969
Impairment losses recognised during the year	<u><b>4,283</b></u>	<u>1,620</u>
Balance at end of the year	<u><u><b>15,872</b></u></u>	<u><u>11,589</u></u>

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

Included in the allowance for doubtful debts are individually impaired trade receivables which aged over one year with an aggregate balance of RMB13,464,000 (2011: RMB9,379,000).

### 13. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Contracts in progress at the end of the reporting period:		
Contract costs incurred to date	<b>195,312</b>	137,116
Recognised profits less recognised losses	<u><b>38,335</b></u>	<u>66,819</u>
	<b>233,647</b>	203,935
Less: Progress billings	<u><b>(295,577)</b></u>	<u>(265,809)</u>
	<u><u><b>(61,930)</b></u></u>	<u><u>(61,874)</u></u>
Analysed for reporting purposes as:		
Amounts due from customers for contract works	<b>81,496</b>	41,939
Customer deposits for contract works	<u><b>(143,426)</b></u>	<u>(103,813)</u>
	<u><u><b>(61,930)</b></u></u>	<u><u>(61,874)</u></u>

#### 14. TRADE AND OTHER PAYABLES

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Trade payables	56,218	19,394
Deferred income arising from government grants ( <i>Note</i> )	7,939	4,002
Other payables	46,866	34,230
Accrued expenses	38,022	33,144
Payroll and welfare payables	25,033	13,855
Advance from customers	980	817
	<u>175,058</u>	<u>105,442</u>

*Note:* The balance arises as a result of the benefit received from the government. The Group received government grants of RMB11,082,000 and released RMB7,145,000 (2011: RMB4,888,000) in other income in the current period.

The following is an aged analysis of trade payables at the end of the reporting period, which presented based on the invoice date:

Age	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
0 to 60 days	33,470	6,045
61 to 90 days	471	305
91 to 180 days	2,397	1,090
Over 180 days	19,880	11,954
	<u>56,218</u>	<u>19,394</u>

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

#### 15. LOAN FROM GOVERNMENT

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Carrying amount repayable on demand and shown under current liabilities	<u>4,540</u>	<u>5,450</u>

The loan was granted by the Finance Bureau of Beijing, denominated in Renminbi, unsecured and bears interest at an interest rate of 3.59% (2011: 3.09%) per annum and repayable on demand.

## 16. SHARE CAPITAL

	Number of shares		Issued and fully paid <i>RMB'000</i>
	Domestic shares	H shares	
Balance of share capital of RMB0.10 each at 1 January 2011, 31 December 2011 and 31 December 2012	2,123,588,091	774,498,000	289,809

## 17. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non- controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Retained profits	Total	Total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
At 1 January 2011	289,809	254,079	6,961	27,329	113,344	691,522	30,183	721,705	
Profit and total comprehensive income for the year	-	-	-	-	77,540	77,540	(8,081)	69,459	
Dividend recognised as distribution ( <i>note 9</i> )	-	-	-	-	(33,297)	(33,297)	-	(33,297)	
Profit appropriations	-	-	-	7,127	(7,127)	-	-	-	
Disposal of a subsidiary	-	-	-	-	-	-	(1,994)	(1,994)	
Transfer due to liquidation of an associate	-	-	(5,216)	-	-	(5,216)	-	(5,216)	
At 31 December 2011	289,809	254,079	1,745	34,456	150,460	730,549	20,108	750,657	
Profit and total comprehensive income for the year	-	-	-	-	85,587	85,587	(2,807)	82,780	
Dividend recognised as distribution ( <i>note 9</i> )	-	-	-	-	(34,792)	(34,792)	-	(34,792)	
Profit appropriations	-	-	-	6,743	(6,743)	-	-	-	
Disposal of subsidiaries ( <i>note 4</i> )	-	-	(1,745)	(890)	2,635	-	(17,201)	(17,201)	
Others	-	-	-	-	5,216	5,216	-	5,216	
At 31 December 2012	289,809	254,079	-	40,309	202,363	786,560	100	786,660	

**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 2012, 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 Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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

Name	Capacity	Number of H Shares subject to options outstanding as of 31 December 2012	
		Granted under the Share Option Scheme	Approximate percentage to the issued H share capital
Dr. Wang Xu	Executive Director (Chief Executive Officer)	1,466,000	0.19%
Mr. Pan Jiaren	Non-executive Director	1,466,000	0.19%
Ms. Xu Xiangyan	Supervisor	<u>459,000</u>	<u>0.06%</u>
		<u><u>3,391,000</u></u>	<u><u>0.44%</u></u>

*Note:* Qi Qigong (a Director) and Liu Jian (Chairman of the board of Supervisors) retired after conclusion of the annual general meeting held on 19 June 2012, thus the 1,466,000 options held by each of them automatically lapsed after three months of their retirement.

All of the above-mentioned share options granted under the share option scheme of the Company 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 2012:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Nature of interests</b>	<b>Approximate percentage to the issued share capital</b>
Beijing State-owned Assets Management Co., Ltd.	1,834,541,756 domestic shares	Beneficial owner	63.31%

**BUSINESS REVIEW**

The growth of China's macro-economy slowed down in 2012. In face of the complex and volatile economic environment, the Group kept reinforcing its market competitiveness and innovation capability. The organisational structure and innovation in management were also improved while rapid and healthy expansion of business was maintained. Breakthroughs were achieved in such key aspects of smart city as city service and management, medical services and people's livelihood. During the year, the Group recorded a turnover of approximately RMB526.1 million, representing an increase of approximately 35.40% over the corresponding period of last year. Profit attributable to shareholders amounted to approximately RMB85.6 million, representing an increase of approximately 10.38% over the corresponding period of last year. The rapid growth of the above performance indicators has laid a solid foundation for the Group in achieving the objectives of its strategic planning.

## **A. Smart city service and management**

During the year, the traditional core businesses of smart city including E-Government network and “Beijing-China” website clusters ran stably. The Group has helped its clients in achieving innovation in various businesses by means of new technologies like cloud computing.

The Beijing Wireless Government Internet of Things Project (“Internet of Things”) which was invested, established, operated and managed by the Group was under smooth progress during the year, and it has become one of the fundamental information technology resources of the Group in providing smart city services. As at 31 December 2012, 209 base stations have been established under the Internet of Things, preliminarily achieving 85% of coverage of all districts encompassable by the Fifth Ring Road in Beijing, and being able to accommodate the application of large-scale Internet of Things in Beijing. Leveraging on the Internet of Things, the Group has also invested, established and operated the management system for parking on roadsides in Beijing. In July 2012, the Group invested RMB20.0 million in establishing Beijing Parking Management Centre Company Limited (北京市停車管理中心有限公司) to be in charge of the establishment and operation of the system.

In 2012, 64% of the contractual amount of bids won and newly signed projects came from the sub-segment – the city service and management, among which city environment management based on the Internet of Things technology, safe city video surveillance and other city management and service systems accounted for 30%, 24% and 10% respectively. The Company’s market share in smart city business grew further. The Company currently provides comprehensive solutions in the key areas of smart city such as non-emergency assistance services, contingency control, social order control, crime investigation by public security, city administration and environment management, traffic management, resources and ecological environment control and control on safe production. An increasing number of these systems have become the important infrastructure for comprehensive city management and public services. During the year, the Company provided technical support for Yanqing County in Beijing in respect of the establishment and operation of the management platform of the county’s smart city project. This project is the Company’s typical example of comprehensive solutions for smart city which is based on the technology of the Internet of Things.

## **B. Smart People’s Livelihood**

As at 31 December 2012, the Beijing Medical Insurance Information System and the Social Security Card System invested, established and operated by the Group run smoothly covering 12.0 million users. The Social Security Card service system kept improving.

The Group continued to provide operation and maintenance services for Housing Fund Management System in Beijing during the year. Leveraging on the outstanding software system of the Housing Fund as well as the well-found operation system, the Group won the bid for Guangzhou Housing Fund Management Centre and was named the main contractor in July 2012, which further reinforced the Group’s market position in the area of housing information services. In September 2012, with the aim of continuing to improve the localization of service capability, the Group set up a Nanning Project Office in the South China region where a solid marketing foundation has been established, and gradually

expanded its business to surrounding regions. Currently, the Group has successfully obtained new projects concerning the development of core Housing Fund business system and the related operation and maintenance business in various cities located in Guangdong, Guangxi and Hebei Provinces, laying a solid foundation for the Group to establish smart city service network across China.

During the year, the Group continued to provide operation and maintenance services to the information network system of Beijing community services and actively expanded smart community markets across the whole country. Through providing smart community services to community clients in various regions including the Beijing Municipal, Guangdong and Jiangxi Provinces, the Group gained recognition of high technology and service standard.

### **C. Smart medical service**

In April 2012, the Group introduced “Beijing hospital medical cards” (「京醫通」) service system after forging a cooperation relationship with Bank of Beijing, providing payment settlement services to non-insured patients in Beijing. Through the social security cards and Beijing hospital medical cards, the Group further expanded its service scope from the insured patients in Beijing to cover all the patients in Beijing, to benefit the general public with quick and convenient smart medical services.

During the year, the Group put great emphasis on the research and development of smart medical services. In March 2012, by leveraging on the advantage of importing of foreign talents of the Beijing Municipal, the Group collaborated with San José State University in the U.S. in setting up the “Medical and Health Care Information Engineering Center” (醫療衛生信息化工程中心) and was responsible for the top-design of electronic medical record and health record systems. While the smart medical system demonstrated significant importance in HIS upgrading works of pilot hospitals in the Beijing Municipal, the Group entered into service agreements with 42 hospitals on the provision of IT value-added service. Through developing smart medical services, the Group successfully established service network for hospitals in the Beijing Municipal.

### **D. Cloud service**

Due to the deepening of service content of the government, there has been a closer connection between smart city construction and cloud computing. During the year, by placing great emphasis on cloud computing as an important direction of future technical innovations, the Group put more effort into the layout, investment and development of cloud computing. Through investing on the construction of the e-Government Internet Cloud Platform namely “Cloud Platform” (「雲平台」), the Group set up around 800 virtual machines, 150T of storage scale to provide cloud computing services including cloud hosts and back-up services, Internet and security services, government application services, system deployment, operation and maintenance services. In April 2012, due to the smooth implementation of “Vanguard of Party Members Voting System” (「我身邊的黨員先鋒投票系統」) of the Organizational Department of the CPC Beijing Municipal Committee and the website system of the Beijing Municipal Family Planning Commission on the “Cloud Platform”, the efficient deployment and stable operation of the system was fully verified. During the year, the Group started to provide cloud computing solutions to clients in systems including “Beijing-China” (首都之窗) website clusters, state-owned enterprises



supervision system of State-owned Assets Supervision and Administration Commission of the People's Government of Beijing and agricultural products sourcing management system, laying the foundation for the Group in adopting an innovative commercial model of service-oriented software in the future.

## **E. Consultancy, planning and product R&D**

During the year, the Group enhanced its IT consultancy service ability through tapping into current clients by providing IT consultancy service and seeking for high-end clients. For the year, the Group has completed nearly 50 projects of consultancy services including informational top-design, strategy planning and feasibility research as preliminary work in order to increase sales order.

During the year, the Group placed great importance on organizational restructuring. Through fully utilizing the well-established payment settlement system and service capability of traditional core business, the Group has successfully built a horizontal support platform for market expansion in the industry and focused on enhancing its ability of R&D, consolidation, reuse and commercialization of smart city solutions. 7 of the Group's developed software products including the "Capinfo Weibo Information Management and Release System Software" (「首信微博信息管理發佈系統軟件」) and "Capinfo Housing Fund Finance Account Software" (「首信住房公積金財務核算軟件」) have obtained the Computer Software Copyright Registration Certificate issued by the National Copyright Administration of China.

In 2012, the Group actively involved in research work including "the R&D, Demonstration and Application of the Applied Support Platform of the Internet of Things of the Beijing Municipal" (「北京市物聯網應用支撐平台研發和示範應用」) of The Ministry of Science and Technology of China, the Collaboration Innovation Project of Haidian District, Beijing named "The R&D, Demonstration and Application and Industrialization of the Equipment and Business Support System based on TD-LTE" (「基於TD-LTE的設備和業務支撐系統研發、應用示範及其產業化」) and the "Cloud Computing Standards of the Beijing Municipal" (「北京市雲計算標準規範」). As a result, the Group has seized future commercial opportunities through technology and standards development.

## **HUMAN RESOURCES**

During the year, the Group put great effort into talents training, career development and construction of a learning enterprise. Capinfo Institute set 90 training courses including orientation, corporate management training, professional skills training and professional ethics training, attracting a total of 2,948 participants this year.

The Group had a total of 1,253 employees (2011: 1,081 employees). The staff cost was approximately RMB152.0 million (2011: RMB121.8 million) in the continuing operations.

## **PROSPECTS**

Being the third year of the implementation of the "Twelfth Five-year Plan" strategy, the year of 2013 will be a critical year for the Group to achieve continuous strategic development.



Currently, information technology has started to develop rapidly in China. Within a few years in the future, there will be golden opportunities for the development in smart city industry. As China has already proposed that new urbanization construction should be speeded up, important application projects and information-based facilities included in smart city development will be one of core components of urbanization. While clients are having higher requirements on suppliers providing comprehensive solutions of smart city, the Group has now been equipped with better experience, being in line with the Group's development strategy of "high-end IT services, service-oriented software products, value-added project operations, professional industry expansion, and standardized mergers and acquisitions". Hence, the Group will seize the golden opportunities for realizing the innovation of business models and upgrading of business value, in order to enhance the overall profitability of the Group in reliance on the capital market. While maintaining our market position in different sub-segments in main industries, the Group will continue to open new markets so as to realize the rapid growth in our business scale and economic benefits, striving for higher values for the shareholders.

## **FINANCIAL REVIEW**

In 2012, the Group proactively participated in the smart city development by demonstrating its distinguished advantages and promoting management innovation, so as to maintain a positive development momentum. The Group's various main operational indicators also showed significant growth compared to the corresponding period of last year. As of 31 December 2012, the Group recorded a turnover of approximately RMB526.1 million, representing an increase of approximately 35.40% over last year.

## **BUSINESS REVENUE**

In accordance with the industry characteristics, revenue was recognised using the percentage of completion method. In 2012, the revenue of the majority of the projects of the Group was fully recognised, while certain projects has not yet completed and thus the revenue was not fully recognised. During the year, accumulated net revenue from traditional core businesses including the Medical Insurance Information System Project, the Social Security Card System Project, the e-Government Network Project, the Internet of Things Project, the Community Service Information Network System Project and the Beijing-China Website Clusters Project was approximately RMB304.2 million, representing an increase of approximately 16.48% over that of last year and accounted for approximately 57.82% of revenue from principal businesses.

For the year under review, the Group recorded a gross profit of approximately RMB191.0 million, representing an increase of approximately 33.68% over that of last year, and a gross profit margin of 36.31%, representing a decrease of approximately 0.46 percentage points as compared with 36.77% for last year. The decrease in gross profit margin was mainly because that the revenue and costs of the projects which commenced in 2012 and were not yet completed were brought forward with zero gross profit.

Net revenue from smart city related business (other than core businesses) was approximately RMB221.9 million, representing an increase of approximately 73.43% over that of last year and accounted for approximately 42.18% of revenue from principal businesses. Revenue was mainly derived from Housing Fund management system business and smart city related businesses. The rapid growth in these businesses was the major contributing factor to the improvement of the overall performance.

Other income was approximately RMB17.6 million, representing an increase of approximately 3.31% over that of last year. Such revenue mainly derived from topic research and development, property rental and interest income. The increase was mainly attributable to the increase in the income from topic research and development projects which received subsidies from the government.

Other gains or losses was approximately RMB8.8 million, representing a decrease of approximately 57.91% over that of last year, mainly derived from gain from entrusted investment, impairment loss on assets and net loss on disposal of fixed assets. The decrease was mainly due to the decrease in gain from entrusted investment, increase in impairment loss on assets and the effect of premium from the capital increase by Beijing Certificate Authority Co., Ltd (“BJCA”) over the corresponding period of last year.

## **SHAREHOLDER’S EQUITY**

The profit attributable to owners of the Group for the year under review was approximately RMB85.6 million, representing an increase of approximately 10.38% over that of last year.

## **CURRENT RATIO AND NET GEARING RATIO**

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 net gearing ratio, defined as total borrowing over net assets, stayed at a relatively low level of less than 1%. Both ratios reflected the sufficiency in financial resources of the Group.

## **LOAN BORROWING AND CASH AND BANK DEPOSITS**

The Group had unsecured loan borrowing of approximately RMB4.5 million in 2012, which was applied for construction of e-commercial platform from Beijing Finance Bureau in 2002 bearing interests at an average annualized interest rate of approximately 3.59%. Bank deposits, bank balance and cash of approximately RMB608.5 million of the Group were mainly derived from operating activities, representing a decrease of about 1.82% over that of last year.

## **CAPITAL COMMITMENT AND PLEDGE OF ASSETS**

The Group had capital commitment of approximately RMB116.8 million, representing an increase of approximately 397.83% over that of last year, which was attributable to the large amount of future capital investment for the construction project of Internet of Things. The Group had no assets pledged and had no significant contingent liabilities. The Group’s financial position was not exposed to fluctuations in exchange rates or any related hedges.

## **EQUITY INVESTMENTS**

In 2012, the Company's income from equity investments in associates was approximately RMB9.7 million, representing a decrease of approximately 14.58% over that of last year, which was mainly due to the decrease in the proportion of shareholding in BJCA (an associate of the Company) and the recognition of the share of loss of Sports Technology after it became an associate during the year.

## **INCOME TAX**

As at the date of this report, the Company was jointly recognised as High-Technology Enterprises by the Committee of Beijing Science and Technology, Beijing Finance Bureau, Beijing Municipal Office of State Administration of Taxation and Beijing Local Taxation Bureau subject to a tax rate of 15%. During the year, the income tax expense of the Group was approximately RMB11.4 million, representing an increase of approximately 12.74% over last year. The increase was mainly due to the improvement in the overall profitability of the Group.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held at Conference Room, 15th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC on Wednesday, 19 June 2013 at 9:30 a.m. ("AGM"). The notice of AGM will be published and despatched to shareholders of the Company in due course pursuant to the requirements of the Listing Rules.

## **DIVIDEND**

Owing to a fair result, strong cash flow of business including recurrent business, the Board has recommended the payment of a final cash dividend of RMB1.30 cents per share totaling approximately RMB37.7 million for the year ended 31 December 2012 (2011: RMB1.20 cents per share) to the shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Wednesday, 3 July 2013. Payment of dividends is subject to the approval by the shareholders at the AGM. Payment of dividends will be made on or before Monday, 30 September 2013.

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementing rules which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H share register of shareholders of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore the dividend payable therein will be subject to the withholding of the corporate income tax.

The Company will withhold 10% of the dividend to be distributed to the individual holders of H shares of the Company as individual income tax unless otherwise specified by the tax regulations and relevant tax agreements, in which case the Company will withhold individual income tax of such dividend at the tax rates and according to the procedures as specified by the relevant regulations.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 20 May 2013 to Wednesday, 19 June 2013 (both days inclusive), during which no transfer of shares will be effected for the purpose of ascertaining the shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged by the shareholders with the Company's H share registrar and transfer office, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Thursday, 16 May 2013.

Subject to the approval of the shareholders at the AGM for the resolution regarding the proposed payment of final dividend, the register of members of the Company will also be closed from Tuesday, 25 June 2013 to Wednesday, 3 July 2013 (both days inclusive), during which no transfer of shares will be effected for the purpose of ascertaining the shareholders' entitlement to the proposed final dividend. In order to be qualify for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged by the shareholders with the Company's H share registrar and transfer office, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable to H shares); or the Company at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, The People's Republic of China (applicable to domestic shares) on or before 4:30 p.m. on Monday, 24 June 2013.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Group is committed to achieving and maintaining statutory and regulatory standards and adherence to the principles of corporate governance. The Group has complied with all the code provisions (Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012)) as set out in Appendix 14 of the Listing Rules, except the following:

Due to other business engagements, independent non-executive directors Mr. Chen Jing and Dr. Wang Huacheng and non-executive directors Ms. Li Zhi and Dr. Qi Qigong were unable to attend the Company's annual general meeting held on 19 June 2012. Dr. Wang Huacheng, Ms. Li Zhi and Dr. Qi Qigong retired upon conclusion of the said annual general meeting.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Group 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 Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings and the Group's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2012.

## **PURCHASE, SALE AND REPURCHASE OF THE COMPANY'S SHARES**

The Company did not repurchase any of its listed shares during the year ended 31 December 2012. During the year ended 31 December 2012, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## **AUDIT COMMITTEE**

The Group has established an audit committee with written terms of reference. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises four members, namely Ms. Zhou Liye, Mr. Chen Jing, Mr. Zeng Xianggao and Mr. Gong Zhiqiang. All of them are independent non-executive Directors. The chairman of the audit committee is Ms. Zhou Liye.

The audit committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2012, including the accounting principles and practices adopted by the Group and the identification and appointment of external auditors.

## **INTERNAL CONTROL**

The Board conducted regular reviews on the internal control system of the Group to ensure the relevant system is effective and adequate. The Board convened meetings regularly to discuss financial, operational and risk management control.

## **PUBLISHING RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE**

The Group's annual report for the year ended 31 December 2012 which sets out all information required by the Listing Rules will be despatched to the Company's shareholders and available for inspection on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.capinfo.com.cn](http://www.capinfo.com.cn)) in due course.

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

Beijing, the People's Republic of China, 22 March 2013

*As of the date hereof, the executive director of the Company is Dr. Wang Xu; the non-executive directors of the Company are Mr. Xu Zhe, Ms. Zhang Kaihua, Mr. Lu Lei, Mr. Pan Jiaren, Mr. Shi Hongyin, Ms. Hu Sha and Ms. Lu Xiaobing and the independent non-executive directors of the Company are Mr. Chen Jing, Ms. Zhou Liye, Mr. Zeng Xianggao and Mr. Gong Zhiqiang.*

\* *For identification purpose only*