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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which these companies operate. Prospective 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 characteristics 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at "www.hkgem.com" in order to obtain up-to-date information on GEM-listed issuers.

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 an unaudited turnover of approximately RMB29.95 million for the three months ended 31st March, 2008;
- The Group sustained an unaudited profit attributable to the equity holders of the Company of approximately RMB0.3 million for the three months ended 31st March, 2008;
- The Board does not recommend the payment of an interim dividend for the three months ended 31st March, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The board of Directors (the "Board") of Capinfo Company Limited (the "Company") announces that, for the three months ended 31st March, 2008, the Company and its subsidiaries (collectively the "Group") recorded an unaudited turnover of approximately RMB29.95 million, representing a decrease of approximately 13% over the same period of last year, and a gross profit margin of 35%, as compared with 25% for the same period of last year. The Group has sustained an unaudited profit attributable to equity holders of the Company of approximately RMB0.3 million for the period under review as against loss attributable to equity holders of the Company of approximately RMB5.1 million for the same period of last year.

The decrease in turnover for the period under review was mainly attributable to the decrease in recognition of revenue from e-Government business. The increase in gross profit margin in the period under review was attributable to the increase in recognition of gross profit of projects in relation to e- Government business.

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

The Group's current ratio, defined as total current assets over total current liabilities, remained at a relatively high level at 3.4 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 31st March, 2008, the Group had unsecured borrowings of RMB9.09 million. Cash and bank deposits of the Group as at 31st March, 2008 mainly came from shareholders' contribution and working capital generated from operations.

As at 31st March, 2008, the Group had no assets pledged and had no significant contingent liabilities.

As at 31st March, 2008, the Group had capital commitment of approximately RMB26.9 million.

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

Business Review

1. *Foundation Businesses*

During the period, various businesses of the Group progressed steadily. The operation of E-Government Private Network (電子政務專網) was stable, and various attributes reached their expected quality targets. The Beijing Medical Information System uploaded the out-patient data of 1,400 hospitals, which strived for a comprehensive inter-linkage and inter-connection for the Beijing Medical Information System. Leveraging on its experiences in network provision and maintenance, Beijing Official Portal successfully completed the live broadcast of "The Two Meetings" and the network provision and maintenance service of the safety drills before the "Olympic".

2. *Research and Development*

The Group's "Beijing 2008 Olympic Multilingual Services" was supported by Zhongguancun Science Park Olympic Projects, and our "Non-emergency Rescue Service System" was awarded the "Changfeng 2007 Top 10 Best for Information Application in Beijing". Meanwhile, the Group formally became the official and exclusive IT strategic partner of the "2008 Tennis Beijing" event.

3. *Business Development and Future Prospects*

In view of the Group's existing platform resources, the room for future growth is enormous. In addition to develop our foundation businesses, the Group continued to innovate new businesses and strived to successfully complete the works of technological maintenance during the "Olympic" period in order to make great strides in development for the Group's overall size of operation in 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31st March, 2008

	NOTES	Three months ended	
		31.3.2008 RMB'000 (Unaudited)	31.3.2007 RMB'000 (Unaudited)
Turnover	4	29,951	34,411
Cost of sales		(19,603)	(25,877)
Gross profit		10,348	8,534
Gain on disposal of a subsidiary	5	1,777	–
Other income		2,633	2,472
Fair value gain on investments held for trading		63	3,511
Research and development costs		(1,170)	(4,435)
Marketing and promotional expenses		(2,360)	(1,816)
Administrative expenses		(9,278)	(11,544)
Interest on other loan wholly repayable within five years		(64)	(64)
Share of losses of associates		(1,925)	(2,605)
Profit (loss) before taxation	6	24	(5,947)
Income tax	7	(3)	91
Profit (loss) for the period		21	(5,856)
Attributable to:			
Equity holders of the Company		295	(5,067)
Minority interests		(274)	(789)
		21	(5,856)
Earning (loss) per share – Basic	9	0.01 cent	(0.17 cent)

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st March, 2008

	<i>NOTES</i>	31.3.2008 RMB'000 (Unaudited)	31.12.2007 <i>RMB'000</i> (audited)
Non-current assets			
Property, plant and equipment	10	219,421	227,158
Interests in associates		27,823	29,748
Available-for-sale investments		1,350	1,350
Deposits paid on acquisition of property, plant and equipment		10,226	2,363
		258,820	260,619
Current assets			
Inventories		3,043	1,127
Amounts due from customers for contract works		48,360	30,268
Trade and other receivables	11	66,942	38,171
Amounts due from associates		–	316
Pledged bank deposits		10,800	10,800
Bank balances and cash		377,847	445,677
		506,992	526,359
Current liabilities			
Trade and other payables	12	73,748	103,496
Amounts due to associates		643	643
Customer deposits for contract works		62,653	51,691
Current income tax liabilities		5,359	7,794
Other loan		9,090	9,090
		151,493	172,714
Net current assets		355,499	353,645
		614,319	614,264

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

At 31st March, 2008

	<i>NOTES</i>	31.3.2008 RMB'000 (Unaudited)	31.12.2007 <i>RMB'000</i> (audited)
Capital and reserves			
Share capital	13	289,809	289,809
Reserves		322,467	322,172
Equity attributable to equity holders of the Company		612,276	611,981
Minority interests		2,043	2,283
Total equity		614,319	614,264

The interim financial information on pages 7 to 19 was approved and authorised for issue by the Board of Directors on 13th May, 2008 and is signed on its behalf by:

Mr. Li Minji
CHAIRMAN

Dr. Wang Xu
CHIEF EXECUTIVE OFFICER

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31st March, 2008

	Attributable to equity holders of the Company							Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Accumulated profit	Total	Minority interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1st January, 2007	289,809	254,079	–	2,918	12,852	559,658	3,001	562,659
Loss for the period and total recognised loss for the period	–	–	–	–	(5,067)	(5,067)	(789)	(5,856)
At 31st March, 2007	289,809	254,079	–	2,918	7,785	554,591	2,212	556,803
At 1st January, 2008	289,809	254,079	5,216	9,532	53,345	611,981	2,283	614,264
Profit (loss) for the period and total recognised profit (loss) for the period	–	–	–	–	295	295	(274)	21
Disposal of a subsidiary	–	–	–	–	–	–	34	34
At 31st March, 2008	289,809	254,079	5,216	9,532	53,640	612,276	2,043	614,319

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the three months ended 31st March, 2008

		Three months ended	
	<i>NOTE</i>	31.3.2008	31.3.2007
		RMB'000	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Net cash used in operating activities		(58,073)	(28,904)
Net cash used in investing activities			
Cash paid for purchase of property, plant and equipment		(3,875)	(4,700)
Deposits paid on acquisition of property, plant and equipment		(7,863)	(3,637)
Decrease in bank deposits for investing purpose		–	1,948
Proceeds from disposal of a subsidiary	5	505	–
Other investing cash flows		1,476	928
		(9,757)	(5,461)
Net cash used in financing activities		–	(64)
Net decrease in cash and cash equivalents		(67,830)	(34,429)
Cash and cash equivalents at beginning of the period		445,677	341,485
Cash and cash equivalents at end of the period, represented by bank balances and cash		377,847	307,056

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March, 2008

1. GENERAL

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

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st January, 2008. The adoption of the new Interpretations had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions ¹
HK(IFRIC)-Int 12	Service Concession Arrangements ²
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 March 2007

² Effective for annual periods beginning on or after 1 January 2008

3. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not early applied the following new, revised or amended Standards and Interpretation that have been issued by the HKICPA but are not yet effective on 1st January, 2008:

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1 January 2009

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

³ Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these new, revised or amended Standards and Interpretation will have no material impact on the results and the financial position of the Group.

4. BUSINESS SEGMENTS

For management purposes, the Group's operations are organised into two operating divisions namely e-Government technology services and e-Commerce technology services. These divisions are the basis on which the Group reports its primary segment information.

Business segments for the period are as follows:

	Three months ended 31.3.2008		Three months ended 31.3.2007	
	Turnover RMB'000	Result RMB'000	Turnover RMB'000	Result RMB'000
e-Government technology services	28,716	5,891	31,704	4,281
e-Commerce technology services	1,235	(2,438)	2,707	(4,686)
	29,951	3,453	34,411	(405)
Other income		2,633		2,472
Fair value gain on investments held for trading		63		3,511
Gain on disposal of a subsidiary		1,777		–
Unallocated administrative expenses		(5,913)		(8,856)
Interest on other loan wholly repayable within five years		(64)		(64)
Share of losses of associates engaged in other businesses		(1,925)		(2,605)
Profit (loss) before taxation		24		(5,947)
Income tax		(3)		91
Profit (loss) for the period		21		(5,856)

5. DISPOSAL OF A SUBSIDIARY

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 loss of this subsidiary for the period ended 31st March, 2007 was RMB978,000.

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

	15.01.2008
	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	521
Other receivable (<i>Note</i>)	<u>1,214</u>
	<u><u>1,735</u></u>
Net cash inflow arising on disposal:	
Cash consideration	521
Bank balances and cash disposal of	<u>(16)</u>
	<u><u>505</u></u>

Note: Remaining cash consideration of RMB1,214,000 has not been paid as of 31st March, 2008 and is included in the other receivable as at 31st March, 2008. The amount shall be paid when the local Administrative Bureau of Industry and Commerce approved the registration of the change of shareholders of the company.

6. PROFIT (LOSS) BEFORE TAXATION

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

	Three months ended	
	31.3.2008	31.3.2007
	RMB'000	RMB'000
Depreciation	10,341	9,018
Less: Depreciation included in		
– research and development expenses	(73)	(326)
– contract work	(6,032)	(7,266)
	4,236	1,426
(Reversal) of allowance for inventories included		
in the cost of sales	(139)	1,160
Allowance for doubtful debts	1,085	787
Government grants	(812)	(1,417)
Interest income from bank deposits	(1,476)	(492)
Dividend received from available-for-sale investment	–	(386)
	–	(386)

7. INCOME TAX

	Three months ended	
	31.3.2008	31.3.2007
	RMB'000	RMB'000
The credit comprises:		
PRC income tax		
– Current year	3	59
– Overprovision in previous year	–	(150)
	3	(91)

At 31st March, 2008, the subsidiaries have unused tax losses of approximately RMB21,000,000 (31.12.2007: RMB25,000,000) 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 2013.

8. DIVIDENDS

During the period, a dividend of RMB1.40 cents (2006: Nil) per share, amounting to an aggregate amount of RMB40,573,000 (2006: Nil) has been proposed by the directors and is subject to the approval by the shareholders in the forthcoming general meeting.

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to equity holders of the Company is based on the following data:

	Three months ended	
	31.3.2008	31.3.2007
	RMB'000	RMB'000
Profit (loss) for the period attributable to equity holders of the Company	295	(5,067)
Number of ordinary shares for the purposes of basic earnings (loss) per share	2,898,086,091	2,898,086,091

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

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately RMB2,861,000 (2007: RMB2,467,000) on acquisition of property, plant and equipment.

11. TRADE AND OTHER RECEIVABLES

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

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

Age	31.3.2008	31.12.2007
	RMB'000	RMB'000
0 to 60 days	31,264	11,315
61 to 90 days	3,012	1,872
91 to 180 days	722	8,932
Over 180 days	8,214	329
	43,212	22,448

The overdue balances were approximately RMB8,214,000 as at 31st March, 2008 (31.12.2007: RMB329,000) 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.

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.

12. TRADE AND OTHER PAYABLES

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

Age	31.3.2008 RMB'000	31.12.2007 <i>RMB'000</i>
0 to 60 days	952	13,277
61 to 90 days	543	369
91 to 180 days	6,542	92
Over 180 days	3,650	2,901
	11,687	16,639

13. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid
	Domestic shares	H shares	<i>RMB'000</i>
Authorised, issued and fully paid: Ordinary shares of RMB0.10 each			
At 1st January, 2008 and 31st March, 2008	2,123,588,091	774,498,000	289,809

14. CAPITAL COMMITMENTS

	31.3.2008 RMB'000	31.12.2007 <i>RMB'000</i>
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	26,854	2,875

15. RELATED PARTY DISCLOSURES

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

Name of related party	Nature of transactions	Three months ended	
		31.3.2008 RMB'000	31.3.2007 RMB'000
(a) Shareholder			
CNC Beijing Communication Corporation Beijing Branch	Dedicated circuit leasing services paid	1,166	1,546
	Telephone related services paid	245	271
(b) Fellow subsidiaries			
Capnet Company Limited	Network system and the related maintains services income received	2,010	2,010
Beijing IC Design Park Co., Ltd.	Property rentals paid	1,082	1,413

Amounts due from fellow subsidiaries as at 31st March, 2008 is approximately RMB3,295,000 (31.12.2007: RMB5,061,000). The amount is included in trade and other receivables and is unsecured, non-interest bearing and expect to recover within one year.

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

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under BSAM which is controlled by the PRC government. Apart from the transactions with fellow subsidiaries and other related parties disclosed above, the Group also provided e-Government technology services of approximately RMB28,716,000 (2007: RMB31,704,000) to other state-controlled entities and the PRC government for the current period. The directors consider they are independent third parties so far as the Group's business transactions with them are concerned.

Other loan of RMB9,090,000 is borrowed from the PRC government, unsecured and bears interest at annual interest rate of 2.55%, and the Group has incurred interest expense approximately RMB64,000 (2007: RMB64,000) in current interim period.

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

- (iii) Amounts due from associates

The amounts due from associates were unsecured, non-interest bearing and expect to recover within one year.

15. RELATED PARTY DISCLOSURES (continued)

(iv) Amounts due to associates

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

(v) Compensation of key management personnel

The short term benefits paid or payable by the Group to directors of the Company and other members of key management during the three months ended 31st March, 2008 are approximately RMB948,000 (2007: RMB536,000).

DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 31st March, 2008 (2007 first quarter: Nil).

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

a. *Directors and Chief Executive of the Company*

Save as disclosed below, as at 31st March, 2008, none of the Directors, and chief executive of the Company had any interest and short position in shares, debentures or underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

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

Name	Number of H Shares subject to options outstanding at 31st March, 2008			Percentage to the issued H share capital
	Granted under Pre-IPO Share Option Plan	Granted under Share Option Scheme	Total	
<i>Directors</i>				
Dr. Wang Xu	1,297,350	1,466,000	2,763,350	0.36%
Ms. Zhang Yan	1,308,200	1,466,000	2,774,200	0.36%
Dr. Wu Bo	1,261,700	1,466,000	2,727,700	0.35%
Mr. Qi Qigong	1,244,650	1,466,000	2,710,650	0.35%
Mr. Pan Jiaren	1,244,650	1,466,000	2,710,650	0.35%
	6,356,550	7,330,000	13,686,550	17.7%

All of the above-mentioned share options (the “Pre-IPO Options”) granted under the pre-IPO share option plan of the Company (the “Pre-IPO Share Option Plan”) were granted on 6th December, 2001 at RMB1 per grant with an exercise price of HK\$0.48 per H Share. All these share options are exercisable within a period of ten years from the date of grant and apportioned in accordance with the following schedule subject to 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%	7th December, 2002 to 6th December, 2011
20%	7th December, 2003 to 6th December, 2011
20%	7th December, 2004 to 6th December, 2011
20%	7th December, 2005 to 6th December, 2011
20%	7th December, 2006 to 6th December, 2011

All of the above-mentioned share options (“Share Options”) granted under the share option scheme of the Company (“Share Option Scheme”) were granted on 17th August, 2004 at RMB1 per grant with an exercise price of HK\$0.41 per H Share. These share options are exercisable within a period of ten years from the date of grant and apportioned in accordance with the following schedule subject to the terms and conditions of the Share Option Scheme, 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
25%	18th August, 2005 to 17th August, 2014
25%	18th August, 2006 to 17th August, 2014
25%	18th August, 2007 to 17th August, 2014
25%	18th August, 2008 to 17th August, 2014

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

Save as disclosed below, the Directors are not aware of any other interests and short positions in shares and underlying shares of the Company of any person (other than a Director or chief executive of the Company) as recorded in the register required to be kept under section 336 of the SFO as at 31st March, 2008:

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

c. Interests in other members of the Group

So far as is known to any Director or chief executive of the Company, the following companies/persons were interested in 10% or more of the equity interests of any other members of the Group as at 31st March, 2008:

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

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

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

SHARE OPTIONS

(a) *Pre-IPO Share Option Plan*

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

	At 1st January, 2008	Lapsed during the period	At 31st March, 2008
Directors of the Company	6,356,550	–	6,356,550
Supervisors of the Company	2,509,450	–	2,509,450
Senior management of the Company	4,836,620	–	4,836,620
Senior advisors of the Company	3,929,250	–	3,929,250
Advisors of the Company	2,808,910	(745,860)	2,063,050
Other employees of the Company and its subsidiaries	17,563,670	–	17,563,670
	<hr/> 38,004,450	<hr/> (745,860)	<hr/> 37,258,590 <hr/> <hr/>

(b) Share Option Scheme

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

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

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 30% of the number of shares to be issued by the Scheme and other option scheme and the number of issued H Shares of the Company from time to time and no employee shall be granted an option which, if all the options granted to the employee (including both exercised and outstanding options) in any 12 months period up 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.

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

	At 1st January, 2008	Lapsed during the period	At 1st March, 2008
Directors of the Company	7,330,000	–	7,330,000
Supervisors of the Company	2,932,000	–	2,932,000
Senior management of the Company	7,700,000	(1,466,000)	6,234,000
Senior advisors of the Company	13,964,000	–	13,964,000
Advisors of the Company	2,384,000	459,000	1,925,000
Other employees of the Company and its subsidiaries	18,313,000	97,000	18,216,000
	52,623,000	2,022,000	50,601,000

COMPETING INTERESTS

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the three months ended 31st March, 2008.

AUDIT COMMITTEE

An audit committee was established on with written terms of reference in compliance with the requirements of the GEM Listing Rules. The audit committee comprises three independent non-executive directors. During the period, 1 audit committee meeting was held. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The Group's unaudited results for the three months ended 31st March, 2008 have been reviewed by the audit committee, which was of the view that the preparation of the financial statements were in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

By Order of the Board
CAPINFO COMPANY LIMITED*
Mr. LI Minji
Chairman

Beijing, The People's Republic of China, 13th May 2008

As of the date hereof, the executive directors of the Company are Dr. Wang Xu, Ms. Zhang Yan; the non-executive directors of the Company are Mr. Li Minji, Mr. Xing Dehai, Mr. Xu Zhe, Mr. Bai Liming, Dr. Wu Bo, Mr. Qi Qigong, Mr. Pan Jiaren, Ms. Lu Xiao bing, Dr. Xia Peng; and the independent non-executive directors of the Company are Mr. Chen Jing, Mr. Ye Lu and Mr. Liu Dongdong.

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

** For identification purposes only*