

CAPINFO

首都信息發展股份有限公司

SMART CITY WONDERFUL LIFE

智慧城市 精彩生活

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

(於中華人民共和國註冊成立之股份有限公司)

(Stock Code 股份代號：1075)



2013 中期報告
Interim Report



Highlights

Financial

- Turnover increased by approximately 145.25% to approximately RMB398.9 million
- Profit attributable to the owners of the Company increased by approximately 19.33% to approximately RMB41.1 million

Operation

- Successfully acquired Shanghai Hengyue Computer Technology Co., Ltd., facilitating the rapid development of the housing information business
- Won the bid of Beijing Aiyuhua Hospital for Children and Women to become the master integration service provider for its information system construction project, making its official entry into the medical information business
- Leveraging on the E-Government Internet Cloud Platform, won the bids for information system construction projects of large state-owned enterprises such as Beijing Real Estate Group and Beijing Petroleum Exchange



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CHAIRMAN'S STATEMENT



Xu Zhe

Chairman

In 2013, under the backdrop of slow growth in the domestic economy, the Company proactively and consistently implemented its established strategic objectives and accelerated the deepening and expansion of its businesses, achieving satisfactory results. As at 30 June 2013, the Company achieved historical breakthrough with turnover and profit attributable to shareholders recording a year-on-year increase of approximately 145.25% and 19.33% respectively, which laid a solid foundation for the Company to realize its overall Twelfth Five-year Strategic Planning.

CHAIRMAN'S STATEMENT

The deepening and expansion of smart city construction offered new development opportunities for the Company. During the reporting period, along with steady development in the traditional core businesses, the Company accelerated the construction of the Government Internet of Things Project, meanwhile striving to expand the application scope of the project. The Company also continued to upgrade the performance of the Medical Insurance System and the Social Security Cards System, so as to ensure the high operability of the network platform. In addition, the Company stepped up efforts to explore the housing information market, with an aim to increase its market share. Furthermore, the Company played an active role in the development of Beijing hospital medical cards project and the medical unity project and in the provision of information technology service for the hospitals, striving to capture market share of smart medical service, with an aim to consolidate its brand positioning as a smart city service provider.

In accordance with the requirements of the Twelfth Five-year Strategic Planning, the Company accelerated independent innovation to improve product quality, in an effort to facilitate industrialization application of proprietary intellectual rights. Meanwhile, the Company strengthened the establishment of horizontal technical platform, optimized resources management, and put emphasis on risk management and internal control, conducting periodic review on the effectiveness of its internal control system. The Company also strictly implemented its budgetary policy and management measures. Furthermore, the Company continued to enhance brand innovation and promotion, culture cultivation and talents training, so as to promote the healthy and sustainable development of the Company.

In the first half of 2013, leveraging on our excellent services, the Company continued to improve our information technology service, making good progress towards delivering sustainable value to the shareholders. I would like to take this opportunity to express my sincere gratitude for the hard work of the Board members and all the staff and the great support of people from various sectors.



Xu Zhe
Chairman

Beijing, the PRC
23 August 2013



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year of 2013 is a critical year for the implementation of the “Twelfth Five-year Strategic Planning” of the Company. To ensure accomplishment of the overall strategic objectives, the Company spared no efforts in implementing its well-defined strategies, and strived to facilitate rapid and sustainable development of the Company by implementing several management measures such as optimization of business structure and integration of resources. During the reporting period, the Company underwent structural adjustment to enhance the support capacity of its businesses. Meanwhile, the Company consolidated and enhanced development of its core businesses to strengthen market competitiveness, while increasing investments in the seed businesses to accelerate the pace of industrialization, so as to facilitate healthy development of the Company.

SMART CITY SERVICE AND MANAGEMENT

The Company continued to construct the smart city service platform to facilitate development of smart city. With years of efforts, the information technology services of smart city provided by the Company covered many areas, such as non-emergency aid services, contingency control, social order control, crime investigation by public security, city administration and environment management, traffic management as well as resources and ecological environment control, reflecting further improvement in the Company’s ability to provide integrated technology solutions of smart city. During the reporting period, as a well-known domestic smart city service provider, the Company was invited to attend the 2013 China Smart City Conference held at Longmen Luoyang City, at which dozens of experts, scholars and entrepreneurs were present to share their research results and experiences on smart city and provide suggestions and advice for the construction of “Smart Luoyang”.



During the reporting period, the Company pushed forward the orderly development of the traditional core businesses, with the E-Government Network and “Beijing-China” website clusters running stably. As the important information infrastructure of smart city, the Government Internet of Things Project (“Internet of Things”) played an important role in promoting development of information technology and the industry and improvement of smart city

MANAGEMENT DISCUSSION AND ANALYSIS

management. In order to enhance the Company's overall competitiveness, the Company expedited the construction of the Internet of Things. As of 30 June 2013, 222 base stations have been established, with 85% coverage of the districts encompassed by the Fifth Ring Road and some suburban districts and counties in Beijing, basically achieving wireless connectivity between government networks and the Government Internet of Things Project, enabling it to accommodate the application of large-scale Internet of Things in Beijing. Currently, this network platform has successfully accommodated eleven projects, such as the fireworks project of Beijing Administration on Work Safety and the mobile video monitoring systems of Public Transportation Security Department.

The management system for parking on roadsides, one of the important application projects established by the Company based on the Internet of Things, was established, operated and maintained by Beijing Parking Management Centre Co., Ltd., a wholly-owned subsidiary of the Company. As of 30 June 2013, the roadside parking management project has completed the trial operation of electronic fee collection for the parking spaces at Dongcheng District, Xicheng District and Chaoyang District in Beijing, which planned to expand coverage to the entire city by the end of the year, achieving information management of the roadside parking lots in Beijing. As the latest technology achievements in the construction of Smart Beijing, this project and the LPG Users Monitoring Project were presented at the 16th Beijing International Technology Industry Exhibition, gaining wide recognition and attention.

SMART PEOPLE'S LIVELIHOOD

As two important components to the information construction of the social security system of Beijing, the medical insurance information system ("Medical Insurance System") and social security card system ("Social Security Card System") are critical to people's livelihood. Being the contractor and operator of the project, it's the Company's responsibility and mission to guarantee safe and smooth operation of these systems. After development for over a decade, the Medical Insurance System has covered all the insured persons in Beijing. Meanwhile, continuous efforts were made to upgrade



MANAGEMENT DISCUSSION AND ANALYSIS

and reform the system with optimized performance, so as to ensure high operability of the network platform. As of 30 June 2013, the total card issuance of social security card reached over 13 million, achieving real-time payment settlement for social security card holders. The Medical Insurance System and Social Security Card System platform benefited the citizens in Beijing with quick and convenient medical services. Due to the high standard of operation and maintenance and the excellent application results, the social security card project was honored 2013 Golden Ant Award – The Best Application Achievement of the Golden Card Project.

As a successful example of our efforts in implementing the industry-specific development strategy, the housing information business provided extensive experiences for our strategic transformation. Currently, the housing information business has extended its reach from Beijing and Guangzhou to Yunfu, Qingyuan, Shaoguan and Dongguan, Guangdong Province as well as Wuzhou and Quzhi, Guangxi Zhuang Autonomous Region. With the acquisition of Shanghai Hengyue Computer Technology Co., Ltd., the housing information business made its official entry into the Shanghai market, preliminarily forming a business network with Beijing, Shanghai and Guangzhou at the core and covering the surrounding cities. In addition, the market share of the Company increased rapidly, laying a solid foundation for the establishment of a nation-wide service network. During the reporting period, the Housing Fund Integrated Business Management System in Beijing which was constructed by the Company ran smoothly and was honored the 2013 Best Solutions for Smart City. To promote and advertize the housing information service brand in a more effective way, the Company has registered a Wechat official account for the housing information business.

SMART MEDICAL SERVICE



With accelerated construction of smart city, the hospitals' demand for information system is increasing. Leveraging on the advantage of the medical insurance information service platform, the Company continued to explore and develop value-added services for hospitals, and had entered into cooperation agreements with 45 hospitals through its persistent efforts. In order to further expand our business coverage, the Company proactively promoted provision of the "Beijing hospital medical cards" (「京醫通」) service to non-insured patients in Beijing. Currently, the Company has achieved payment settlement with medical cards in Capital Institute of Pediatrics, Beijing Tongren Hospital and Beijing Friendship Hospital.

MANAGEMENT DISCUSSION AND ANALYSIS

As to additional exploration in the medical information business, the Company achieved remarkable results, winning the bid of Beijing Aiyuhua Hospital for Children and Women to become the master integration service provider for its information system construction project, where the Company was responsible for the construction of the whole information service system of the project. The smooth implementation of the project will further consolidate the Company's capability in construction, operation and maintenance of information systems for hospitals, laying a solid foundation for our expansion into the high-end sector of hospital information construction. In the future, the Company will proactively participate in the construction of new digitalized hospitals, striving to foster our competitive strength and regional service capability in construction of information systems for newly-built hospitals, traditional hospital improvement, community old-age medical care, regional medical care and government public health service.

Given that the imbalance in demand and supply of the medical service market would remain in the short term, the government of Beijing Municipal introduced the Public Hospital Reform Pilot Scheme, in an attempt to provide fixed-point diagnosis and treatment services by establishing regional medical unity ("Medical Unity") to improve provision of medical services. The medical unity model received recognition from hospitals, medical insurance companies and scholars, providing opportunities for the Company to expand its medical information business. Currently, Phase II of the Millennium Monument Hospital Medical Unity Project, to which the Company provided technology support, was successfully put into operation with provision of all the pre-designed functions, widely well-received by the patients and receiving attention from the media. This project provided great support to the new regional medical management model of Beijing, paving the way for the Company's entry into the information technology service sector of large-scale medical unities.

CLOUD SERVICE

Due to the constant development of the cloud computing technology and increasing market demand, the Company accelerated the layout of cloud computing, independently constructing the E-Government Internet Cloud Platform namely "Cloud Platform" (「雲平台」). With a capacity to accommodate 800 virtual machines, the Cloud Platform provides sufficient operation resources to satisfy the requirements of the application systems,



MANAGEMENT DISCUSSION AND ANALYSIS



achieving flexible computing with safe and uniformed management. Currently, the Cloud Platform has accommodated nearly 50 projects implemented by 11 customers including Beijing Finance Bureau, Family Planning Commission and Organization Department of the Beijing Municipal Committee. Due to its state-of-art technology, the Cloud Platform won the “Outstanding Application Award” in the first competition of Intelligent Beijing hosted by China Mobile.

During the reporting period, the construction of the state-owned enterprises supervision information system of the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing based on the Cloud Platform was under smooth progress. Leveraging on the successful experiences of this project, the Company won several information system construction projects from a number of large state-owned enterprises such as Beijing Real Estate Group Co., Ltd. and Beijing Petroleum Exchange, further strengthening our market competitiveness.

CONSULTANCY, PLANNING AND PRODUCT R&D

During the reporting period, the Company underwent structural adjustment and increased investments in strategic research and development with a focus on advanced technologies of the industry such as cloud computing, Internet of Things and Big Data, achieving remarkable results. Currently, the Company has completed the research and development on products such as government microblogging management system and corruption risk prevention and control system, and started to explore the market for E-Government vertical business. In the coming future, the Company will further promote the application of information technology in social and economic development and people’s livelihood. Through exploring the market and tapping into user demand, the Company will launch applications with sustainable development, so as to facilitate the overall development of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As at 30 June 2013, the Group had a total of 1,345 employees (2012: 931 employees). The staff cost was approximately RMB79.8 million (2012: RMB51.1 million) in the continuing operations.

In order to facilitate fulfillment of the development objectives of the “Twelfth Five-year Plan”, the Company further enhanced planning on human resources and deepened the talent pool to meet the requirement for talents due to business development. Meanwhile, through Capinfo Institute, the Company provided multi-channel training programme and established an effective system for developing talents, so as to implement our human resources development strategy on professional and management talents.



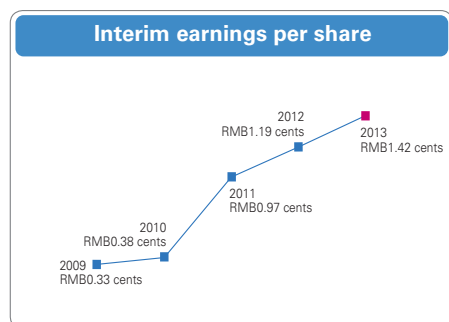
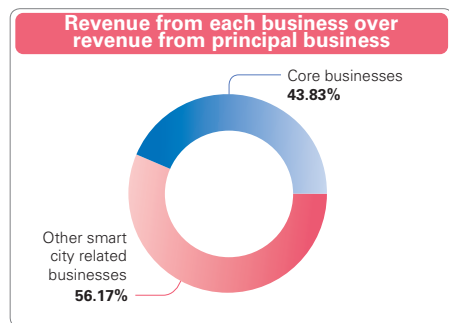
PROSPECT

The acceleration in the integrated development of urbanization, industrialization and informatization of the PRC will offer more business opportunities for the smart city businesses, such as smart transportation, city service and management, city security and medical and health care information system. In the second half of the Twelfth Five-year Plan period, the Company will step up efforts to promote the application of information technology, further enhancing the intelligence level of the urban construction management projects and the informatization level of the social and public utility projects and improving the convenience level of the government projects. The Company will greatly enhance its capability of independent innovation and services, speed up investments, mergers and acquisitions and expedite the development of new generation of information technology, so as to ensure accomplishment of the indicators and tasks of the Twelfth Five-year Strategic Planning, with an aim to become a leader and pioneer in provision of smart city services.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW



For the six months ended 30 June 2013, the Group recorded an unaudited turnover of approximately RMB398.9 million, representing an increase of approximately 145.25% as compared with the same period of last year. The Group reached a gross profit of approximately RMB101.1 million, representing an increase of approximately 35.33% as compared with the same period of last year, and a gross profit margin of 25.35%, representing a decrease of approximately 20.60 percentage points as compared with the same period of last year. Such significant increase in turnover and decrease in gross profit margin were mainly due to the high revenue but low gross profit margin nature of the projects of large-scale image information management and electronic monitoring systems undertaken by the Company.

In accordance with the industry characteristics, revenue was recognized using the percentage of completion method. During the period under review, 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 Government Internet of Things Project, the Community Service Information Network System Project and the Beijing-China Website Clusters Project was approximately RMB174.9 million, representing an increase of approximately 46.46% as compared with the same period of last year and accounted for approximately 43.83% of revenue from principal businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Net revenue from smart city related businesses (other than core businesses) was approximately RMB224.1 million, representing an increase of approximately 417.71% as compared with the same period of last year and accounted for approximately 56.17% of revenue from principal businesses. Revenue was mainly derived from the operation and maintenance of large-scale graphic information management system, electronic monitoring system, the state-owned enterprises supervision information system and other smart city service and management systems. The rapid growth in these businesses was the major contributing factor to the improvement of the overall performance.

Other income was approximately RMB9.8 million, representing an increase of approximately 1.42% as compared with the same period of last year, which was mainly derived from government grants for research projects, property rental and interest income. The increase was mainly attributable to the increase in the income from government grants for research projects.

Other gains or losses was approximately RMB5.3 million, representing an increase of approximately 91.69% as compared with the same period of last year, mainly derived from net effect of gain from entrusted investment, impairment loss on assets and net loss on disposal of fixed assets. The increase was mainly due to the increase in gain from entrusted investment.

EARNINGS OF SHAREHOLDERS

The profit attributable to owners of the Company for the period under review was approximately RMB41.1 million, representing an increase of approximately 19.33% as compared with the same period 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 times while the net gearing ratio, defined as total borrowings over net assets, stayed at a relatively low level of approximately 1.00%. Both ratios reflected the sufficiency in financial resources of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

LOAN BORROWING AND CASH AND BANK DEPOSITS

The Group had unsecured loan borrowing of approximately RMB4.5 million as at 30 June 2013, 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 the Group were approximately RMB329.4 million, representing a decrease of approximately 45.88% as compared with that of the beginning of the year. Such decrease was mainly attributable to application for purchase of entrusted products and investments in new projects.

CAPITAL COMMITMENT AND PLEDGE OF ASSETS

The Group had capital commitment of approximately RMB112.1 million, representing a decrease of approximately 4.00% as compared with that of the beginning of the year, which was attributable to the large purchase of hardware equipments for the E-Government Internet Cloud Platform which was invested and constructed by the Company. 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

As of 30 June 2013, the Company's income from equity investments in associates was approximately RMB0.4 million, representing an increase of approximately 186.16% as compared with the same period of last year. Such significant increase was mainly due to the contribution from Beijing Certificate Authority Co., Ltd..

INCOME TAX

During the period under review, the income tax expense of the Group was approximately RMB3.9 million, representing a decrease of approximately 4.91% as compared with the same period of last year. The decrease was mainly because that the company was accredited as the key software enterprise under the national plan for the year 2011-2012 in 2013. According to the relevant requirements, the Company was entitled to a retroactive tax benefit for the years 2011 and 2012 at a preferential tax rate of 10%, resulting in the reduction of RMB4.1 million to the income tax expense of 2012 which was recorded as a tax credit in the current period.

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE CODE

Good corporate governance not only enhances credibility of an enterprise, but also safeguards the interests of shareholders and other stakeholders. The Company has established a set of regulated and transparent management system and has been in strict compliance with certain code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules with an aim to implement and adopt the best practices and continuously enhance corporate governance of the Company. For the six months ended 30 June 2013, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The Board is responsible for managing the overall businesses of the Company. In accordance with Articles of Association and Rules of Procedures of the Board of Directors, the Board takes a conscientious and effective approach in leading and supervising the Company. All Directors are responsible for promoting the continuous business development of the Company in good faith and in the best interest of the Company. During the reporting period, the Board held three on-the-spot meetings, and signed meeting documents five times in the form of circulation.



CORPORATE GOVERNANCE

The Company's Board of Directors comprises twelve Directors, including one Executive Director, seven Non-executive Directors and four Independent Non-executive Directors. The Company's Directors are professionals in finance, law, commerce and information services with extensive experience and expertise in various areas. In terms of the composition of the Board, the comprehensive professional backgrounds and the strong independent element of the Directors demonstrate significant importance in corporate governance. The Company has entered into service contracts with the Directors for a term expiring on 19 June 2015 and subject to re-election.

As an important part of good corporate governance, the Company established several specialized committees under the Board, including the audit committee, the remuneration and appraisal committee, the nomination committee and the strategy committee, which are delegated to perform certain function of the Board so as to improve efficiency of the Board.

To enable the Directors to have a comprehensive knowledge of the Company's businesses, in addition to work report at the regular meetings of the Board and timely report of significant events at the special meetings of the Board, the Company also submits "Monthly Report to Directors" to the Directors every month, which contains information on the major trade and financial affairs of the Company, updating them on the business performance of the Company.

During the reporting period, all Directors have participated in various forms of training programmes to improve their knowledge and skills so as to ensure that their contribution into the Board remains informed and relevant. Directors should also ensure that they have enough time to handle the business of the Company. Liability insurance for Directors is maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties, so as to mitigate the liabilities of the Directors and enhance the effectiveness of decision-making.

The new code provisions provide that Directors should disclose to the Company of the number, nature and significant commitment of the positions they hold in public companies or organizations, as well as the names of the public companies or organizations and their tenures of office. All Directors have disclosed the particulars of their positions to the Company.

CORPORATE GOVERNANCE

Dr. Gao Jiaqing and Ms. KOO Ching Fan were appointed as Joint Company Secretaries in January 2012 to assist the Board of Directors to perform its responsibilities to the shareholders in accordance with the Listing Rules and provide professional advice to the Directors regarding corporate governance, so as to maintain smooth information communication among the members of the Board, arrange induction training and professional development for the Directors, ensure the compliance of the procedures of the Board and improve the efficiency of the Board. The Joint Company Secretaries will provide introduction materials on the operation of the major businesses of the Company as well as the duties and responsibilities of the Directors as conferred by the laws, regulations and the Listing Rules to the Directors at the time of their appointment. In addition, relevant seminars, courses and training programmes will be provided to the Directors to assist them to achieve continuous professional development.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Code of Securities Transactions 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 of all Directors, all Directors confirm that they have complied with the required standard of dealings and the Company's Code of Securities Transactions regarding securities transactions by the Directors throughout the six months ended 30 June 2013. The mid-level managers and employees, who may have access to unpublished price-sensitive information because of their office, have been requested to comply with the requirements of the Model Code.

AUDIT COMMITTEE

The audit committee usually holds four meetings every year, and is responsible for monitoring the financial, accounting policies and practices of the Company and assessing the effectiveness of the internal control system. The Company established the audit committee in accordance with Rule 3.21 of the Listing Rules, and formulated the Articles of Audit Committee to specify its written terms of reference, so as to regulate the operation of the audit committee. The audit committee of the Company comprises four members, including Ms. Zhou Liye (chairman), Mr. Chen Jing, Mr. Zeng Xianggao and Mr. Gong Zhiqiang, all being Independent Non-executive Directors.



CORPORATE GOVERNANCE

During the reporting period, the audit committee held one on-the-spot meeting and signed meeting documents once in the form of circulation. At the on-the-spot meeting, the committee reviewed the Audited Financial Report of the Company for the year 2012, re-appointment of auditor, four copies of Internal Audit Report and four copies of Internal Audit Follow-up Report, while at the meetings held by circulation of documents, the committee reviewed the Financial Analysis of the Company for the first quarter of 2013, two copies of Internal Audit Report and three copies of Internal Audit Follow-up Report.

REMUNERATION AND APPRAISAL COMMITTEE

The remuneration and appraisal committee holds at least one meeting every year, and is responsible for reviewing remuneration and other matters. The Company established the remuneration and appraisal committee in accordance with Rule 3.25 of the Listing Rules, and formulated the Articles of Remuneration and Appraisal Committee to specify its written terms of reference, so as to regulate the operation of the remuneration and appraisal committee. The remuneration and appraisal committee of the Company comprises three members, including Mr. Chen Jing (chairman), Ms. Zhang Kaihua and Mr. Gong Zhiqiang.

During the reporting period, the remuneration and appraisal committee signed meeting documents once in the form of circulation to recognize the Company's provision and implementation of total remuneration in 2012, and review the year-end bonus of senior management of the Company for the year 2012 and the basic annual salary of senior management for the year 2013.

NOMINATION COMMITTEE

The nomination committee holds at least one meeting every year, and is responsible for nominating and recommending candidates to fill the vacancies of members of the Board, chief executive officer and financial controller. The Company established the nomination committee in accordance with Rule A.5.1 of Appendix 14 to the Listing Rules, and formulated the Articles of Nomination Committee in accordance with the requirements of Rule A.5.2 of Appendix 14 to the Listing Rules to specify its written terms of reference, so as to regulate the operation of the nomination committee. The nomination committee of the Company comprises three members, including Mr. Xu Zhe (chairman), Mr. Chen Jing and Mr. Zeng Xiangao.

CORPORATE GOVERNANCE

During the reporting period, the nomination committee signed meeting documents once in the form of circulation to recommend Mr. Wang Zhuo as the candidate of Non-executive Director.

STRATEGY COMMITTEE

The strategy committee holds at least one meeting every year, and is responsible for making recommendations on the Company's long-term development strategies, major investment and financing plans, capital operations and other matters to the Board and supervising on the implementation of the said matters. The Company established the strategy committee and formulated the Articles of Strategy Committee to specify its written terms of reference, so as to regulate the operation of the strategy committee. The strategy committee of the Company comprises four members, including Mr. Xu Zhe (chairman), Dr. Wang Xu, Ms. Zhang Kaihua and Mr. Chen Jing.

BOARD OF SUPERVISORS

The Board of Supervisors holds at least two meetings every year, and is responsible for examining the financial affairs of the Company and supervising the legality and legitimacy of the performance of duties by the Directors and senior management and the decision-making procedures of the Company's meetings as well as the implementation of the solutions of the meetings. The Company established the Board of Supervisors in accordance with Article 118 of the Companies Law, and formulated the Rules of Procedures of the Board of Supervisors to specify its written terms of reference, so as to regulate the operation of the Board of Supervisors. The Board of Supervisors of the Company comprises three members, including Mr. Di Guojun (chairman), Mr. Xiao Jun and Ms. Xu Xiangyan.

During the reporting period, the Board of Supervisors signed meeting documents once in the form of circulation to review the Audited Financial Report of the Company for the year 2012.



CORPORATE GOVERNANCE

INTERNAL CONTROL SYSTEM

The Board of the Company conducts review on the effectiveness of the internal control system of the Company regularly to ensure the relevant system is effectively and adequately followed. The internal control system is a risk control procedure provided by the Board, management and the persons concerned to enhance operating effectiveness and efficiency and the reliability of financial reporting, covering management on internal environment, risk assessment, control activities, information communication and supervision procedures, so as to identify and assess the risks to which the Company is exposed and allocate resources to control these risks based on their severity, with an aim to improve operating results.

The Board is of the opinion that the existing internal control system of the Company worked effectively in finance, operation, compliance and risk management during the reporting period, so as to ensure smooth operation of all the business activities of the Company.

INTERNAL CONTROL ACTIVITIES

The Company established the audit department, which is under the guidance of the Audit Committee and assumes the important responsibilities of supervising the internal governance of the Company. The audit department is responsible for carrying out independent internal audit on operations, management and major economic events of the Company in accordance with the principle of independence, objectivity and authority of internal audit, and for giving advice and suggestions on operations and internal control and management so as to promote the development of the Company's business.

The audit committee assessed the effectiveness of the internal control system of the Company on behalf of the Board, covering the operating effectiveness and efficiency, the reliability of financial reporting and other matters. The audit committee is of the opinion that, as at 30 June 2013, adequate and effective internal control system was maintained to safeguard the investments of the shareholders and the assets of the Company.

CORPORATE GOVERNANCE

CONTINUOUS DISCLOSURE OBLIGATIONS REGARDING INSIDE INFORMATION

The Company has developed a system with established policies, process and procedure across all relevant divisions and departments for complying with the disclosure obligations regarding inside information. The Company will further improve the mechanism based on the operation and development of business and the new rules and regulations.

During the reporting period, there was no divulgence of inside information, and none of the Directors, supervisors or senior management of the Company made use of any inside information to deal with the shares of the Company. No investigation or rectification was conducted or required by the regulatory authorities in this regard.

SHARE OPTIONS

Details of the share option scheme adopted by the Company are set out in note 19 to the financial statements on page 50 of this report.

INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Save as disclosed below, as of 30 June 2013, none of the Directors, supervisors 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 Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) 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 Listing Rules.



CORPORATE GOVERNANCE

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

Name	Position	Number of H Shares subject to options outstanding as of 30 June 2013	
		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	459,000	0.06%
		3,391,000	0.44%

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 below schedule subject to restrictions imposed by the relevant PRC laws and regulations.

Proportion of share options granted and held by each of the Directors and the supervisors 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

CORPORATE GOVERNANCE

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

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 Directors, supervisors or chief executive of the Company) as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2013:

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

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

During the reporting period, the Group did not purchase, sell or redeem any of the Company's listed securities.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF CAPINFO COMPANY LIMITED**

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Capinfo Company Limited (the “Company”) and its subsidiaries set out on pages 24 to 62, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong

23 August 2013



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	Six months ended	
		30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited/ Restated)
Continuing Operations			
Revenue		398,930	162,660
Cost of sales		(297,789)	(87,925)
Gross profit		101,141	74,735
Other income	6	9,833	9,695
Other gains and losses	7	5,327	2,779
Research and development costs		(14,242)	(7,458)
Marketing and promotional expenses		(28,779)	(18,607)
Administrative expenses		(28,518)	(20,580)
Finance cost for loan from government, wholly repayable within 5 years	23(v)	(76)	(98)
Share of results of associates		417	(484)
Profit before tax		45,103	39,982
Income tax expense	8	(3,947)	(4,151)
Profit for the period from continuing operations	9	41,156	35,831
Discontinued Operations			
Loss for the period from discontinued operations	5	–	(2,741)
Profit and total comprehensive income for the period		41,156	33,090
Profit and total comprehensive income (expense) for the period attributable to owners of the Company			
– from continuing operations		41,105	35,680
– from discontinued operations		–	(1,234)
		41,105	34,446

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	Six months ended	
		30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited/ Restated)
Profit and total comprehensive income (expense) for the period attributable to non-controlling interests			
– from continuing operations		51	151
– from discontinued operations		–	(1,507)
		51	(1,356)
Profit and total comprehensive income (expense) attributable to:			
Owners of the Company		41,105	34,446
Non-controlling interests		51	(1,356)
		41,156	33,090
		RMB cents	RMB cents
EARNINGS (LOSSES) PER SHARE			
From continuing and discontinued operations			
– Basic	11	1.42	1.19
– Diluted		1.42	1.19
From continuing operations			
– Basic		1.42	1.23
– Diluted		1.42	1.23
From discontinued operations			
– Basic		–	(0.04)
– Diluted		–	(0.04)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30.6.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	137,062	139,045
Investment property	13	59,286	59,922
Intangible asset		2,328	–
Prepaid lease payments	14	31,224	30,016
Deposits paid on acquisition of property, plant and equipment		2,019	726
Interests in associates		57,376	60,528
Available-for-sale investments		1,971	1,971
Trade receivables	15	70,290	–
Deferred tax assets		8,250	9,678
		369,806	301,886
Current assets			
Inventories		245	759
Prepaid lease payments	14	4,898	4,687
Trade and other receivables	15	257,772	112,022
Amounts due from customers for contract works		55,347	81,496
Amounts due from related parties	23(iv)	14,440	6,890
Financial assets at fair value through profit or loss (“FVTPL”)	16	151,958	–
Bank deposits		21,538	154,776
Bank balances and cash		307,825	453,764
		814,023	814,394

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30.6.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)
Current liabilities			
Trade and other payables	17	194,296	175,058
Amounts due to related parties	23(iv)	1,534	1,416
Amounts due to customers for contract works		153,659	143,426
Income tax payable		1,984	5,180
Dividend payable		37,685	–
Loan from government	23(v)	4,540	4,540
		393,698	329,620
Net current assets		420,325	484,774
Total assets less current liabilities		790,131	786,660
Capital and reserves			
Share capital	18	289,809	289,809
Share premium and reserves		500,171	496,751
Equity attributable to owners of the Company		789,980	786,560
Non-controlling interests		151	100
Total equity		790,131	786,660

The condensed consolidated financial statements on pages 24 to 27 were approved by the board of directors on 23 August 2013 and are signed on its behalf by:



Mr. Xu Zhe
CHAIRMAN



Dr. Wang Xu
EXECUTIVE DIRECTOR AND
CHIEF EXECUTIVE OFFICER



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company							
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012 (Audited)	289,809	254,079	1,745	34,456	150,460	730,549	20,108	750,657
Profit and total comprehensive income for the period	-	-	-	-	34,446	34,446	(1,356)	33,090
Dividend recognised as distribution (note 10)	-	-	-	-	(34,792)	(34,792)	-	(34,792)
At 30 June 2012 (Unaudited)	289,809	254,079	1,745	34,456	150,114	730,203	18,752	748,955
At 1 January 2013 (Audited)	289,809	254,079	-	40,309	202,363	786,560	100	786,660
Profit and total comprehensive income for the period	-	-	-	-	41,105	41,105	51	41,156
Dividend recognised as distribution (note 10)	-	-	-	-	(37,685)	(37,685)	-	(37,685)
At 30 June 2013 (Unaudited)	289,809	254,079	-	40,309	205,783	789,980	151	790,131

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Notes	Six months ended	
		30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Net cash used in operating activities		(109,776)	(48,891)
Net cash used in investing activities			
Interest received		3,105	4,116
Cash paid for a financial asset at FVTPL and related guarantee contract		(151,500)	(176,750)
Cash received from investment gain on financial asset at FVTPL		6,250	3,471
Dividend received from an associate		3,569	–
Cash paid for acquisition of property, plant and equipment		(21,891)	(44,306)
Cash expenditure on investment property		(1,288)	–
Deposits paid on acquisition of property, plant and equipment		(2,019)	(15,444)
Cash paid for prepaid lease payments		(3,681)	–
Net cash outflow on acquisition of a subsidiary	21	(1,919)	–
Proceeds from disposal of property, plant and equipment		–	2
Placement of bank deposits		(2,214)	(172,085)
Withdrawal of bank deposits		135,452	170,032
		(36,136)	(230,964)
Net cash used in financing activities			
Interest paid		(27)	(98)
		(27)	(98)
Net decrease in cash and cash equivalents		(145,939)	(279,953)
Cash and cash equivalents at beginning of the period		453,764	456,706
Cash and cash equivalents at end of the period, represented by bank balances and cash		307,825	176,753



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Notes	Six months ended	
		30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Comprised of:			
Cash and cash equivalents		307,825	161,731
Cash and cash equivalents classified as held for sale		–	15,022
Total cash and cash equivalents		307,825	176,753

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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 Beijing State-owned Assets Management Co., Ltd. ("BSAM"), a state-owned enterprise, which was also established in the PRC.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2012.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to the Group:

HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance;
HKFRS 13	Fair Value Measurement;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 27 (as revised in 2011)	Separate Financial Statements;
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures;
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities;
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income; and
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current interim period. The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the title of “condensed consolidated statement of comprehensive income” is changed to “condensed consolidated statement of profit and loss and other comprehensive income”. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance.

The impact of the application of these standards that is relevant to the Group is set out below.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC)Int-12 Consolidation – Special Purpose Entities. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over the investee, (b) exposed, or rights, to variable returns from its involvement with the investee and (c) the ability to use its power over the investee to affect the amount of the investor's returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

HKFRS 12 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.

In June 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these HKFRSs for the first time.

The directors of the Company assessed the Group's involvement in its investees and concluded that the application of these new and revised standards has had no material impact on the Group's profit or loss and financial position in the current and prior periods. However, the directors of the Company consider that the application of HKFRS 12 will affect the Group's disclosures in the consolidated financial statements for the year ending 31 December 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 22.

The application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

4. SEGMENT INFORMATION

The Group's Chief Executive Officer ("CEO") is identified as the chief operating decision maker. The CEO, for the purpose of resources allocation and assessment of performance, reviewed consolidated profit after taxation and the consolidated revenue (including profit and revenue from discontinued operations) of the Group as a whole prepared in accordance with the Accounting Standards for Business Enterprise of PRC, which has no significant difference as compared with the consolidated profit after taxation and the consolidated revenue reported under HKFRSs. Therefore, the operation of the Group constitutes one single operating segment. Accordingly, no segment information is presented.

In addition, all the Group's operations are located in the PRC and all the revenue of the Group derives from PRC customers, and all of the assets of the Group are located in the PRC.

5. DISCONTINUED OPERATIONS

On 19 December 2011, the Group entered into a share transfer agreement with a fellow subsidiary, Beijing BeiAo Group Co., Ltd. ("北京北奧集團有限責任公司"), to dispose of two subsidiaries, Beijing Culture & Sports Technology Co., Ltd. ("北京文化體育科技有限公司") ("BST") and Beijing Shui Niao Ticket Services Co., Ltd. ("北京水鳥票務有限公司" or "水鳥票務"), which carried out all operations of ticket agency service and sports related information system and information exchange platform services. The disposals were completed on 15 August 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

5. DISCONTINUED OPERATIONS (CONTINUED)

The combined results of discontinued operations for the six months ended 30 June 2012 which have been included in the condensed consolidated statement of profit or loss and other comprehensive income were as follows:

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Loss for the period from discontinued operations		
Revenue	–	10,182
Cost of sales	–	(7,389)
Gross profit	–	2,793
Other income	–	905
Research and development costs	–	(439)
Marketing and promotional expenses	–	(3,361)
Administrative expenses	–	(2,639)
Loss before tax	–	(2,741)
Income tax expense	–	–
Loss and total comprehensive expense for the period from discontinued operations	–	(2,741)
Loss and total comprehensive expense for the period from discontinued operations attributable to:		
Owners of the Company	–	(1,234)
Non-controlling interests	–	(1,507)
	–	(2,741)
Loss for the period from discontinued operations include the following:		
Government grants	–	(861)
Interest income from bank deposits	–	(43)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

5. DISCONTINUED OPERATIONS (CONTINUED)

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Cash flows from discontinued operations		
Net cash outflows from operating activities	–	(3,128)
Net cash inflows from investing activities	–	7
Net cash outflows	–	(3,121)

6. OTHER INCOME

An analysis of the Group's other income for the period is as follows:

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited/ Restated)
Other income from continuing operations		
Gross rental income from investment property	4,796	4,796
Interest income from bank deposits	3,105	3,923
Imputed interest income from Build-and-Transfer ("BT") projects	1,334	–
Government grants (note)	598	285
Others	–	691
	9,833	9,695

Note: Government grants are obtained specifically for certain of the Group's research and development projects, for the purposes of compensating depreciation, staff costs, cable network and research and development costs incurred by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

7. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited/ Restated)
Continuing Operations:		
Gain on change in fair value of a financial asset at FVTPL (note)	6,708	4,006
(Loss) gain on disposal of property, plant and equipment	(26)	2
Allowance for doubtful debts	(1,355)	(1,229)
	5,327	2,779

Note: Gain on change in fair value of a financial asset at FVTPL represents the gain on change in fair value of a trust investment, details of which are set out in Note 16.

8. INCOME TAX EXPENSE

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
The charge from continuing operations comprises:		
PRC Enterprise Income Tax		
– Current period	6,667	5,924
– Overprovision	(4,148)	–
Deferred tax charge/(credit)	1,428	(1,773)
	3,947	4,151



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

8. INCOME TAX EXPENSE (CONTINUED)

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.

In 2013, the Company has been accredited as a key software enterprise in the national planning layout for the year 2011-2012 by the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance, the Ministry of Commerce and the State Administration of Taxation. According to the provision under the Notice on Enterprise Income Tax Policy to Further Encourage the Development of the Software and Integrated Circuit Industries (Cai Shui [2012] No. 27) that “key software enterprises in the national planning layout that have not enjoyed tax-free concessions in the year will be levied enterprise income tax at a reduced tax rate of 10%”, the Company was therefore retrospectively entitled to a preferential tax rate of 10% for 2011 and 2012. Accordingly, overprovision of PRC Enterprise Income Tax amounting to RMB4,148,000 has been reversed in the current period.

At the end of the reporting period, certain subsidiaries had unused tax losses of approximately RMB1,120,000 (31 December 2012: RMB1,558,000) 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 2018.

The deferred tax charge in current period is mainly due to the deductible temporary difference of certain accrued expenses of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

9. PROFIT FOR THE PERIOD

Continuing Operations

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	24,566	14,067
Depreciation of investment property	1,924	1,892
Total depreciation	26,490	15,959
Less: Depreciation included in		
– research and development costs	(911)	(93)
– cost of sales	(16,368)	(8,846)
	9,211	7,020
Directors' and supervisors' remuneration	521	503
Other staff costs	72,099	46,230
Other staff's retirement benefit scheme contributions	7,202	4,375
	79,822	51,108
Less: Staff costs included in		
– research and development costs	(11,924)	(6,375)
– cost of sales	(34,432)	(22,416)
	33,466	22,317



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

9. PROFIT FOR THE PERIOD (CONTINUED)

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Operating lease rentals in respect of		
– cable network	7,513	7,653
– office premises	15,921	8,718
	23,434	16,371
Less: Operating lease rentals included in		
– research and development costs	(492)	(172)
– cost of sales	(14,860)	(12,982)
	8,082	3,217
Cost of inventories recognised as expenses	71,153	10,301
Share of tax of associates (included in share of results of associates)	297	206

10. DIVIDENDS

During the current interim period, a final dividend of RMB1.30 cents (pre-tax) per share in respect of the year ended 31 December 2012 was approved in annual general meeting on 19 June 2013. The aggregate amount of the final dividend approved in the current interim period amounted to RMB37,685,000 (2011 final dividend approved during the six months ended 30 June 2012: RMB34,792,000).

The directors of the Company do not recommend the payment of any interim dividend for the current interim period (six months ended 30 June 2012: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

11. EARNINGS PER SHARE

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

From continuing and discontinued operations

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	41,105	34,446

	Six months ended	
	30.6.2013 (Unaudited)	30.6.2012 (Unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	2,898,086,091	2,898,086,091

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 six months ended 30 June 2013 and 2012.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

11. EARNINGS PER SHARE (CONTINUED)

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:

	Six months ended	
	30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Profit for the period attributable to the owners of Company	41,105	34,446
Add: loss for the period from discontinued operations	–	1,234
Earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	41,105	35,680

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

From discontinued operations

The disposal of the discontinued operations was completed on 15 August 2012 and hence, there was no earning or loss arising from the discontinued operations for the current interim period. Basic and diluted loss per share for discontinued operations for the six months ended 30 June 2012 was RMB0.04 cent per share, based on the loss for the period from discontinued operations of RMB1,234,000 attributable to the owners of the Company, and the denominators detailed above for both basic and diluted earnings per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred approximately RMB22,619,000 (six months ended 30 June 2012: RMB33,331,000) on the acquisition of property, plant and equipment including those acquired through acquisition of a subsidiary (note 21).

13. INVESTMENT PROPERTY

During the current interim period, the Group spent approximately RMB1,288,000 (six months ended 30 June 2012: Nil) on the improvement of investment property.

At 30 June 2013, the ownership title certificate of the Group's investment property has not been obtained by the Group.

14. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	30.6.2013	31.12.2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current portion	4,898	4,687
Non-current portion	31,224	30,016
	36,122	34,703

Prepaid lease payment represents prepayment made by the Group for the rental of premises for a period from 4 to 10 years for installation of wireless equipment for the government network projects.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

15. TRADE AND OTHER RECEIVABLES

	30.6.2013	31.12.2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Total trade receivables	251,311	45,277
Less: Allowance for doubtful debts	(15,404)	(14,049)
	235,907	31,228
Less: Non-current portion which is shown in non-current assets	(70,290)	–
	165,617	31,228
Other receivables and prepayments	52,090	42,719
Deposits for technology service projects	41,888	39,898
Less: Allowance for doubtful debts	(1,823)	(1,823)
	92,155	80,794
Trade and other receivables shown in current assets	257,772	112,022

The Group allows an average credit period of 180 days to its trade customers except certain Build – and – Transfer (“BT”) projects. The trade receivables from the BT projects are unsecured which are repayable by installments over a five year period after the completion date of the construction of the underlying projects. At initial recognition, the fair values of the trade receivables from the BT projects were estimated at respective applicable effective interest rates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an analysis of trade receivables by age at 30 June 2013 and 31 December 2012, presented based on the date of delivery of goods or the billing date of contract works and net of allowance for doubtful debts:

	30.6.2013	31.12.2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Age		
0 to 60 days	104,214	25,035
61 to 90 days	63,830	37
91 to 180 days	58,687	1,937
Over 180 days	9,176	4,219
	235,907	31,228
Less: Non-current portion	(70,290)	–
	165,617	31,228



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.6.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)
Designated as at fair value through profit or loss		
– Trust investment (Note)	150,458	–
Held-for-trading		
– Guarantee contract	1,500	–
	151,958	–

Note: In January 2013, the Group entered into a trust investment agreement with 華能貴誠信託有限公司 (Huaneng Trustee Limited) in which the Group invested RMB150 million in the trust investment managed by Huaneng Trustee Limited (the “Trust Investment”) for the period up to 27 December 2013. The Trust Investment will wholly invest in fixed income financial instruments. The return of the Trust Investment is expected to be 10% per annum at a maximum. As at 30 June 2013, the Trust investment has invested in fixed income financial instruments.

In respect of the Trust Investment, the Group entered into a guarantee agreement with Shenzhen Golden Regal Guarantee Co., Ltd. (“深圳市金瑞格融資擔保有限公司” or “Golden Regal”) which Golden Regal agreed to guarantee 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 Group recognised the guarantee fee of RMB1,500,000 as a derivative with gain or loss of changes in fair value recognised through profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

17. TRADE AND OTHER PAYABLES

	30.6.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)
Trade payables	82,593	56,218
Deferred income arising from government grants (note)	13,699	7,939
Other payables	41,017	46,866
Accrued expenses	45,252	38,022
Payroll and welfare payable	10,808	25,033
Advance from customers	927	980
	194,296	175,058

Note: The balance arose as a result of the benefit received from the government. The Group received government grants of RMB6,358,000 during the current interim period for certain technology research activities and released RMB598,000 in other income in the current interim period.

The following is an aging analysis of trade payables at 30 June 2013 and 31 December 2012, which is presented based on the date of material or service received or the billing date of contract work:

	30.6.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)
Age		
0 to 60 days	50,713	33,470
61 to 90 days	692	471
91 to 180 days	1,646	2,397
Over 180 days	29,542	19,880
	82,593	56,218



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

17. TRADE AND OTHER PAYABLES (CONTINUED)

Included in trade payables are retention payables of RMB4,127,000 (31 December 2012: RMB3,417,000) which are interest-free and payable at the end of the retention period of individual construction contract. These retention payables are expected to be settled in the Group's normal operating cycle which is usually longer than one year.

18. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid
	Domestic shares	H shares	RMB'000
Ordinary shares of RMB0.10 each Issued and fully paid at 1 January 2012, 30 June 2012, 31 December 2012 and 30 June 2013	2,123,588,091	774,498,000	289,809

19. SHARE OPTIONS

The detailed information of share options scheme adopted by the Group is the same as those disclosed in the Group's consolidated financial statements for the year ended 31 December 2012.

During the current interim period, there was no exercise of existing outstanding share options and no new share options were granted by the Group. The number of share options lapsed during the six months ended 30 June 2013 was 1,466,000 (six months ended 30 June 2012: 145,000). As at 30 June 2013, the outstanding number of share options is 39,188,000 (31 December 2012: 40,654,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

20. CAPITAL COMMITMENTS

	30.6.2013	31.12.2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in these condensed consolidated financial statements in respect of acquisition of property, plant and equipment	112,079	116,750

21. ACQUISITION OF A SUBSIDIARY

On 31 May 2013, the Group acquired a 100% equity interest in 上海橫越計算機科技有限公司 (Shanghai Hengyue Computer Technology Co., Ltd.) ("Shanghai Hengyue") from certain third party individuals. Shanghai Hengyue is engaged in software development and operational maintenance of housing fund system. Shanghai Hengyue was acquired so as to continue the expansion of the Group's housing information technology service business.

Consideration transferred

	RMB'000
	(Unaudited)
Cash	2,680

Acquisition-related costs amounting to RMB40,000 have been excluded from the cost of acquisition and have been recognised directly as an expense when it occurred.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

21. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Identifiable assets and liabilities recognised at the date of acquisition

	RMB'000 (Unaudited)
Non-current assets	
Equipment	2
Intangible asset	2,328
Current assets	
Trade and other receivables	118
Bank balances and cash	761
Current liabilities	
Other payables	(529)
	2,680

The intangible asset mainly represented the fair value of customer base recognised in the acquisition.

Goodwill arising on acquisition

	RMB'000 (Unaudited)
Consideration transferred	2,680
Less: recognised amount of identifiable net assets acquired (100%)	(2,680)
Goodwill arising on acquisition	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

21. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Net cash outflow arising on acquisition

	RMB'000 (Unaudited)
Cash consideration paid	2,680
Less: cash and cash equivalents acquired	(761)
	1,919

Impact of acquisition on the results of the Group

Included in the profit of the Group for the current interim period was a loss of RMB66,000 attributable to Shanghai Hengyue. Revenue generated by Shanghai Hengyue from 31 May 2013, the date of acquisition by the Group, to 30 June 2013 did not have any material effect on the Group's revenue.

Had the acquisition of Shanghai Hengyue been effected at the beginning of the current interim period, the total amount of revenue of the Group from continuing operations for the six months ended 30 June 2013 would have been RMB399,522,000, and the amount of the profit of the Group from continuing operations for the six months ended 30 June 2013 would have been RMB40,979,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the current interim period, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Shanghai Hengyue been acquired at the beginning of the current interim period, the directors of the Company calculated depreciation of equipment and the amortisation of intangible asset based on the recognised amounts of equipment and intangible assets at the date of the acquisition.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis, are set out below.

The Group's certain financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30/6/2013	31/12/2012		
Unlisted trust investment classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	Unlisted trust investment in the PRC: Construction industry RMB150 million	N/A	Level 2	Discounted cash flow. The key input is return rate of similar trust product
Held-for-trading – Guarantee contract classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	Guarantee contract in respect of the trust investment: RMB1.5 million	N/A	Level 3	Quotations provided by guarantee companies

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

23. RELATED PARTY DISCLOSURES

(i) Transactions with fellow subsidiaries

Related party	Nature of transactions	Notes	Six months ended	
			30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Fellow subsidiaries				
Capnet Company Limited ("Capnet")	Income for providing the network system and related maintenance services	(a)	2,972	3,150
Beijing IC Design Park Co., Ltd. ("BIDP")	Rental expenses for office premises*	(b)&(c)	3,682	2,437

* An amount of RMB237,000 was included in discontinued operations for the six months ended 30 June 2012. The disposal of the discontinued operations was completed on 15 August 2012.

Notes:

- (a) On 20 December 2006, the Company's wholly-owned subsidiary Capinfo Technology Development Co., Ltd. ("Capinfo Technology") and Capnet entered into a comprehensive services agreement under which Capinfo Technology is to provide the network system and the related maintenance service to Capnet for a term of 3 years since 1 January 2007. On 29 December 2009, Capinfo Technology and Capnet entered into a renewal agreement to extend the term to 31 December 2012. On 18 January 2013, Capinfo Technology and Capnet entered into a further renewal agreement to extend the term to 31 December 2015. The service income of RMB2,972,000 was recognised for the current interim period (six months ended 30 June 2012: RMB3,150,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

23. RELATED PARTY DISCLOSURES (CONTINUED)

(i) Transactions with fellow subsidiaries (continued)

Notes: (continued)

- (b) On 31 March 2009, the Company entered into a lease agreement with BIDP, pursuant to which the Company leases from BIDP certain office premises at a monthly rent of approximately RMB331,000 for the period from 1 April 2009 to 31 March 2012, and then renewed the agreement at a monthly rent of approximately RMB402,000 for the period from 1 April 2012 to 31 March 2015.

On 8 May 2012, the Company entered into a lease agreement with BIDP to lease from BIDP certain office premises at a monthly rent of approximately RMB216,000 for the period from 8 May 2012 to 31 March 2015.

On 6 January 2013, the Company entered into a lease agreement with BIDP, pursuant to which the Company leases from BIDP certain office premises at a monthly rent of approximately RMB5,000 for the period from 6 January 2013 to 5 March 2013, and then renewed the agreement at a monthly rent of approximately RMB9,000 for the period from 6 March 2013 to 5 September 2013.

- (c) On 27 April 2011, BST entered into a lease agreement with BIDP to lease from BIDP certain office premises at an annual rent of approximately RMB372,000 for the period from 28 April 2011 to 27 April 2013.

On 31 May 2011, BST entered into a lease agreement with BIDP to lease from BIDP certain office premises at an annual rent of approximately RMB102,000 for the period from 1 June 2011 to 31 May 2013.

On 15 August 2012, the Group disposed of its subsidiary, BST.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

23. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) Transactions with an associate

An associate	Nature of transactions	Six months ended	
		30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
Beijing Certificate Authority Co., Ltd.	Software development and providing related technical services to the Group	–	665

(iii) Transactions with fellow subsidiaries wholly included in the discontinued operations

Fellow subsidiaries	Nature of transactions	Six months ended	
		30.6.2013 RMB'000 (Unaudited)	30.6.2012 RMB'000 (Unaudited)
National Stadium Co., Ltd.	Ticketing agency fees income*	–	722
Beijing National Aquatic Centre Company Ltd.	Ticketing agency fees income*	–	715
International Sports Co., Ltd.	Ticketing agency fees income*	–	124
Beijing Artists Management Co., Ltd.	Ticketing agency fees income*	–	19

* These transactions are included in the discontinued operations. The disposal of the discontinued operations was completed on 15 August 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

23. RELATED PARTY DISCLOSURES (CONTINUED)

(iv) Amounts due from related parties and amounts due to related parties

	30.6.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)
Amounts due from related parties		
Trading nature:		
Fellow subsidiaries	5,761	2,611
Non-trading nature:		
Fellow subsidiaries	8,130	3,756
Associates	549	523
	8,679	4,279
	14,440	6,890
Amounts due to related parties		
Trading nature:		
Associates	202	342
Fellow subsidiaries	1,332	1,074
	1,534	1,416

The age of the above balances are all within one year.

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

23. RELATED PARTY DISCLOSURES (CONTINUED)

(v) Transactions with other government-related entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled, joint-controlled or significant influenced by the PRC government ("government-related entities"). In addition, the Group itself is part of a larger group of companies under BSAM which is controlled by the PRC government. Apart from the transactions with BSAM and fellow subsidiaries and other related parties disclosed above, the Group also provided e-Government technology services of approximately RMB394,019,000 (six months ended 30 June 2012: RMB157,380,000) to other government-related entities and the PRC government for the current period. The directors of the Company consider they are independent third parties so far as the Group's business transactions with them are concerned.

As of 30 June 2013, loan from government of RMB4,540,000 (31 December 2012: RMB4,540,000) is borrowed from the Financial Bureau of Beijing which is unsecured, repayable on demand and bears interest at annual interest rate of 3.55%(31 December 2012: 3.59%), and the Group has incurred interest expenses of approximately RMB76,000 (six months ended 30 June 2012: RMB98,000) in the 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 and other general banking facilities, with certain banks and financial institutions which are government-related entities, in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

23. RELATED PARTY DISCLOSURES (CONTINUED)

(v) Transactions with other government-related entities in the PRC (continued)

Except for trade and other receivables of approximately RMB274,660,000 (31 December 2012: RMB86,342,000), amounts due from customers for contract works of approximately 53,686,000 (31 December 2012: RMB81,347,000), amounts due to customers for contract works of approximately RMB148,716,000 (31 December 2012: RMB138,622,000) as at 30 June 2013, those transactions as disclosed above, and certain balances disclosed in respective notes to the condensed consolidated financial statements, the directors of the Company are of the opinion that transactions and balances with these related parties are not significant to the Group's operations.

(vi) Compensation of key management personnel

The short term benefits paid or payable by the Group to directors of the Company and other members of key management during the six months ended 30 June 2013 are approximately RMB2,662,000 (six months ended 30 June 2012: RMB2,132,000).

The post-employment benefits paid or payable by the Group to directors of the Company and other members of key management during the six months ended 30 June 2013 are approximately RMB87,000 (six months ended 30 June 2012: RMB61,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

24. COMPARATIVE FIGURES

Previously, gain on change in fair value of a financial asset at FVTPL, gain on disposal of property, plant and equipment and allowance for doubtful debts were classified as part of other income and administrative expenses. Starting from the financial year ended 31 December 2012, the Group has decided to classify it as part of other gains and losses in the consolidated statement of profit or loss and other comprehensive income.

Previously, rental income and related expenses in relation to the investment property were included in other income. Starting from the current interim period, the Group has decided to classify rental-related expenses to administrative expenses.

The relevant comparative figures for the six-month ended 30 June 2013 have been reclassified to conform to the current period's presentation accordingly.

	Six months ended 30.6.2012 (originally stated)	Reclassification adjustments	Six months ended 30.6.2012 (restated)
	RMB'000	RMB'000	RMB'000
Other income	11,543	(1,848)	9,695
Other gains and losses	–	2,779	2,779
Administrative expenses	(19,649)	(931)	(20,580)

INFORMATION FOR INVESTORS

Financial Calendar

Announcement of interim results 23 August 2013
 Dispatch of interim report to shareholders 4 September 2013

Interim Report

The Chinese and English versions of the interim report will be posted on the Company's website (www.capinfo.com.cn) on 3 September 2013

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