

The logo for Capinfo, featuring the word "CAPINFO" in a bold, red, sans-serif font. The letter "A" is stylized with a white triangle pointing downwards inside it.

CAPINFO

Capinfo Company Limited

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

The year "2007" is displayed in a large, blue, serif font. The background of the entire page is a light blue gradient with abstract digital patterns, including binary code (0s and 1s) and a 3D bar chart with several bars of varying heights. The word "CAPINFO" is also visible in a large, semi-transparent blue font in the background.

2007

First Quarterly Report



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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report 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 report misleading; and (iii) all opinions expressed in this report 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 RMB34.4 million for the three months ended 31st March, 2007;
- The Group sustained an unaudited loss attributable to the equity holders of the Company of approximately RMB5.1 million for the three months ended 31st March, 2007;
- The Board does not recommend the payment of an interim dividend for the three months ended 31st March, 2007.

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, 2007, the Company and its subsidiaries (collectively the "Group") recorded an unaudited turnover of approximately RMB34.4 million, representing an increase of approximately 36% over the same period of last year, and a gross profit margin of 25%, as compared with 14% for the same period of last year. The Group has sustained an unaudited loss attributable to equity holders of the Company of approximately RMB5.1 million for the period under review as against profit attributable to equity holders of the Company of approximately RMB1.3 million for the same period of last year.

The increase in turnover for the period under review was mainly attributable to the increase 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 has sustained loss attributable to equity holders of the Company of approximately RMB5.1 million for the period under review as against profit attributable to equity holders of the Company of approximately RMB1.3 million for the same period of last year. Although both the turnover and gross profit margin increased in the period under review, there was a gain on disposal of business of approximately RMB18.3 million in the same period of last year and which did not occur 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, 2007, the Group had unsecured short term borrowings of RMB10 million. Cash and bank deposits of the Group were approximately RMB329.7 million as at 31st March, 2007 which mainly came from shareholders' contribution and working capital generated from operations.

As at 31st March, 2007, the Group had no assets pledged and had no significant contingent liabilities.

As at 31st March, 2007, the Group had capital commitment of approximately RMB39.5 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. *Continuous Development for Foundation Business*

During the period, the Group's business made good progress. Beijing Medical Insurance Information System successfully achieved the uploading of outpatient data from five pilot hospitals, which effectively supported the business requirement for better outpatient data management in the designated medical institutions. Storage expansion, network upgrade and overall survey and perfection to the Beijing Medical Insurance System have been completed, which secured safer and more stable system operation.



Beijing Community Service Information Network System has undergone a comprehensive review and optimized design in respect of its system framework. Beijing Municipal Government Private Cable Network has completed the reengineering of Beijing Municipal Government Office Network, which has passed expert inspection.

During the period, five projects undertaken or participated by the Group were awarded the '2006 Information Beijing Top Ten Application Achievements' (2006信息北京十大應用成果獎及入圍成果獎).

2. *Research and Development*

During the period, a number of research projects of the Group enjoyed breakthrough. The Group finalized the research and development on the prototype system of Beijing Police Application, which is integrated with various leading domestic and foreign technologies such as VQL language intermediate parts technology, modular translation technology and embedded machine translation engines, and comprises nine areas including public security, household records, traffic management etc. For the project of Key Technologies and Core Platforms for the Olympics Integrated Information Service (奧運綜合信息服務關鍵技術及核心平台), development of the Olympic Information Resources prototype system as well as the upgraded system platform for Cityguide have been completed.

3. *Business Development and Future Prospects*

During the period, Olympics-related projects progressed steadily and the Group will endeavor to procure the Olympics-related market with greater participation into projects concerning the Olympics. Meanwhile, with our efforts in innovation, the Group will actively foster new markets and business growth after maintaining the effective operation of its foundation business.

The top of the page features a large, stylized blue 'C' logo on the left, with the word 'CAPINFO' in a lighter blue font extending to the right. Below this, the Chinese characters '首都信息发展' are visible in a light blue, semi-transparent font. The background consists of a grid of white lines on a light blue gradient, creating a sense of depth and technology.

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF CAPINFO COMPANY LIMITED

Introduction

We have reviewed the condensed consolidated financial information set out on pages 7 to 19, which comprise the condensed consolidated balance sheet of Capinfo Company Limited (the “Company”) as of 31 March 2007 and the related condensed consolidated income statement, condensed consolidated cash flow statement and condensed consolidated statement of changes in equity for the three months then ended, and other explanatory notes. The condensed consolidated financial information has been prepared solely for the purpose set out in note 2 to the condensed consolidated financial information. The directors are responsible for the preparation and presentation of this condensed consolidated financial information. Our responsibility is to express a conclusion on this condensed consolidated financial information. This report is made 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 condensed consolidated financial information 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.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation as set out in note 2.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong

May 11th, 2007

RESULTS

The Board of Directors (the "Board") of the Company hereby announces that the unaudited consolidated results of the Group for the three months ended 31st March, 2007, together with the comparative figures for the corresponding period of 2006, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31st March, 2007

	NOTES	Three months ended	
		31.3.2007 RMB'000 (Unaudited)	31.3.2006 RMB'000 (Unaudited)
Turnover	4	34,411	25,312
Cost of sales		(25,877)	(21,835)
Gross profit		8,534	3,477
Gain on disposal of a business		–	18,278
Other income		5,983	2,455
Research and development costs		(4,435)	(4,947)
Marketing and promotional expenses		(1,816)	(2,915)
Administrative expenses		(11,544)	(9,570)
Interest on other loan wholly repayable within five years		(64)	(43)
Share of losses of associates		(2,605)	(3,388)
Share of loss of a jointly controlled entity		–	(208)
(Loss) profit before taxation	5	(5,947)	3,139
Taxation	6	91	(2,224)
(Loss) profit for the period		(5,856)	915
Attributable to:			
Equity holders of the Company		(5,067)	1,305
Minority interests		(789)	(390)
		(5,856)	915
(Loss) earnings per share – Basic	8	(0.17 cents)	0.05 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st March, 2007

	NOTES	31.3.2007 RMB'000 (Unaudited)	31.12.2006 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	190,896	197,497
Interests in associates		21,223	23,828
Available-for-sale investments		1,350	1,350
Deposits paid on acquisition of property, plant and equipment		35,164	31,527
		248,633	254,202
Current assets			
Inventories		1,938	2,703
Amounts due from customers for contract work		38,472	24,972
Trade and other receivables	10	63,995	41,706
Amount due from an associate		90	90
Bank deposits		22,619	24,567
Bank balances and cash		307,056	341,485
		434,170	435,523
Current liabilities			
Trade and other payables	11	67,480	68,862
Customer deposits for contract work		46,306	45,301
Taxation payable		2,214	2,903
Other loan		10,000	10,000
		126,000	127,066
Net current assets		308,170	308,457
Total assets less current liabilities		556,803	562,659
Capital and reserves			
Share capital	12	289,809	289,809
Reserves		264,782	269,849
Equity attributable to equity holders of the Company		554,591	559,658
Minority interests		2,212	3,001
Total equity		556,803	562,659

The interim financial report on pages 7 to 19 was approved and authorised for issue by the Board of Directors on May 11th, 2007 and is signed on its behalf by:

DR. CHEN XINXIANG
CHAIRMAN

DR. WANG XU
CHIEF EXECUTIVE

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31st March, 2007

	Attributable to equity holders of the Company						
	Share capital	Share premium	Statutory surplus reserve	Accumulated profit (losses)	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1st January, 2006	289,809	254,079	2,437	1,756	548,081	4,678	552,759
Profit (loss) for the period and total recognised income for the period	-	-	-	1,305	1,305	(390)	915
At 31st March, 2006	289,809	254,079	2,437	3,061	549,386	4,288	553,674
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 expense 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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the three months ended 31st March, 2007

	Three months ended	
	31.3.2007 RMB'000 (Unaudited)	31.3.2006 RMB'000 (Unaudited)
Net cash used in operating activities	(28,904)	(50,803)
Net cash used in investing activities		
Cash paid for purchase of property, plant and equipment	(4,700)	(6,033)
Deposits paid on acquisition of property, plant and equipment	(3,637)	-
Proceeds from disposal of a business	-	20,110
Decrease (increase) in bank deposits for investing purpose	1,948	(236)
Other investing cash flows	928	840
	(5,461)	14,681
Net cash used in financing activities	(64)	(43)
Decrease in cash and cash equivalents	(34,429)	(36,165)
Cash and cash equivalents at beginning of the period	341,485	333,007
Cash and cash equivalents at end of the period, represented by bank balances and cash	307,056	296,842



NOTES

1. GENERAL

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

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

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The condensed consolidated financial information has been prepared solely for the information of the directors of the Company. Accordingly, the condensed consolidated financial information presents only the condensed consolidated balance sheet of the Group as at 31 March 2007, and the related condensed consolidated income statement, condensed consolidated cash flow statement and condensed consolidated statement of changes in equity for the three months then ended, with appropriate comparative amounts. While the amounts included in this condensed consolidated financial information have been computed in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants applicable to interim periods, the condensed consolidated financial information does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statement for the year ended 31st December, 2006.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by HKICPA, which are effective for the Group's financial year beginning 1st January, 2007. The adoption of the new HKFRSs had no material effect on the results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standard or interpretations that were issued by the HKICPA but not yet effective:

HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC)-Int 12	Service Concession Arrangements ³

- ¹ Effective for annual periods beginning on or after 1st January, 2009
- ² Effective for annual periods beginning on or after 1st March, 2007
- ³ Effective for annual periods beginning on or after 1st January, 2008

The directors anticipate that the adoption of these standard and interpretations in future periods 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 31.3.2007		Three months ended 31.3.2006	
	Turnover RMB'000	Result RMB'000	Turnover RMB'000	Result RMB'000
e-Government technology services	31,704	4,281	23,425	(453)
e-Commerce technology services	2,707	(4,686)	1,887	(7,415)
	34,411	(405)	25,312	(7,868)
Gain on disposal of a business engaged in e-Commerce technology service		-		18,278
Other income		5,983		2,455
Unallocated administrative expenses		(8,856)		(6,087)
Interest on other loan wholly repayable within five years		(64)		(43)
Share of losses of associates engaged in other businesses		(2,605)		(3,388)
Share of loss of a jointly controlled entity engaged in other businesses		-		(208)
(Loss) profit before taxation		(5,947)		3,139
Taxation		91		(2,224)
(Loss) profit for the period		(5,856)		915

5. (LOSS) PROFIT BEFORE TAXATION

	Three months ended	
	31.3.2007	31.3.2006
	RMB'000	<i>RMB'000</i>
<hr/>		
(Loss) profit before taxation has been arrived at after charging (crediting):		
Depreciation	9,018	11,384
Less: Depreciation included in research and development costs	(326)	(287)
Depreciation capitalised in contract work	(7,266)	(8,667)
	<hr/>	<hr/>
	1,426	2,430
Cost of inventories recognised as expenses	566	443
Write down of inventories to net realisable value	1,160	1,475
Allowance for doubtful debts	787	1,949
Government grants	(1,417)	(1,218)
Interest income from bank deposits	(492)	(571)
Fair value change on investments held for trading	(3,511)	(569)
Dividend received from available-for-sale investment	(386)	-
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6. TAXATION

	Three months ended	
	31.3.2007	31.3.2006
	RMB'000	<i>RMB'000</i>
<hr/>		
The (credit) charge comprises:		
PRC income tax		
Current year	59	2,224
Overprovision in previous year	(150)	-
	<hr/>	<hr/>
	(91)	2,224
	<hr/> <hr/>	<hr/> <hr/>

The Company is recognised as a new-technology enterprise according to PRC tax regulations and subject to the income tax calculated at 15% (2006: 15%) of the estimated assessable profit for the three months ended 31st March, 2007.

At 31st March, 2007, the subsidiaries have unused tax losses of approximately RMB24,000,000 (31.12.2006: RMB23,000,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses will expire before 2012.

7. DIVIDENDS

No dividends were paid during the period. The directors do not recommend the payment of an interim dividend.

8. (LOSS) EARNINGS PER SHARE

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

	Three months ended	
	31.3.2007	31.3.2006
	RMB'000	RMB'000
(Loss) profit for the period attributable to equity holders of the Company	<u>(5,067)</u>	<u>1,305</u>
Number of ordinary shares for the purposes of basic (loss) earnings per share	<u>2,898,086,091</u>	<u>2,898,086,091</u>

The effect of share options is excluded from the calculation of the diluted loss per share since their exercise would result in a decrease in the loss per share for March 31, 2007.

No diluted (loss) earnings per share has been presented as the exercise price of the Company's share options was higher than the average market price of the Company's shares for March 31, 2006.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately RMB2,467,000 (2006: RMB3,586,000) on acquisition of property, plant and equipment.

10. TRADE AND OTHER RECEIVABLES

	31.3.2007	31.12.2006
	RMB'000	<i>RMB'000</i>
Trade receivables	43,916	18,779
Other receivables, deposits and prepayments	20,079	22,927
	63,995	41,706

Payment terms with customers are mainly on credit. Invoices are normally payable within 60 days of issuance, except for certain well established customers that the Group offers longer payment credit terms. The following is an aged analysis of trade receivables at the balance sheet date:

Age	31.3.2007	31.12.2006
	RMB'000	<i>RMB'000</i>
0 to 60 days	33,155	11,589
61 to 90 days	232	251
91 to 180 days	7,604	494
Over 180 days	2,925	6,445
	43,916	18,779

11. TRADE AND OTHER PAYABLES

	31.3.2007	31.12.2006
	RMB'000	<i>RMB'000</i>
Trade payables	4,209	5,679
Other payables	53,013	53,924
Customer deposits	10,258	9,259
	67,480	68,862



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

Age	31.3.2007 <i>RMB'000</i>	31.12.2006 <i>RMB'000</i>
0 to 60 days	218	1,976
61 to 90 days	–	213
91 to 180 days	639	57
Over 180 days	3,352	3,433
	4,209	5,679
	4,209	5,679

12. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid <i>RMB'000</i>
	Domestic shares	H shares	
Ordinary shares of RMB0.10 each			
At 1st January, 2007 and 31st March, 2007	2,123,588,091	774,498,000	289,809
	2,123,588,091	774,498,000	289,809

13. CAPITAL COMMITMENTS

	31.3.2007 <i>RMB'000</i>	31.12.2006 <i>RMB'000</i>
Capital expenditure contracted for but not provided in the financial information in respect of acquisition of		
– property, plant and equipment	9,503	16,111
– formation of a new joint venture	30,000	30,000
	39,503	46,111
	39,503	46,111

14. RELATED PARTY DISCLOSURES

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

Name of related party	Nature of transactions	Three months ended	
		31.3.2007 RMB'000	31.3.2006 RMB'000
(a) Shareholder			
CNC Beijing Communication Corporation	Dedicated circuit leasing services paid	1,546	3,238
	Telephone related services paid	271	357
(b) Fellow subsidiaries			
Capnet Company Limited	Comprehensive services income received	-	608
	Network system and the related maintains services income received	2,010	-
Beijing IC Design Park Co., Ltd.	Property rentals paid	1,413	2,491

Amount due from fellow subsidiaries as at 31st March, 2007 was approximately RMB3,194,000 (31.12.2006: RMB3,863,000). The amount is included in trade and other receivables and are unsecured, non-interest bearing and repayable on demand.

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

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under BSAM which is controlled by the PRC government. Apart from the transactions with BSAM and fellow subsidiaries and other related parties disclosed above, the Group also provided e-Government technology services of approximately RMB31,704,000 (2006: RMB23,425,000) 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 RMB10,000,000 is borrowed from the PRC government, unsecured and bears interest at annual interest rate of 2.55%.

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) Amount due from an associate

The amount due from an associate is unsecured, non-interest bearing and repayable on demand.

(iv) 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, 2007 was approximately RMB536,000 (2006: RMB651,000).

DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 31st March, 2007 (2006: 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, 2007, 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, 2007		Total	Percentage to the issued H share capital
	Granted under Pre-IPO Share Option Plan	Granted under Share Option Scheme		
<i>Directors</i>				
Dr. Chen Xinxiang	1,309,750	2,700,000	4,009,750	0.51%
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%
	7,666,300	10,030,000	17,696,300	2.28%



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, 2007:

Name of shareholder	Number of shares	Nature of interests	Percentage to the issued share capital
Beijing State-owned Assets Limited Management Corporation	1,783,631,919 domestic shares	Beneficial owner	61.55%

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, 2007:

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	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 Digital Technology Company Limited (東莞市龍信數碼科技有限公司)	Beneficial owner	40%
Fu Zengxue (付增學)	Beijing Hongxin Software Company Limited (北京宏信軟件有限責任公司)	Beneficial owner	40%



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.

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, 2007.

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, an 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, 2007 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 to the GEM Listing Rules.

By Order of the Board
CAPINFO COMPANY LIMITED*
Dr. CHEN Xinxiang
Chairman

Beijing, The People's Republic of China, 11th May, 2007

As of the date hereof, the executive directors of the Company are Dr. Chen Xinxiang, 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. Tan Guoan, Dr. Xia Peng, Mr. Liu Zhiyong; and the independent non-executive directors of the Company are Mr. Chen Jing, Mr. Ye Lu and Mr. Liu Dongdong.

* For identification purposes only