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CAPINFO COMPANY LIMITED*

首都信息發展股份有限公司

(a joint stock limited company incorporated in China with limited liability)

(Stock Code: 8157)

ANNOUNCEMENT

The Board is pleased to announce that on 3 June 2010, the Company entered into the Entrusted Cash Management Contract with Huaneng Trust, pursuant to which the Company will deposit the Entrusted Cash to Huaneng Trust as trustee to manage, on a discretionary basis, the Entrusted Cash from 3 June to 27 December 2010 and receive a return of up to 10% of the Entrusted Cash per annum.

On the same day, the Company also entered into the Guarantee Agreement with Shenzhen Credit to safeguard and ensure receipt of minimum return of the Entrusted Cash.

THE ENTRUSTED CASH MANAGEMENT CONTRACT

Date:

3 June 2010

Parties to the Entrusted Cash Management Contract

- (i) The Company; and
- (ii) The Huaneng Trust, an independent third party

* *For identification purposes only*

Principal terms of the Entrusted Cash Management Contract

The Company has engaged Huaneng Trust as its trustee to manage, on a discretionary basis, the Entrusted Cash from 3 June to 27 December 2010 and the Company will, in return, receive a return of up to 10% of the Entrusted Cash. Huaneng Trust will primarily invest the Entrusted Cash in fixed income financial instruments (including bonds and other fixed income products).

Management fee and incentive fee

Huaneng Trust will charge a fixed management fee of 0.5% of the Entrusted Cash per annum and is entitled to any investment return in excess of the aforesaid return of 10% per annum (after the deduction of the management fee) as an incentive fee.

THE GUARANTEE AGREEMENT

In order to safeguard and ensure receipt of the minimum return of the Entrusted Cash, the Company has also entered into the Guarantee Agreement with Shenzhen Credit, an independent third party, whereby Shenzhen Credit will guarantee the receipt of the Entrusted Cash by the Company plus a return not less than the bank fixed deposit interest income between 3 June to 27 December 2010 and, in return, the Company will pay Shenzhen Credit a service fee of RMB1,150,000 (representing 0.5% of the Entrusted Cash) for the aforesaid guarantee services.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE ENTRUSTED CASH MANAGEMENT CONTRACT AND THE GUARANTEE AGREEMENT

The Group, an information technologies and services supplier, has established a widespread and exclusive IT service network and participated in the construction, operation and maintenance of large-scale information application projects in Beijing, China and other regions across the country. The Company has developed policies in managing its surplus cash reserves and has from time to time made arrangements with financial institutions in China to enhance the Group's return on its surplus cash (for example, the entrusted loan arrangement made with China Minsheng Banking Corp., Ltd. in September 2009). Given that (i) the Group had cash and bank balances of approximately RMB354.23 million as at 31 March 2010; (ii) the anticipated higher return on the Entrusted Cash offered by Huaneng Trust than the current six-month benchmark fixed deposit rate of 1.98% published by the People's Bank of China; (iii) the guarantee provided by Shenzhen Credit, the directors (including the independent non-executive directors) of the Company are of the view that the entering into of the Entrusted Cash Management Contract and the Guarantee Agreement with Huaneng Trust and Shenzhen Credit, respectively, are beneficial to the Company and its shareholders as a whole.

DEFINITIONS

“China” : the People's Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“Company”	:	首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company established in China, the issued H Shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Entrusted Cash”	:	the Company’s cash of RMB230,000,000 entrusted to Huaneng Trust under the Entrusted Cash Management Contract
“Entrusted Cash Management Contract”	:	the entrusted cash management agreement entered into between the Company and Huaneng Trust for the management of the Entrusted Cash by Huaneng Trust from 3 June to 27 December 2010
“GEM Listing Rules”	:	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	:	the Company and its subsidiaries
“Guarantee Agreement”	:	the guarantee agreement dated 3 June 2010 entered into between the Company and Shenzhen Credit for the provision of the guarantee on the Entrusted Cash and its minimum return by Shenzhen Credit
“Huaneng Trust”	:	華能貴誠信託有限公司 (Huaneng your Trustee Limited*), a non-bank financial institution incorporated in China and under the supervision of the China Banking Regulatory Commission and a subsidiary of China Huaneng Group
“RMB”	:	Renminbi, the lawful currency of China
Shenzhen Credit	:	深圳中科智擔保投資有限公司 (Shenzhen Credit Orientwise Co., Limited)*, a company with limited liability established in China and principally engaged in the provision of guarantee services
“%”	:	per cent

By Order of the Board
Capinfo Company Limited*
Dr. Li Minji
Chairman

Beijing, China, 3 June 2010

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

As of the date hereof, the executive director of the Company is Dr. Wang Xu; the non-executive directors of the Company are Dr. Li Minji, Ms. Sun Jing, Ms. Li Zhi, Mr. Pan Jiaren, Mr. Cao Jun, Mr. Qi Qigong, Ms. Lu Xiaobing and the independent non-executive directors of the Company are Mr. Chen Jing, Dr. Wang Huacheng and Mr. Gong Zhiqiang.

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

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