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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: 1075)

ANNOUNCEMENT

The Board is pleased to announce that on 24 March 2011, the Company entered into the New Entrusted Cash Management Contract, pursuant to which the Company has engaged Huaneng Trust as trustee to manage a sum of RMB230,000,000 on a discretionary basis for a term commencing from 25 March 2011 to 27 December 2011 whereby the Company will receive an annualised return of up to 10% on the Trust Investment.

On the even date, the Company entered into the New Guarantee Agreement with Beijing SMEs Re-guarantee for the guarantee of the repayment of the Trust Investment.

Reference is made to the announcement of Capinfo Company Limited* (the “**Company**”) dated 3 June 2010 (the “**Announcement**”) in relation to, among others, the entering into of the Entrusted Cash Management Agreement between the Company and Huaneng Trust. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

THE NEW ENTRUSTED CASH MANAGEMENT CONTRACT

Background

As the Entrusted Cash Management Contract had expired on 27 December 2010, the Company entered into a new entrusted cash management agreement (the “**New Entrusted Cash Management Contract**”) with Huaneng Trust on 24 March 2011.

* *For identification purpose only*

Date

24 March 2011

Parties

- (i) The Company; and
- (ii) Huaneng Trust

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiry, Huaneng Trust and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Principal terms

Pursuant to the New Entrusted Cash Management Contract, the Company has engaged Huaneng Trust as trustee to manage a sum of RMB230,000,000 (the “**Trust Investment**”) on a discretionary basis for a term commencing from 25 March 2011 to 27 December 2011 whereby the Company will receive an annualised return of up to 10% on the Trust Investment. Huaneng Trust will primarily invest the Trust Investment in fixed income financial instruments (including bonds and other fixed income products).

Management fee and incentive fee

Huaneng Trust will charge a fee comprising a fixed management fee of 0.8% of the Trust Investment and an administration fee of 0.2% of the Trust Investment per annum and receive any investment return in excess of the aforesaid annualised return of 10% per annum (after the deduction of management fee) as incentive fee.

THE NEW GUARANTEE AGREEMENT

As an additional security to ensure the repayment of the Trust Investment, on 24 March 2011, the Company also entered into a guarantee agreement (the “**New Guarantee Agreement**”) with Beijing SMEs Credits Re-guarantee Co., Ltd (“**Beijing SMEs Re-guarantee**”), a subsidiary of the controlling shareholder of the Company and principally engaged in the business of credit reinsurance for small and medium enterprises in China. Pursuant to the New Guarantee Agreement, Beijing SMEs Re-guarantee will guarantee the repayment of the Trust Investment together with a return based on the one-year benchmark time deposit rate set by the People’s Bank of China to the Company and the Company shall pay Beijing SMEs Re-guarantee a fee of RMB800,000 for the aforesaid guarantee.

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

The Group is an information technology service provider 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 has from time to time enter into arrangements with financial institutions in China to manage its surplus cash in accordance with its cash management policy, such as the entering into of the Entrusted Cash Management Contract with Huaneng Trust. Having considered (i) the Group's substantial bank balances and cash as at 31 December 2010; (ii) the anticipated higher return offered under the New Entrusted Cash Management Contract than the current one-year benchmark time deposit rate of 3% set by the People's Bank of China; and (iii) the guarantee provided by Beijing SMEs Re-guarantee, the directors (including the independent non-executive directors) of the Company are of the view that the entering into of the New Entrusted Cash Management Contract and the New Guarantee Agreement is beneficial to the Company and its shareholders as a whole.

By Order of the Board
CAPINFO COMPANY LIMITED*
Dr. Li Minji
Chairman

Beijing, China, 24 March 2011

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, Mr. Zeng Xianggao and Mr. Gong Zhiqiang.