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CAPINFO COMPANY LIMITED*

首都信息發展股份有限公司

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

(Stock Code: 8157)

(1) PROPOSED H SHARE ISSUE; AND

(2) RESUMPTION OF TRADING IN THE H SHARES

The Proposed H Share Issue

The Board is pleased to announce that, subject to the Shareholders' approval at each of the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting and the CSRC's approval, the Company will allot and issue not more than 579,617,218 additional H Shares (including the NSSF Council Shares) (representing not more than 20% of the existing total issued Shares as at the date of this announcement) to the Professional and Institutional Investor(s) by way of private placement (except for the NSSF Shares). Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, such additional H Shares on GEM.

As at the date of this announcement, the Company has not entered into any placing or underwriting agreement or fixed any terms with any parties in connection with the Proposed H Share Issue. The Company will identify, and negotiate the placement terms with, appropriate placee(s) following receipt of the approvals from the Shareholders and the CSRC in relation to the Proposed H Share Issue.

The purpose of the Proposed H Share Issue is to finance the Group's investment in (i) the public medical and health care information services platform; and (ii) "Beijing-China" and "Multilingual" public information services platform.

The Board would like to seek Shareholders' approval of the Proposed H Share Issue. A circular containing details of the Proposed H Share Issue and the notice of each of the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the GEM Listing Rules.

There is no assurance that the Proposed H Share Issue will proceed as planned. Investors are advised to exercise caution in dealing in the H Shares. Further announcement(s) in relation to the details of the Proposed H Share Issue will be made by the Company when such details are available.

Increase in the price of the H Shares

The Directors have noted the increase in the price of the H Shares Monday, on 8 October 2007 and wish to state that save for the information disclosed in this announcement, they are not aware of any reason for such increase. The Directors also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of, save for the information disclosed in this announcement, any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

Resumption of trading in the H Shares

At the request of the Board, trading in the H Shares on the GEM was suspended with effect from 9:30 a.m. on Tuesday, 9 October 2007, pending the release of this announcement. Application has been made by the Company to the GEM for the resumption of trading in the H Shares with effect from 9:30 a.m. on 15 October 2007.

PROPOSED ISSUE OF H SHARES

1. Proposed H Share Issue

The Board is pleased to announce that, subject to the Shareholders' approval at each of the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting and the CSRC's approval, the Company will allot and issue not more than 579,617,218 additional H Shares (including the NSSF Council Shares) (representing not more than 20% of the existing total issued Shares as at the date of this announcement) to the Professional and Institutional Investor(s) by way of private placement (except for the NSSF Shares). Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, such additional H Shares on GEM.

2. Structure of the Proposed H Share Issue

Type of securities to be issued:	H Shares
Maximum number of H Shares to be issued:	579,617,218 H Shares (including the NSSF Council Shares), representing 20% of the total issued Shares as at the date of this announcement Pursuant to the applicable PRC laws and regulations, the state-owned Domestic Shareholders are required to convert an aggregate number of their Domestic Shares amounting to 10% of the total number of H Shares to be issued pursuant to the Proposed H Share Issue, into the H Shares which shall be, at the option of the NSSF Council, (i) assigned to the NSSF Council for nil consideration; or (ii) allotted and issued to the target subscribers at the issue price as described below and the proceeds from such allotment and issue shall be contributed to the NSSF Council
Nominal value:	RMB0.10 per H Share
Rights attached to H Shares:	H Shares to be allotted and issued pursuant to the Proposed H Share Issue shall rank <i>pari passu</i> with the existing Domestic Shares and H Shares in all respects except as otherwise provided for under the applicable laws, rules and regulations and the articles of association of the Company
Target subscribers:	Professional and Institutional Investor(s)
Method of issue:	Private placement (except for the NSSF Council Shares)

Issue price:

To be determined by the Board as may be authorised by the Shareholders at the EGM, the Domestic Shareholders Class Meetings and the H Shareholders Class Meeting, respectively, according to the market price of the H Shares and market conditions as at the time of the allotment and issue of such additional H Shares. The issue price of the H Shares to be issued pursuant to the Proposed H Share Issue shall not be less than 80% of the benchmarked price of the H Shares, such benchmarked price being the higher of:

- (i) the closing price on the date of the relevant placing agreement or other agreement involving the Proposed H Share Issue; and
- (ii) the average closing price in the 5 trading days immediately prior to the earlier of:
 - (a) the date of the announcement of the placing or the Proposed H Share Issue;
 - (b) the date of the placing agreement or other agreement involving the Proposed H Share Issue; and
 - (c) the date on which the placing or subscription price is fixed.

As at the date of this announcement, the Company has not entered into any placing or underwriting agreement or fixed any terms with any parties in connection with the Proposed H Share Issue. The Company will identify, and negotiate the placement terms with, appropriate placee(s) following receipt of the relevant approvals from the Shareholders and the CSRC, respectively. Further announcement(s) in relation to any placing arrangement will be made by the Company as and when appropriate.

3. Use of the Proceeds from the Proposed H Share Issue

The Group is an information technology services provider with its principal place of business located in the Beijing Municipality, the PRC. Currently, the Group undertakes and has completed a number of large scale projects involving the construction, operation and maintenance of information systems and applications in the Beijing Municipality as well as other parts of the country, with the initial formation of a wide coverage IT services network with distinctive features.

The purpose of the Proposed H Share Issue is to finance the Group's investment in (i) the public medical and health care information services platform; and (ii) "Beijing-China" and "Multilingual" public information services platform. The details of the two projects are set out below:

Public Medical and Health Care Information Services Platform

To upgrade and enhance the existing medical insurance system network and service terminals connecting more than 1600 medical institutions in Beijing to achieve real-time upload of the outpatient information. It is expected to require not less than RMB200 million for the first stage of the project.

"Beijing-China" and Multilingual Public Information Services Platform

To enhance the existing "Beijing-China" website and establish a stable and safe multilingual services public information services platform to serve the public of Beijing. It is expected to require not less than RMB200 million.

Assuming that an aggregate of 579,617,218 H Shares (representing 20% of the total issued Shares as at the date of this announcement) are issued pursuant to the Proposed H Share Issue at the closing price of HK\$0.60 per H Share as at 8 October 2007 (being the last trading day of the H Shares on GEM prior to the release of this announcement), the Directors expect that the gross proceeds from the Proposed H Shares Issue would amount to approximately HK\$313 million (equivalent to approximately RMB300 million).

Apart from the proceeds to be raised from the Proposed H Share Issue, the investments in such projects will be financed by the Company's internal resources, bank loans and other appropriate financing activities. In the event that the proceeds to be raised from the Proposed H Share Issue exceed the capital requirement of such projects, the excess amount will be applied towards the Company's working capital or investments in other appropriate projects.

The Directors consider that the Proposed H Shares Issue would be in the interests of the Group and the Shareholders as a whole.

4. Shareholders' Approval and other Approvals

The EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting will be held to consider and, if thought fit, approve, among other things, (i) the grant of a specific mandate to the Board to allot and issue not more than 579,617,218 additional H Shares (including the NSSF Council Shares) (representing not more than 20% of the total issued Shares as at the date of this announcement) in connection with the Proposed H Share Issue; (ii) to approve the Proposed H Share Issue; and (iii) to authorise the Board to determine and deal with, at its discretion and with full authority, matters relating thereto (including but not limited to the specific timing of the issue, the number of additional H Shares to be issued, issue price, target subscribers and the number and proportion of H Shares to be issued to each subscriber). It should be noted that the Proposed H Share Issue, upon approval by the Shareholders at the EGM, the Domestic Shareholders Class Meetings and the H Shareholders Class Meeting, respectively, is further subject to the approval of the CSRC. Furthermore, the approval of the GEM Listing Committee for the listing of, and permission to deal in, such additional H Shares on GEM is required.

Subject to the CSRC's approval of Proposed H Share Issue, the Shareholder's approval as described above shall be valid for 12 months.

There is no assurance that the Proposed H Share Issue will proceed as planned. Investors are advised to exercise caution in dealing in the H Shares. Further announcement(s) in relation to the details of the Proposed H Share Issue will be made by the Company when such details are available.

EFFECT OF THE PROPOSED H SHARE ISSUE ON THE COMPANY'S SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Proposed H Share Issue assuming that an aggregate of 579,617,218 additional H Shares, representing 20% of the total issued Shares as at the date of this announcement, are issued pursuant to the Proposed H Share Issue:

(a) assuming 579,617,218 H Shares are issued to the Professional and Institutional Investor(s) only

	As at the date of this announcement		Immediately after the completion of the Proposed H Share Issue	
	Number of Shares	As a percentage of total issued Shares (%)	Number of Shares	As a percentage of total issued Shares (%)
Domestic Shareholders:				
Beijing State-owned Assets Management Corporation Limited* (北京市國有資產經營有限責任公司)	1,783,631,919	61.55	1,735,874,272 ^{Note}	50.68
Beijing Sino-Sky Radio, TV & Communication Technology Co., Ltd.* (北京中天廣電通信技術有限公司)	102,832,000	3.55	102,832,000	3.00
Beijing All Media and Culture Investment and Development Centre* (北京北廣傳媒投資發展中心)	102,832,000	3.55	100,077,497 ^{Note}	2.92
Beijing Telecommunication Investments Co., Ltd.* (北京電信投資有限公司)	52,832,000	1.82	52,832,000	1.54
China Telecommunications Corporation* (中國電信集團公司)	50,909,837	1.76	49,544,224 ^{Note}	1.45
China Finance Electronic Company (中國金融電子化公司)	30,550,335	1.05	29,735,623 ^{Note}	0.87
H Shareholders				
Public Shareholders	774,498,000	26.72	1,354,115,218	39.54
Total	2,898,086,091	100.00	3,425,010,834	100.00

(b) assuming 579,617,218 H Shares are issued to the Professional and Institutional Investor(s) and the NSSF Council

	As at the date of this announcement		Immediately after the completion of the Proposed H Share Issue	
	Number of Shares	As a percentage of total issued Shares (%)	Number of Shares	As a percentage of total issued Shares (%)
Domestic Shareholders:				
Beijing State-owned Assets Management Corporation Limited* (北京市國有資產經營有限責任公司)	1,783,631,919	61.55	1,735,874,272 ^{Note}	50.68
Beijing Sino-Sky Radio, TV & Communication Technology Co., Ltd.* (北京中天廣電通信技術有限公司)	102,832,000	3.55	102,832,000	3.00
Beijing All Media and Culture Investment and Development Centre* (北京北廣傳媒投資發展中心)	102,832,000	3.55	100,077,497 ^{Note}	2.92
Beijing Telecommunication Investments Co., Ltd.* (北京電信投資有限公司)	52,832,000	1.82	52,832,000	1.54
China Telecommunications Corporation* (中國電信集團公司)	50,909,837	1.76	49,544,224 ^{Note}	1.45
China Finance Electronic Company (中國金融電子化公司)	30,550,335	1.05	29,735,623 ^{Note}	0.87
H Shareholders				
Public Shareholders (excluding NSSF Council)	774,498,000	26.72	1,301,422,744	38.00
NSSF Council	—	—	52,692,474	1.54
Total	2,898,086,091	100.00	3,425,010,834	100.00

Note: Due to conversion of the Domestic Shares into the H Shares pursuant to the applicable PRC laws and regulations

GENERAL

A circular containing details of the Proposed H Share Issue as set out in this announcement and the notice of each of the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the GEM Listing Rules.

INCREASE IN THE PRICE OF THE H SHARES

The Directors have noted the increase in the price of the H Shares on Monday, 8 October 2007 and wish to state that save for the information disclosed in this announcement, they are not aware of any reason for such increase. The Directors also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of, save for the information disclosed in this announcement, any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

RESUMPTION OF TRADING IN THE H SHARES

At the request of the Board, trading in the H Shares on the GEM was suspended with effect from 9:30 a.m. on Tuesday, 9 October 2007, pending the release of this announcement. Application has been made by the Company to the GEM for the resumption of trading in the H Shares with effect from 9:30 a.m. on 15 October 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Beijing-China”	首都之窗, the website at www.beijing.gov.cn , representing the online project of the Beijing Municipal Government
“Board”	the board of Directors
“Company”	Capinfo Company Limited, a joint stock limited company incorporated in the PRC, the issued H Shares of which (stock code: 8157) are listed on the GEM
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Directors”	the directors of the Company
“Domestic Shares”	domestic shares of RMB0.10 each in the registered capital of the Company
“Domestic Shareholders”	holders of Domestic Shares
“Domestic Shareholders Class Meetings”	the class meeting of Domestic Shareholders to be held to consider and, if thought fit, to approve, among other things, the Proposed H Share Issue

“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, to approve, among other things, the Proposed H Share Issue
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Committee”	has the same meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company which are listed on the GEM
“H Shareholders”	holders of H Shares
“H Shareholders Class Meetings”	the class meeting of H Shareholders to be held to consider and, if thought fit, to approve, among other things, the Proposed H Share Issue
“NSSF Council”	National Council for Social Security Fund of the PRC (全國社會保障基金理事會)
“NSSF Council Shares”	Domestic Shares held by the existing state-owned Domestic Shareholders to be converted into the H Shares and assigned to the NSSF Council in connection with the Proposed H Shares Issue pursuant to the applicable PRC laws and regulations
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region, and Taiwan
“Professional and Institutional Investor(s)”	the professional and institutional investor(s) independent of and not connected with the connected persons of the Company

“Proposed H Share Issue”	the proposed allotment and issue of not more than 579,617,218 additional H Shares (including the NSSF Council Shares) (representing not more than 20% of the existing total issued Shares as at the date of this announcement) to the Professional and Institutional Investor(s) by way of private placement (except for the NSSF Council Shares)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of Domestic Shares and H Shares
“Shares”	Domestic Shares and H Shares
“%”	per cent.

For the purpose of this announcement, translations of RMB into Hong Kong dollars are made for illustration purposes only at the exchange rate of HK\$1.00 to RMB0.96.

By Order of the Board
CAPINFO COMPANY LIMITED*
 首都信息發展股份有限公司
Mr. Li Minji
Chairman

Beijing, The People’s Republic of China
 12 October, 2007

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

This announcement, for which the Directors 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.

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 day of publication.

* For identification purpose only