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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 the People's Republic of China with limited liability)

CONNECTED TRANSACTION

The Board announces that on 5th September, 2003, Capinfo entered into the Further Investment Agreement with BSAM, under which, Capinfo and BSAM agreed to further contribute RMB12,000,000 and RMB18,000,000 respectively into Shoutong Wanwei. Immediately after completion of the Further Investment, the registered capital of Shoutong Wanwei will be increased from RMB10,000,000 to RMB40,000,000 and the percentage of equity interests in Shoutong Wanwei held by Capinfo and BSAM will remain 40% and 60% respectively.

The Directors, including the independent non-executive Directors, consider that the Further Investment Agreement was entered into on normal commercial terms and that the terms of the Further Investment Agreement are fair and reasonable and in the interests of the Capinfo Group so far as the Independent Shareholders are concerned.

As BSAM is the substantial shareholder of Capinfo, BSAM is a connected person as defined under the GEM Listing Rules. Hence, the Further Investment constitutes a connected transaction of Capinfo under Chapter 20 of the GEM Listing Rules. As the aggregate capital contribution of RMB16,000,000 made and to be made by Capinfo into Shoutong Wanwei, which comprises RMB4,000,000 pursuant to the Agreement and RMB12,000,000 pursuant to the Further Investment Agreement respectively, accounts for less than 3% of the unaudited net tangible assets of Capinfo Group as at 30th June, 2003 (based on the audited net tangible assets of Capinfo Group as at 31st December, 2002 adjusted by the net profit for the six months ended 30th June, 2003), no shareholders' approval is required for the Further Investment. Details of the Further Investment will be disclosed in the next published annual report and accounts of Capinfo.

THE FURTHER INVESTMENT AGREEMENT

Details of material terms of the Further Investment Agreement are set out below: -

Date: 5th September, 2003

Parties: Capinfo and BSAM

Shoutong Wanwei:

Scope of the business activities: Including the provision of Information Kiosk service and related business

Total registered capital before and after the Further Investment respectively: RMB10,000,000 and RMB40,000,000

Percentage of equity interests held by Capinfo and BSAM respectively before and after the Further Investment: 40% and 60%

Further contributions to be made by Capinfo and BSAM into Shoutong Wanwei:

Amount to be contributed in cash by Capinfo: RMB12,000,000

Amount to be contributed in cash by BSAM: RMB18,000,000

The source of fund to be contributed by Capinfo will come from the working capital from operations and the proceeds from placing of H shares pursuant to the Prospectus, which were allocated for the research and implementation of e-commerce platform. No further capital commitment from Capinfo is required under the Further Investment Agreement other than the amount mentioned above.

Each of BSAM and Capinfo has to contribute their respective agreed amount within 10 days from the date of the Further Investment Agreement, i.e. around 15th September, 2003.

As advised by Capinfo's PRC lawyers, according to the existing laws and regulations in the PRC, the increase of registered capital pursuant to the Further Investment Agreement does not require prior approval from the relevant PRC authorities if both BSAM and Capinfo settle their capital contributions in cash. Shoutong Wanwei should make appropriate registration with the Administration for Industry and Commerce in the PRC in relation to the increase of capital.

At present, the board of directors of Shoutong Wanwei comprises five directors, three of which are nominated by BSAM and two of which are nominated by Capinfo. The

composition of the board of directors of Shoutong Wanwei will remain the same immediately after completion of the Further Investment.

REASONS FOR AND BENEFITS OF THE FURTHER INVESTMENT

Capinfo Group is an Internet technology and network solutions provider with its principal place of business located in Beijing, the PRC. Currently, the Capinfo Group provides an integrated and focused portfolio of Internet-based solutions to web-enable the operations of government entities, enterprises and other organisations in the PRC. In addition, the Capinfo Group also deploys a scalable and secure information exchange platform in Beijing for the delivery of its solutions to its clients.

Shoutong Wanwei is a limited company established in the PRC with limited liability. Its scope of business activities mainly covers the provision of information application services (including the Information Kiosks service) and related business.

The Further Investment will facilitate the development of Information Kiosk business of Shoutong Wanwei and allow Shoutong Wanwei to gain economies of scale by setting up more Information Kiosks in Beijing, and in turn, will further enhance the development of the existing businesses of the Capinfo Group including the application of e-commerce platform which is in line with the overall strategy of the Capinfo Group. There is no change in the business objectives and use of proceeds as disclosed in the Prospectus. The Directors have confirmed that as of the date hereof, the Capinfo Group has not entered and has not made any decision to enter into any transaction with BSAM and Shoutong Wanwei in relation to the operations and business of Shoutong Wanwei after completion of the Further Investment.

The Directors, including the independent non-executive Directors, consider that the Further Investment Agreement was entered into on normal commercial terms and that the terms of the Further Investment Agreement are fair and reasonable and in the interests of the Capinfo Group so far as the Independent Shareholders are concerned.

GENERAL

As BSAM is the substantial shareholder, holding 61.55% equity interests, of Capinfo, BSAM is a connected person as defined under the GEM Listing Rules. Hence, the Further Investment constitutes a connected transaction of Capinfo under Chapter 20 of the GEM Listing Rules. As the aggregate capital contribution of RMB16,000,000 made and to be made by Capinfo into Shoutong Wanwei, which comprises RMB4,000,000 pursuant to the Agreement and RMB12,000,000 pursuant to the Further Investment Agreement respectively, accounts for less than 3% of the unaudited net tangible assets of Capinfo Group as at 30th June, 2003 (based on the audited net tangible assets of Capinfo Group as at 31st December, 2002 adjusted by the net profit for the six months ended 30th June, 2003), no shareholders' approval is required for the Further Investment. Details of the Further Investment will be disclosed in the next published annual report and accounts of Capinfo.

DEFINITIONS

Unless otherwise specified, terms used herein shall have the following meanings:

“Agreement”	the agreement dated 28th October, 2002 entered into between BSAM and Capinfo which contributed RMB6,000,000 and RMB4,000,000 respectively to establish Shoutong Wanwei
“Board”	the board of Directors
“BSAM”	Beijing State-owned Assets Management Corporation Limited (北京市國有資產經營有限責任公司), a company incorporated in the PRC, which is wholly-owned by Beijing Municipal Government and is one of the promoters (as defined in the GEM Listing Rules) of Capinfo
“Capinfo” or “Company”	首都信息發展股份有限公司 (Capinfo Company Limited)*, a joint stock limited company incorporated in PRC with limited liability
“Capinfo Group”	Capinfo and its subsidiaries
“Directors”	the directors of Capinfo
“Further Investment”	the further contribution of RMB18,000,000 and RMB12,000,000 into Shoutong Wanwei to be made by BSAM and Capinfo respectively pursuant to the Further Investment Agreement
“Further Investment Agreement”	the agreement dated 5th September, 2003 entered into between BSAM and Capinfo, pursuant to which BSAM and Capinfo had agreed to further contribute RMB18,000,000 and RMB12,000,000 respectively into Shoutong Wanwei
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Independent Shareholders”	shareholders of Capinfo other than BSAM
“Information Kiosk”	terminal that integrates the applications of touch-screen, networking, multi-media, gathers and shares information from various sources
“Shoutong Wanwei”	北京首通萬維信息技術發展有限公司 (Beijing Shoutong Wanwei Information Technology Development Company Limited), a limited company established in the PRC with limited liability
“PRC”	the People's Republic of China
“Prospectus”	the prospectus dated 17th December, 2001 of Capinfo
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Beijing, the PRC, 5th September, 2003

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: - (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.

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.

** For identification purpose only*