

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.



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)

(Stock Code: 8157)

**DISCLOSEABLE TRANSACTION–
TRUST ARRANGEMENT**

Financial Adviser

COMMERZBANK 
Commerzbank AG Hong Kong Branch

The Trust Agreement

The Board is pleased to announce that on 8 September 2008, the Company entered into the Trust Agreement with China Credit Trust, pursuant to which the Company will contribute an amount of RMB92.0 million (equivalent to approximately HK\$104.9 million) from its internal resources as the Trust Property into China Credit Trust and China Credit Trust will extend the Trust Property to Beijing Jupeng as the Short-term Loan under the Loan Agreement and the Asset Pledge Agreement, which will be repayable on 25 July 2009 and secured by the Properties, the valuation of which, amounted to approximately RMB141.36 million (equivalent to approximately HK\$161.2 million).

Implication of The GEM Listing Rules

The transactions contemplated under the Trust Agreement (together with the Loan Agreement and the Asset Pledge Agreement) represent the granting of a financial assistance and an advance by the Company to Beijing Jupeng under Rules 19.04(1)(e) and 17.15 of the GEM Listing Rules, respectively. Since the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Short-term Loan are more than 5% but less than 25%, the entering into of the Trust Agreement (together with the Loan Agreement and the Asset Pledge Agreement) will constitute a discloseable transaction under the GEM Listing Rules. Given that the Short-term Loan also represents more than 8% of the consolidated total asset value of the Company as at 30 June 2008, the Short-term Loan is also subject to the disclosure requirements under Rule 17.17 of the GEM Listing Rules.

General

A circular containing, among other things, further information regarding the Trust Agreement (together with the Loan Agreement and the Asset Pledge Agreement) and the transactions contemplated thereunder and other disclosure as required under the GEM Listing Rules will be despatched to the shareholders of the Company as soon as practicable.

THE TRUST AGREEMENT

Date : 8 September 2008

Parties to the Trust Agreement

Trustee : China Credit Trust, a trust company incorporated in China under the direct supervision of China Banking Regulatory Committee and an Independent Third Party

Beneficiary : the Company and Capinfo Technology Development Co., Ltd., a wholly-owned subsidiary of the Company

Settlor : the Company

Trust Property : a cash amount of RMB92.0 million to be funded from the internal resources of the Company

Major terms of the Trust Agreement

Period of the trust

The trust under the Trust Agreement will commence on the day upon the Company's contribution of the Trust Property of RMB92.00 million in cash into the bank account designated by China Credit Trust till 25 July 2009.

Management of the Trust Property

- (i) China Trust Property will be responsible for the management of the Trust Property, including, among other things, the interest derived from the Short-term Loan;
- (ii) following the contribution of the Trust Property into the designated account of China Credit Trust, China Credit Trust will extend the entire amount of the Trust Property to Beijing Jupeng as the Short-term Loan under the Loan Agreement and the Asset Pledge Agreement; and

- (iii) the Company will receive the return on the Trust Property (namely, the interest income from the Short-term Loan) in cash after deducting the relevant expenses, including the trust management fee, administration expenses and other taxes and duties arise from China Credit Trust's management of the Trust Property.

Return of the Trust Property to the Company

- (i) China Credit Trust shall return the Trust Property of RMB92.0 million in cash to the Company on the day immediately after the end of the trust management period (26 July 2009);
- (ii) the Group will further instruct China Credit Trust as to when China Credit Trust shall return the net income derived from the Trust Property to the Group; and
- (iii) in the event that Beijing Jupeng is unable to repay the Short-term Loan, the Company will be entitled to obtain the rights of China Credit Trust under the Loan Agreement and the Asset Pledge Agreement, including, among other things, foreclosure of the Properties and recovery of the shortfall between the initial monetary amount of the Trust Property and the amount repaid by Beijing Jupeng, plus the interest accrued, if any, with the proceeds. In the event that such proceeds are not sufficient to repay the said shortfall, the Company has the right to demand Beijing Jupeng to repay the shortfall and impose a daily interest of 0.05% on the remaining portion of the Shortfall until full repayment of the Shortfall by Beijing Jupeng.

Trust management fee

If the interest derived from the Short-term Loan, after deducting the relevant tax and duties and other relevant expenses, is greater than RMB4.00 million (equivalent to approximately HK\$4.6 million), China Credit Trust is entitled to obtain the amount of interest payment in excess of RMB4.00 million as trust management fee; otherwise, the Company is not obliged to pay China Credit Trust any trust management fee.

Others major terms

- (i) if the Properties are foreclosed by China Credit Trust, the Company has the first right of refusal to acquire the Properties; and
- (ii) in the event that the Trust Property is not used as intended by the Company, the Company is entitled to claim the relevant losses, if any, from China Credit Trust.

Accordingly to the Company's legal advisers as to the Chinese laws, the arrangements under the Trust Agreement (together with the Loan Agreement and Asset Pledge Agreement) would not violate the relevant rules and regulations of China.

THE LOAN AGREEMENT

Date : 25 August 2008

Parties to the Loan Agreement

Lender : China Credit Trust

Borrower : Beijing Jupeng, an Independent Third Party

Guarantor : Beijing Baiyu, an Independent Third Party, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Baiyu is independent of Beijing Jupeng

Major terms of the Loan Agreement

Terms of the Short-term Loan

The term of the Short-term Loan will be from the date of withdrawal of the Short-term Loan by Beijing Jupeng till 25 July 2009. Although no fractional pre-payment of the Short-term Loan is allowed, Beijing Jupeng may repay the entire principal amount of the Short-term Loan before 25 July 2009 by giving 20 business days' prior written notice to China Credit Trust and any interest payment received by China Credit Trust will not be refunded as a result of the said pre-payment.

Interest Rate

6% per annum, the entire interest of approximately RMB4.9 million (equivalent to approximately HK\$5.6 million) of the Short-term Loan is payable on or before 12 September 2008

Assets Pledged

The Short-term Loan will be secured by the Properties (together with the relevant land use right) which are owned by Beijing Baiyu. Based on the valuation report prepared by a qualified valuer in China, the valuation of the Properties as at 15 June 2008 (the "Valuation") amounted to approximately RMB141.36 million. The Valuation is determined by, among other things, calculating the average of, (i) the recent transaction prices of those properties which are comparable to the Properties and (ii) discounting future net income from the Properties for a period of approximately 46 years from 2008 up to 2054. Accordingly, the Short-term Loan represents approximately 65.08% of the Valuation.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRUST ARRANGEMENT

The Group's principle business mainly comprises provision of information technology services in China. As at 31 December 2007 and 30 June 2008, the Group's cash and bank balance (together with the pledged bank deposits) amounted to approximately RMB456.48 million and RMB541.75 million, respectively, representing 58.00% and 58.99% of the Group's then total asset value, respectively. The management of the Company has been actively looking for different opportunities to enhance the return to its shareholders. Having considered that (i) the estimated maximum investment income (or the interest payment from Beijing Jupeng) will amount to RMB4.00 million, which represents a return of approximately 4.35% on the Trust Property; (ii) the credit risk of the Company is minimised by having the Properties pledged against the Short-term Loan and the Company's right to foreclose the Properties which have a market value of approximately 34.9% higher than the amount of the Short-term Loan; (iii) the existing cash level is excessive for the Group's current business development plan; and (iv) the Short-term Loan was chosen as an investment opportunity for the Company after evaluating the investment opportunities available to the Company and their respectively risk and return, the directors of the Company (including the independent non-executive directors of the Company) are of the view that (i) the terms of the Trust Arrangement are fair and reasonable and (ii) the entering into of the Trust Agreement is beneficial to the Company and is in the interest of the Company and the shareholders of the Company as a whole.

IMPLICATION OF THE GEM LISTING RULES

The transactions contemplated under the Trust Agreement (together with the Loan Agreement and the Asset Pledge Agreement) represents the granting of a financial assistance and an advance by the Company to Beijing Jupeng under Rules 19.04(1)(e) and 17.15 of the GEM Listing Rules, respectively. Since the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the secured Short-term Loan are more than 5% but less than 25%, the entering into of the Trust Agreement (together with the Loan Agreement and the Asset Pledge Agreement) will constitute a discloseable transaction under the GEM Listing Rules. Given that the Short-term Loan also represents more than 8% of the consolidated total asset value of the Company as at 30 June 2008, the Short-term Loan is also subject to the disclosure requirements under Rule 17.17 of the Gem Listing Rules.

GENERAL

A circular containing, among other things, further information regarding the Trust Agreement (together with the Loan Agreement and the Asset Pledge Agreement) and the transactions contemplated thereunder as well as other disclosure as required under the GEM Listing Rules will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

- “Asset Pledge Agreement” : the asset pledge agreement to be entered into among China Credit Trust, Beijing Baiyu and Beijing Jupeng following the signing of the Trust Agreement such that the Properties will be pledged as security for the Short-term Loan under the Loan Agreement
- “Beijing Jupeng” : 北京巨鵬投資公司 (Beijing Jupeng Investment Company Limited*), a company incorporated in China with limited liability in December 1994 and principally engaged in, among other things, investment management and property investment management
- “Beijing Baiyu” : 北京栢裕投資有限公司 (Beijing Baiyu Investment Company Limited*), a company incorporated in China with limited liability on 18 April 2003 and principally engaged in investment and investment management
- “China” : the People’s Republic of China
- “China Credit Trust” : 中誠信託有限責任公司 (China Credit Trust Co., Ltd.*), a trust company incorporated in China and under the direct supervision of China Banking Regulatory Commission
- “Company” : 首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company incorporated in China, the overseas listed foreign share(s) of RMB0.10 each in the share capital of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
- “GEM Listing Rules” : the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
- “Group” : the Company and its subsidiaries
- “Independent Third Party(ies)” : person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates
- “Loan Agreement” : the loan agreement to be entered into between China Credit Trust and Beijing Jupeng for extending the Short-term Loan to Beijing Jupeng

- “Properties” : the six properties numbered 101E, 201E, 301E, 401E, 501E and 601E, located at 115 De Sheng Men Wai Da Jie, Xicheng District, Beijing, China with an aggregate gross floor area of approximately 5,464.77 square metres and the land use right with site area of approximately 1,674.65 square metres
- “Short-term Loan” : the secured short-term loan of RMB92.00 million pursuant to the Trust Agreement, such that China Credit Trust will utilise the entire amount of the Trust Property and enter into the Loan Agreement and the Asset Pledge Agreement with Beijing Jupeng for the provision of such secured short-term loan by China Credit Trust to Beijing Jupeng
- “Trust Agreement” : the trust agreement dated 8 September 2008 entered into between the Company and China Trust Credit
- “RMB” : Renminbi, the lawful currency of China
- “%” : per cent.
- HK\$: Hong Kong Dollar, the lawful currency of Hong Kong

* *for identification only*

All amounts in RMB have been translated in HK\$ at a rate of RMB1 = HK\$1.14 in this announcement for illustration purpose only

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

Beijing, China, 8 September 2008

As at the date of this announcement, the Company's board of directors comprises two executive directors, namely, Dr. Wang Xu, Ms. Zhang Yan; six non-executive directors, namely Mr. Li Minji, Mr. Xu Zhe, Mr. Qi Qigong, Mr. Pan Jiaren, Ms. Lu Xiaobing, Dr. Xia Peng and three independent non-executive directors, namely, Mr. Chen Jing, Mr. Ye Lu and Mr. Liu Dongdong.

This announcement, for which the directors of the Company collectively and individually accept full responsibilities, 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 aspects 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 assumption that are fair and reasonable.

This announcement will remain on the "Latest Company Announcement" page of the GEM website at "<http://hkgem.com>" for seven days after the date of the publication.