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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)

(Stock Code: 1075)

**CLARIFICATION ANNOUNCEMENT
WITHHOLDING AND PAYMENT OF INDIVIDUAL INCOME TAX FOR
NATURAL PERSON HOLDERS OF H SHARES**

Reference is made to the notice of the AGM (the “**Notice**”) dated 29 April 2011 of Capinfo Company Limited (the “**Company**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Notice.

The board of directors wishes to announce that the final dividend payable by the Company to natural person holders of H shares for the year ended 31 December 2010 is subject to 20% withholding and payment of individual income tax. Other information in respect of the payment of the final dividend as disclosed in the Notice remains unchanged.

Due to the recent change of PRC tax laws and regulations, the Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income (Guo Shui Fa [1993] No. 45) (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993] 45號)) issued by the State Administration of Taxation (the “**Circular**”), where individual foreigners who were the holders of H shares were temporarily exempted from PRC individual income tax for the dividends (bonus) paid by domestic enterprises which issued such H shares, was repealed under the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents (《關於公布全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》) dated 4 January 2011. Therefore, the Circular can no longer be the basis for the natural person holders who hold the Company’s H shares and whose names appear on the register of members of H shares of the Company (the “**Natural Person Holders of H Shares**”) to be exempted from the individual income tax when the Company distributes the final dividend for the year ended 31 December 2010.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Tentative Measures on Withholding and Payment of Individual Income Tax (《個人所得稅代扣代繳暫行辦法》) and other relevant laws and regulations (“**Relevant Laws and Regulations**”), in view of opinions from relevant PRC tax authorities, the Natural Person Holders of H Shares shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividends from the Company, which shall be withheld and paid by the Company on behalf of the Natural Person Holders of H Shares.

Since the resolution in respect of declaring the final dividend for the year ended 31 December 2010 was approved at the AGM held on 17 June 2011, the Company will declare the final dividend to its shareholders in accordance with relevant requirements.

By order of the Board of Directors
Capinfo Company Limited*
Mr. Xu Zhe
Chairman

Beijing, the People’s Republic of China, 17 June 2011

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

This announcement is published on the website of the Company (www.capinfo.com.cn) and the designated issuer website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

* *For identification purpose only*