

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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 company incorporated in the PRC with limited liability)

(Stock Code: 8157)

CONNECTED TRANSACTION

The Company is pleased to announce that on 14 December 2010, the Company and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Company agreed to transfer all of its approximately 22.3% equity interest in Beijing Credit Management to the Purchaser at a consideration of RMB2,092,610. Following completion of the Disposal, the Company will no longer hold any equity interest in Beijing Credit Management.

By virtue of the Purchaser being a fellow subsidiary of the Company, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under the GEM Listing Rules. Since the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Disposal is more than 0.1% but less than 5% and the Consideration is greater than HK\$1,000,000, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the GEM Listing Rules.

THE EQUITY TRANSFER AGREEMENT

Date

14 December 2010

Parties

- (i) the Company
- (ii) the Purchaser

Principal terms

Pursuant to the Equity Transfer Agreement, the Company agreed to transfer all of its approximately 22.3% equity interest in Beijing Credit Management to the Purchaser at a consideration of RMB2,092,610 in cash, which was determined after arm's length negotiation and based on the appraised net asset value of Beijing Credit Management of approximately RMB9.38 million as at 31 December 2009 as assessed by an independent qualified valuer in the PRC.

Based on the book value of the Company's interest in Beijing Credit Management of approximately RMB2.09 million as at 31 December 2009, the Company expects to record a one-off loss of nominal amount for the year ending 31 December 2010 as a result of the Disposal. The Company intends to apply the proceeds from the Disposal as general working capital.

Following completion of the Disposal, the Company will no longer hold any equity interest in Beijing Credit Management and cease to share the results of Beijing Credit Management.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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. With a view to focusing its resources on the development of its principal business and related businesses, the Company has decided to dispose of all of its interest in Beijing Credit Management, being a loss-making company where the Company does not have control over its business and financial policies. The directors (including the independent non-executive directors) of the Company consider that the terms of the Equity Transfer Agreement are fair and reasonable and the Disposal is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON BEIJING CREDIT MANAGEMENT AND THE PURCHASER

Beijing Credit Management

Beijing Credit Management, a company incorporated in the PRC with limited liability, is principally engaged in the provision of credit services, including credit information and credit ratings for enterprises, financial institutions and bonds and credit management consultancy. Its audited consolidated net asset value (after deducting minority interest) as at 31 December 2009 amounted to approximately RMB9.39 million and its audited consolidated net loss before and after tax were approximately RMB1.28 million and RMB1.29 million for the year ended 31 December 2008 and approximately RMB0.28 million and RMB0.29 for the year ended 31 December 2009, respectively.

The Purchaser

The Purchaser, a company incorporated in the PRC with limited liability with 83% of its registered capital owned by the controlling shareholder of the Company, is principally engaged in the business of credit reinsurance for small and medium enterprises in the PRC.

IMPLICATIONS OF THE GEM LISTING RULES

By virtue of the Purchaser being a fellow subsidiary of the Company, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under the GEM Listing Rules. Since the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Disposal is more than 0.1% but less than 5% and the Consideration is greater than HK\$1,000,000, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the GEM Listing Rules.

GENERAL

None of the directors of the Company have material interests in the Disposal.

DEFINITIONS

- “Company” : 首都信息發展股份有限公司(Capinfo Company Limited*), a joint stock limited company established in the PRC, the issued H Shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
- “Beijing Credit Management” : 北京信用管理有限公司(Beijing Credit Management Bureau Co., Ltd.*), a company approximately 22.3%-owned by the Company
- “Disposal” : the transfer of approximately 22.3% equity interest in Beijing Credit Management by the Company to the Purchaser
- “Equity Transfer Agreement” : the Equity Transfer Agreement dated 14 December 2010 entered into between the Company and the Purchaser in relation to the Disposal
- “GEM Listing Rules” : the 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
“PRC”	:	the People’s Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchaser”	:	北京中小企業信用再擔保有限公司(Beijing SMEs Credits Re-guarantee Co., Ltd.)
“RMB”	:	Renminbi, the lawful currency of the PRC
“%”	:	per cent

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

Beijing, the PRC, 14 December 2010

This announcement, for which the directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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 and Mr. Gong Zhiqiang.

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 purposes only*