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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)

**CONTINUING CONNECTED TRANSACTION –
THE LEASE AGREEMENT IN RESPECT OF OFFICE PREMISES AND
REVISION OF ANNUAL CAPS**

The Company is pleased to announce that on 8 May 2012, it entered into the New Lease Agreement with BICD, pursuant to which the Company will lease an additional office premises of approximately 1,292.53 sq.m. in the Quantum Silver Plaza, Haidian District, Beijing, the PRC from 8 May 2012 to 31 March 2015 at an annual consideration (including rent and air-conditioning fee) of approximately RMB2.69 million.

By virtue of BICD being a wholly-owned subsidiary of BSAM and BSAM is a substantial shareholder of the Company holding approximately 63.31% equity interest in the Company as at the date of this announcement, BICD is a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the New Lease Agreement will constitute continuing connected transactions of the Company. Since the Group has leased a number of premises from BICD under the Existing Lease Agreements and the relevant percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the New Lease Agreement, when aggregated with those under the Existing Lease Agreements as required under Chapter 14A of the Listing Rules, are more than 0.1% but less than 5%, the transactions contemplated under the New Lease Agreement are only subject to the reporting and announcement requirements but are exempt from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

THE NEW LEASE AGREEMENT

Date

8 May 2012

Parties to the New Lease Agreement

Landlord: BICD
Tenant: the Company

Location

The New Office Premises, which has an aggregate floor area of 1,292.53 sq.m., is located at units 106 and 1009-1014 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC.

Term

The Company will lease the New Office Premises from BICD for the period from 8 May 2012 to 31 March 2015.

Rent-free periods

The Company will be entitled to two rent-free periods from 8 May to 31 May 2012 and from 1 March to 31 March 2015.

Rent and air-conditioning fee payable to BICD

The monthly rent is approximately RMB216,229 and is payable on a quarterly basis. The Company is also required to pay the air-conditioning fee of approximately RMB47,177 semi-annually (or a monthly average of approximately RMB7,863).

REASONS FOR ENTERING INTO OF THE NEW LEASE AGREEMENT

The principle business of the Company and its subsidiaries mainly comprises provision of information technology service in the PRC.

As disclosed in the Company's announcement dated 30 March 2012 (the "Announcement"), the Group has entered into a leasing agreement to lease the Headquarter Office Premises for a term of three years from 1 April 2012 to 31 March 2015 as its headquarters. The entering into of the New Lease Agreement is mainly for the purpose of accommodating the additional office space required resulting from the Group's business expansion in recent years. Having taken into account the terms under the New Lease Agreement having been arrived at after arm's length negotiation between the Company and BICD, with reference to, among other things, the market rental rate of other comparable office premises in the same geographical region, the directors (including the independent non-executive directors) of the Company consider that the New Lease Agreement is entered into on normal commercial terms and in the ordinary course of business of the Company, and the terms of the New Lease Agreement are fair and reasonable and is in the interests of the Company and its shareholders as a whole.

REVISION OF ANNUAL CAPS

As detailed in the Announcement, the Group has entered into the three lease agreements (the “Existing Lease Agreements”) with BICD to lease the Headquarter Office Premises and the Other Office Premises. The then relevant caps (the “Existing Caps”) for each of the nine months ending 31 December 2012, the two years ending 31 December 2013 and 2014 and the three months ending 31 March 2015 amounted to approximately RMB5.0 million, RMB6.7 million, RMB6.7 million and RMB1.7 million, respectively. In order to accommodate the increase in rent and the related expenses payable to BICD following the entering into of the New Lease Agreement, the Company proposes to revise the caps (the “Revised Caps”) for each of the nine months ending 31 December 2012, the two years ending 31 December 2013 and 2014, and the three months ending 31 March 2015 to approximately RMB7.0 million, RMB10.0 million, RMB10.0 million and RMB2.3 million, respectively which are detailed as follows:

		For the nine months ending 31 December 2012 (RMB)	For the year ending 31 December 2013 (RMB)	For the year ending 31 December 2014 (RMB)	For the three months ending 31 March 2015 (RMB)
Rent and related expenses payable					
Under the New Lease Agreement	<i>(Note 1)</i>	1,574,731	2,689,104	2,689,104	456,047
Under the Existing Lease Agreements:					
– Headquarter Office Premises	<i>(Note 2)</i>	3,621,960	4,829,280	4,829,280	1,207,320
– Other Office Premises	<i>(Note 3)</i>	355,194	473,592	473,592	118,398
		<u>5,551,885</u>	<u>7,991,976</u>	<u>7,991,976</u>	<u>1,781,765</u>
Revised Caps		<u>7,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>2,300,000</u>

Notes:

- balances are calculated based on the monthly rent of approximately RMB216,229 (excluding the two rent-free periods from 8 May 2012 to 31 May 2012 and from 1 March 2015 to 31 March 2015) and the average monthly air-conditioning fee of approximately RMB7,863 for the period from 8 May 2012 to 31 March 2015.
- as disclosed in the Announcement, the Group has leased the Headquarter Office Premises for a monthly rent of approximately RMB402,440 for a term of three years from 1 April 2012 to 31 March 2015.
- as disclosed in the Announcement, BJCS has leased the two Other Office Premises for a term from 28 April 2011 to 27 April 2013 and from 1 June 2011 and 31 May 2013 for a monthly rent of RMB30,994 and RMB8,472, respectively.
- as disclosed in the Announcement, it is the intention of the Group to renew the relevant lease agreements in respect of the Other Office Premises and the rent payables are also included in the Existing Caps.

IMPLICATION OF THE LISTING RULES

By virtue of BICD being a wholly-owned subsidiary of BSAM and BSAM is a substantial shareholder of the Company holding approximately 63.31% equity interest in the Company as at the date of this announcement, BICD is a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the New Lease Agreement will constitute continuing connected transactions of the Company. Since the Group has leased a number of premises from BICD under the Existing Lease Agreements and the relevant percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the New Lease Agreement, when aggregated with those under the Existing Lease Agreements as required under Chapter 14A of the Listing Rules, are more than 0.1% but less than 5%, the transactions contemplated under the New Lease Agreement are only subject to the reporting and announcement requirements but are exempt from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

Since Mr. Xu Zhe, Ms. Zhang Kaihua and Ms. Li Zhi are the directors of the Company and the employees of BSAM, they has been abstained from voting on the meeting of the board of directors of the Company for resolution relating to the aforesaid continuing connected transactions.

DEFINITIONS

- “BICD” : 北京集成電路設計園有限責任公司 (Beijing IC Design Park Co., Ltd.*), a company incorporated in the PRC with limited liability and is wholly owned by BSAM and principally engaged in the research and development of integrated circuits
- “BJCS” : 北京文化體育科技有限公司 (Beijing Culture & Sports Technology Co., Ltd.*), a company incorporated in PRC with limited liability and a non wholly-owned subsidiary of the Company as at the date of this announcement
- “BSAM” : 北京市國有資產經營有限責任公司 (Beijing State-owned Assets Management Corporation Limited*), a company established in the PRC and wholly-owned by the Beijing Municipal Government
- “Company” : 首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
- “connected person” : the meaning ascribed to it in the Listing Rules
- “Group” : the Company and its subsidiaries

“Headquarter Office Premises”	:	the office premises of the Company leased from BICD with an aggregate floor area of approximately 2,940 sq.m., located at units 1201–1214 and 1501–1508 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	:	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“New Lease Agreement”	:	the lease agreement dated 8 May 2012 entered into between the Company and BICD in respect of the lease of the Office Premises by the Company from 7 May 2012 to 31 March 2015
“New Office Premises”	:	the office premises under the New Lease Agreement with an aggregate floor area of 1,292.53 sq.m., located at units 106 and 1009–1014 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC
“Other Office Premises”	:	the two office premises located at (i) units 503 and 507 with an aggregate floor area of 275.4 sq.m. and (ii) unit 502 with floor area of approximately 75.28 sq.m. of Quantum Silver Plaza, 23 Zhichun Road, Haidian district, Beijing, the PRC leased from BICD by BJCS
“PRC”	:	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	:	Renminbi, the lawful currency of the PRC
“sq.m.”	:	square metres
“%”	:	per cent

By Order of the board of directors
Capinfo Company Limited*
Mr. Xu Zhe
Chairman

Beijing, the PRC, 8 May 2012

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

* For identification purpose only