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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 China with limited liability)

(Stock Code: 8157)

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

THE TICKETING SERVICES AGREEMENTS

On 10 June 2010, Beijing Culture & Sports, a subsidiary of the Company, entered into the Ticketing Services Agreements with the Strategic Investors, pursuant to which Beijing Culture & Sports will (i) pay National Stadium the cash Consideration of RMB11 million for the Ticketing Agency Right Acquisition; and (ii) provide the relevant ticketing services to each of the Strategic Investors for a fee based on the total revenue derived from the relevant ticket sales.

IMPLICATION OF THE GEM LISTING RULES

Each of the Strategic Investors being a subsidiary of BSAM, the controlling shareholder of the Company, is a connected person of the Company. As such, the Ticketing Agency Right Acquisition and the ticketing services provided by Beijing Culture & Sports contemplated under the Ticketing Services Agreements will constitute a connected transaction and continuing connected transactions of the Company under the GEM Listing Rules, respectively. Pursuant to Rule 20.27 of the GEM Listing Rules, the relevant monetary values for the continuing connected transactions contemplated under the Ticketing Services Agreements are required to be aggregated. Since the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Ticketing Agency Right Acquisition and the continuing connected transactions contemplated under the Ticketing Services Agreements are greater than 0.1% but less than 5%, the entering into of each of the Ticketing Services Agreements (including the Ticketing Agency Right Acquisition and the Annual Caps) is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements of the GEM Listing Rules.

BACKGROUND

Reference is also made to the announcement of the Company dated 16 April 2010 (the “Announcement”) regarding the capital increase of Beijing Culture & Sports, a then wholly-owned subsidiary of the Company. Terms used in this announcement will have the same meanings as those defined in the Announcement unless otherwise defined herein.

As disclosed in the Announcement, on 16 April 2010, the Company entered into the Capital Increase Agreement with the Strategic Investors in relation to the increase in registered capital of Beijing Culture & Sports by way of cash contribution of RMB40 million from the Company and the Strategic Investors. Upon completion of the Capital Increase, the Company’s equity interest in Beijing Culture & Sports will be reduced from 100% to 45%. Since the Company will still be able to continue to exercise controlling influence over the management and financial policies of Beijing Culture & Sports after the Capital Increase, Beijing Culture & Sports will be accounted for as a subsidiary of the Company and its financial statements will be consolidated into the Company’s consolidated financial statements. Based on the above, the difference between the Company’s attributable interest in Beijing Culture & Sports before and after the Capital Increase will be recorded in the reserve in the Company’s consolidated statement of financial position, no gain or loss from the Capital Increase will be recorded in the Company’s consolidated income statement.

THE TICKETING SERVICES AGREEMENTS

The National Stadium Ticketing Services Agreement

Date:

10 June 2010

Parties

- (i) Beijing Culture & Sports; and
- (ii) National Stadium

Principal terms

National Stadium will grant the ticketing agency right for the sale of entrance tickets and admission tickets for the various events organised by it to Beijing Culture & Sports for a term of 10 years. The ticketing services provided by Beijing Culture & Sports comprises (i) implementation of the ticketing policies formulated by National Stadium; (ii) sale of tickets through the box offices located at the Beijing National Stadium and other sales channels such as call centres and ticketing network platforms (including mobile network) and off-site ticket sales (such as group tickets to large scale customers); (iii) printing of tickets; (iv) training of sales staff; and (v) provision of the relevant operational and ticket sales data/statistics.

Beijing Culture & Sports will be responsible for the development and upgrade of the existing ticketing and ticket verification systems of National Stadium. Upon approval of such development and upgrade plans by National Stadium, the relevant costs incurred by Beijing Culture & Sports will be reimbursed by National Stadium in five years in equal installments.

Pricing basis

Beijing Culture & Sports will receive services fees based on certain percentage (on an upward scale) of the ticket sales amount of the entrance tickets for visiting the Beijing National Stadium and the various games/performances organised by National Stadium (such as sports games and shows). In addition, Beijing Culture & Sports will receive a service fee based on a percentage of those “off-site” ticket sales amount of certain seasonal events/shows organised by National Stadium from time to time. For those events which are not organised by National Stadium, Beijing Culture & Sports will be entitled to participate in the bidding process for becoming a ticket agent. The service fee is payable on a quarterly basis.

Consideration

Beijing Culture & Sports will, within 3 months after the National Stadium Ticketing Services Agreement becoming effective, pay National Stadium the Consideration in cash, which was arrived at after arm’s length negotiation between Beijing Culture & Sports and National Stadium with reference to various costs to be borne by National Stadium during the 10-year term for promoting the ticket sales (including the advertising and promotional costs and other related general administrative expenses). Having taken into account (i) the Ticketing Agency Right Acquisition will enable the Group to become the ticketing agent for one of the largest venues for cultural and sports events in China for a 10-year period; and (ii) the business development plan of National Stadium, the directors of the Company are of the view that the terms of the National Stadium Ticketing Services Agreement (including the Consideration) are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The National Aquatics Centre Ticketing Services Agreement

Date:

10 June 2010

Parties

- (i) Beijing Culture & Sports; and
- (ii) National Aquatics Centre

Principal terms

Beijing Culture & Sports will provide ticketing services to National Aquatics Centre for the sale of the entrance tickets for visiting and swimming in the Beijing National Aquatics Centre as well as the admission tickets of the various games/performances (such as sport games and shows) organised by National Aquatics Centre for a term of 10 years. The ticketing services provided by Beijing Culture & Sports comprises (i) implementation of the ticketing policy formulated by National Aquatics Centre; (ii) sale of tickets through the box offices located at the Beijing National Aquatics Centre and other sales channels such as ticketing hotlines and ticketing network platforms (including mobile network), off-site ticket sales to large scale customers and social sales network; (iii) printing of tickets; (iv) training and the management of the relevant ticketing staff to ensure proper daily ticketing operations of National Aquatics Centre; (v) provision of the relevant software and hardware for the ticketing and ticket verification systems of National Aquatics Centre as well as their installation, testing and maintenance; and (vi) provision of the relevant operational and ticket sales data/statistics.

Pricing basis

The service fee will be paid to Beijing Culture & Sports on monthly basis and is based on a percentage of the revenue derived from its ticket sales.

The Beijing Artists Ticketing Services Agreement

Date:

10 June 2010

Parties

- (i) Beijing Culture & Sports; and
- (ii) Beijing Artists

Principal terms

Beijing Culture & Sports will become the preferred ticketing agent for Beijing Artist in respect of those games/performances organised by it, and in return Beijing Culture & Sports will provide the relevant ticketing services to Beijing Artists, including, (i) the ticketing and ticket verification services; (ii) provision of operational and ticket sales data/statistics of Beijing Artists; and (iii) exploration of potential business opportunities such as assisting Beijing Artists in introducing games/performances.

Pricing basis

Beijing Culture & Sports will receive service fees based on certain percentages of the revenue derived from the various games/performances organised by Beijing Artists which is expected to be settled within 3 months after the holding of the said games/performances.

Termination

The Beijing Artists Ticketing Services Agreement will be terminated upon, among other things, (i) the expiry of the business licence of Beijing Culture & Sports or (ii) cessation of Beijing Artists being a shareholder of Beijing Culture and Sports.

The Beijing Sports Ticketing Services Agreement

Date:

10 June 2010

Parties

- (i) Beijing Culture & Sports; and
- (ii) Beijing Sports

Principal terms

Beijing Culture & Sports will become the preferred ticketing agent for Beijing Sports in respect of those games/performances organised by it, and provide the relevant ticketing services to Beijing Sports, including, (i) the ticketing and ticket verification services; (ii) the provision of operational and ticket sales data/statistics of Beijing Sports; and (iii) exploration of potential business opportunities such as assisting Beijing Sports in introducing games/performances.

Pricing basis

Beijing Culture & Sports will receive service fees based on percentage of the revenue derived from the various games/performances organised by Beijing Sports which is expected to be settled within 3 months after the holding of the said games/performances.

Termination

The Beijing Sports Ticketing Services Agreement will be terminated upon, among others, (i) the expiry of the business licence of Beijing Culture & Sports or (ii) cessation of Beijing Sports being a shareholder of Beijing Culture & Sports.

THE ANNUAL CAPS

The Annual Caps in respect of the aggregate fees to be received by Beijing Culture & Sports for the provision of the ticketing services under the Ticketing Services Agreements for the period from the date of the Ticketing Services Agreement becoming effective to 31 December 2010 and the two years ending 31 December 2012 are set out as follows:

	For the period from the Ticketing Services Agreement becoming effective to 31 December 2010	For the year ending 31 December	
	2010	2011	2012
	<i>(RMB' million)</i>	<i>(RMB' million)</i>	<i>(RMB' million)</i>
The Annual Caps	<u>12</u>	<u>18</u>	<u>18</u>

The Annual Caps are determined based on, among others, (i) the historical and expected number of visitors and/or audience visiting the Beijing National Stadium and the Beijing National Aquatics Centre, and the attendance of the various games/performances organised by each of the Strategic Investors; (ii) the expected selling prices of the entrance tickets during the period from the date of the Ticketing Services Agreements becoming effective up to 31 December 2010 and the two years ending 31 December 2012 as estimated by each of the Strategic Investors; and (iii) the expected games/performances as well as the related marketing and promotion activities organised by each of the Strategic Investors.

As required by Rule 20.35 of the GEM Listing Rules, the period for non-exempt continuing connected transactions must not exceed a period of 3 years, except in special circumstances which are limited to cases where the nature of the transactions required the contract to be of a duration of longer than 3 years. For compliance with the GEM Listing Rules, the Company has appointed Chanceton Capital Partners Limited (“Chanceton”) as the independent financial adviser on the duration of the Ticketing Services Agreements. Chanceton, after having considered that:

- (i) the transactions contemplated under the Ticketing Services Agreement conform with the Group’s overall strategy and are conducted in the ordinary course of the business of the Group;
- (ii) the benefits of the Group’s entering into of the Ticketing Services Agreements, including the additional stable income source from the service fees;

- (iii) the Group will incur significant development costs for the provision of the ticketing services under the Ticketing Services Agreement (such as the establishment of call centres and ticketing network platform and the provision of the relevant training to sales staff); therefore, the longer the duration of the Ticketing Services Agreements, the greater the service fees are expected to be earned by the Group; and
- (iv) the transactions contemplated under the Ticketing Services Agreements will be reviewed by the independent non-executive directors and the auditors of the Company, details of which will be disclosed in the Company's annual reports. This will provide certain degree of scrutiny to ensure that the transactions contemplated under the Ticketing Services Agreements are conducted in the ordinary and usual course of business of the Group and on normal commercial terms,

has confirmed that it is of normal business practice for contracts of the type of Ticketing Services Agreements to be of such duration.

The Company will re-comply with the relevant requirements under the GEM Listing Rules in respect of the continuing connected transactions contemplated under the Ticketing Services Agreements after 31 December 2012.

REASONS FOR AND BENEFIT OF ENTERING INTO THE TICKETING SERVICES AGREEMENTS

As mentioned in the Announcement, all of the Strategic Investors are either operators of international-grade cultural and sports venues in Beijing (being the capital city and the cultural centre of China) or cultural and sports events organizers with extensive experience and marketing network and substantial demand for ticketing services. Given the synergetic effect to be realised from the Group's well-established information technology service network and platform, the growing demand for the ticketing service from the Strategic Investors and the business expansion plan of Beijing Culture & Sports as disclosed in the Announcement, the directors of the Company believe that the Group's expansion into the cultural and sports related ticketing business will contribute positively to the Group's financial performance. As such, the directors (including the independent non-executive directors) of the Company consider that the (i) the transactions contemplated under the Ticketing Services Agreements are conducted in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) the terms of the Ticketing Services Agreements (including the Annual Caps) are fair and reasonable; and (iii) the entering into of the Ticketing Services Agreements is in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP AND THE STRATEGIC INVESTORS

The Group

The Group, an information technology and service provider, has established a widespread and exclusive IT service network and participated in the construction, operation and maintenance of large-scale information application projects in Beijing, China and other regions across the country.

National Stadium

National Stadium, a company incorporated in China with limited liability and a subsidiary of BSAM, is principally engaged in the coordination and management of the finance, construction and operation of Beijing National Stadium located in the Beijing Olympic Park, Beijing, China.

National Aquatics Centre

National Aquatics Centre, a company incorporated in China with limited liability and a wholly-owned subsidiary of BSAM, is principally engaged in the construction, management and operation of the Beijing National Aquatics Centre located in the Beijing Olympic Park.

Beijing Artists

Beijing Artists, a company incorporated in China with limited liability and a subsidiary of BSAM, is a performance agency and its business covers a wide range of areas including planning and producing large-scale activities, marketing and promotion.

Beijing Sports

Beijing Sports, a company incorporated in China with limited liability and a subsidiary of BSAM, is principally engaged in the investment and management of international sports events.

IMPLICATION OF THE GEM LISTING RULES

Each of the Strategic Investors being subsidiaries of BSAM, the controlling shareholder of the Company, is a connected person of the Company. As such, the Ticketing Agency Right Acquisition and the ticketing services provided by Beijing Culture & Sports contemplated under the Ticketing Services Agreements will constitute a connected transaction and continuing connected transactions of the Company under the GEM Listing Rules, respectively. Pursuant to Rule 20.27 of the GEM Listing Rules, the relevant monetary values for the continuing connected transactions contemplated under each of the Ticketing Services Agreements are required to be aggregated. Since the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Ticketing Agency Right Acquisition and the continuing connected transactions contemplated under the Ticketing Services Agreements are greater than 0.1% but less than 5%, the entering into of each of the Ticketing Services Agreements (including the Ticketing Agency Right Acquisition and the Annual Caps) is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements of the GEM Listing Rules.

None of the directors of the Company has a material interest in the transactions contemplated under the Ticketing Agency Agreements.

DEFINITIONS

- “Annual Caps” : the aggregate maximum monetary values for the provision of ticketing services contemplated under the Ticketing Services Agreements for the period from the effective date of each of the Ticketing Services Agreements to the year ending 31 December 2010 and each of the two years ending 31 December 2012 as disclosed in the section headed “The Annual Caps” in this announcement
- “Beijing Artists Ticketing Services Agreement” : the ticketing services agreement dated 10 June 2010 in relation to the provision of ticketing services by Beijing Culture & Sports to Beijing Artists
- “Beijing Sports Ticketing Services Agreement” : the ticketing services agreement dated 10 June 2010 in relation to the provision of ticketing services by Beijing Culture & Sports to Beijing Sports
- “National Aquatics Centre Ticketing Services Agreement” : the ticketing Services agreement dated 10 June 2010 in relation to the provision of ticketing services by Beijing Culture & Sports to National Aquatics Centre
- “National Stadium Ticketing Services Agreement” : the ticketing services agreement dated 10 June 2010 in relation to the acquisition of the right to become a ticketing agent of National Stadium for a term of 10 years and the provision of ticketing services to National Stadium by Beijing Culture & Sports
- “Ticketing Agency Right Acquisition” : the acquisition of the right of being a ticketing agent of National Stadium for a term of 10 years by Beijing Culture & Sports as contemplated under the National Stadium Ticketing Services Agreement
- “Ticketing Services Agreements” : the National Stadium Ticketing Services Agreement, the National Aquatics Centre Ticketing Services Agreement, the Beijing Artists Ticketing Services Agreement and the Beijing Sports Ticketing Services Agreement

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

Beijing, China, 10 June 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, 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.

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.

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** For identification purposes only*