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CAPINFO COMPANY LIMITED*
首都信息發展股份有限公司

(a joint stock limited company established in the People's Republic of China with limited liability)
(Stock Code: 1075)

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE LEASE OF OFFICE PREMISES**

Reference is made to the announcement of the Company dated 22 April 2015 in relation to the entering into of the Existing Lease Agreements between the Company and BICD, pursuant to which the Company rented (i) the Office Premises I during the one year from 1 April 2015 to 31 March 2016 (the "Existing Lease Agreement I") and (ii) the Office Premises II during the three years from 1 April 2015 to 31 March 2018 (the "Existing Lease Agreement II"), respectively. The Existing Lease Agreement I will be expired on 31 March 2016.

On 31 March 2016, the Company and BICD entered into the New Lease Agreement, pursuant to which the Company rent the Office Premises I from BICD for a term of two years from 1 April 2016 to 31 March 2018 (the "New Lease Agreement").

As at the date of this announcement, BSAM, being the controlling Shareholder, is interested in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. As BICD is a wholly-owned subsidiary of BSAM, BICD is also a connected person of the Company pursuant to the Listing Rules. Accordingly, the New Lease Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the Company 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 transaction contemplated under the New Lease Agreement, when aggregated with those under the Existing Lease Agreements as required under Chapter 14A of the Listing Rules, is more than 0.1% but less than 5%, the transaction contemplated under the New Lease Agreement is only subject to the reporting and announcement requirements but is exempted from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

* *For identification purpose only*

REVISION OF ANNUAL CAPS FOR THE LEASE AGREEMENT IN RESPECT OF OFFICE PREMISES

Reference is made to the announcement of the Company dated 22 April 2015 in relation to the entering into of the Existing Lease Agreements between the Company and BICD, pursuant to which the Company rented (i) the Office Premises I during the one year from 1 April 2015 to 31 March 2016 (the “Existing Lease Agreement I”) and (ii) the Office Premises II during the three years from 1 April 2015 to 31 March 2018 (the “Existing Lease Agreement II”), respectively. The Existing Lease Agreement I will be expired on 31 March 2016.

On 31 March 2016, the Company and BICD entered into the New Lease Agreement, pursuant to which the Company rents the Office Premises I from BICD for a term of two years from 1 April 2016 to 31 March 2018 (the “New Lease Agreement”).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, BICD is a connected person of the Company.

The New Lease Agreement

Date

31 March 2016

Parties

Landlord: BICD

Tenant: The Company

Location

The office premises, which have an aggregate rental area of 982.53 sq.m., are located at units 1009-1014 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC. (the “Office Premises I”)

Term

The Company leases the Office Premises I from BICD for the period from 1 April 2016 to 31 March 2018.

Rent and air-conditioning fee payable to BICD

The monthly rent is RMB179,312 and is payable on a quarterly basis. Such rent was 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 Company is also required to pay the air-conditioning fee of approximately RMB40,284 on half yearly basis (or a monthly average of approximately RMB6,714).

REVISION OF ANNUAL CAPS

Taking into account the increase in rent payable to BICD following the entering into of the New Lease Agreement will make the rent payable under both of the New Lease Agreement and Existing Lease Agreements exceed the Previous Annual Caps, the Company proposes the Revised Annual Caps as follows:

	For the year ending 31 December 2016 RMB	For the year ending 31 December 2017 RMB	For the period from 1 January 2018 to 31 March 2018 RMB
Previous Annual Caps:			
Rent payable under the Existing Lease Agreements (<i>Note 1</i>)	<u>9,802,080</u>	<u>9,264,144</u>	<u>2,316,036</u>
Previous Annual Caps	<u>9,810,000</u>	<u>9,270,000</u>	<u>2,320,000</u>
Revision of Annual Caps:			
Rent payable under			
– the New Lease Agreement (<i>Note 2</i>)	1,674,234	2,232,312	558,078
– the Existing Lease Agreements (<i>Note 1</i>)	<u>9,802,080</u>	<u>9,264,144</u>	<u>2,316,036</u>
Sub-total	<u>11,476,314</u>	<u>11,496,456</u>	<u>2,874,114</u>
Revised Annual Caps	<u>11,500,000</u>	<u>11,500,000</u>	<u>2,900,000</u>

Notes:

1. as disclosed in the announcement of the Company dated 22 April 2015, the Group has leased i) Office Premises I for a monthly rent of approximately RMB179,312 for the period from 1 April 2015 to 31 March 2016, and ii) the Office Premises II for a monthly rent of approximately RMB772,012 for the period from 1 April 2015 to 31 March 2018.

- balances are calculated based on monthly rent of approximately RMB179,312 and the average monthly air-conditioning fee of approximately RMB6,714 for the period from 1 April 2016 to 31 March 2018.

REASONS FOR THE ENTERING INTO OF THE NEW LEASE AGREEMENT

The Group is principally engaged in the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment and self-developed computer software.

BICD is a company incorporated in the PRC with limited liability and is wholly owned by BSAM. BICD is principally engaged in the provision of diversified services such as technical services, training, financial support and office rental to enterprises which engaged in the business of integrated circuits.

The Group entered into the Existing Lease Agreements to rent the Office Premises as its main office. The Directors considered that the Office Premises can meet the operating need of the Group. However, the Existing Lease Agreement I will be expired on 31 March 2016, therefore, the Company entered into the New Lease Agreement to continue the rental of the Office Premise I during the two years from 1 April 2016 to 31 March 2018 to meet the operating need of the Group.

The Board (including the independent non-executive Directors) is of the view that the terms of the New Lease Agreement and the Revised Annual Caps are fair and reasonable and on normal commercial terms, and the entering into of the New Lease Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BSAM, being the controlling Shareholder, is interested in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. As BICD is a wholly-owned subsidiary of BSAM, BICD is also a connected person of the Company pursuant to the Listing Rules. Accordingly, the New Lease Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the Company 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 transaction contemplated under the New Lease Agreement, when aggregated with those under the Existing Lease Agreements as required under Chapter 14A of the Listing Rules, is more than 0.1% but less than 5%, the transaction contemplated under the New Lease Agreement is only subject to the reporting and announcement requirements but is exempted from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

Save and except for Mr. Xu Zhe and Dr. Feng Hao Cheng who are employees of BSAM, none of the Directors have any material interest in the New Lease Agreement. Accordingly, Mr. Xu Zhe and Dr. Feng Hao Cheng had abstained from voting on the Board resolution on approving the New Lease Agreement and the Revised Annual Caps.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of the directors of the Company
“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
“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 is wholly-owned by the Beijing Municipal Government, being the controlling shareholder of the Company
“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 overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company are listed on the Main Board of the Stock Exchange (Stock code: 1075)
“connected person”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Existing Lease Agreements”	the Existing Lease Agreement I and Existing Lease Agreement II
“Existing Lease Agreement I”	the lease agreement dated 22 April 2015 entered into between the Company and BICD in respect of the lease of the Office Premises I for a term of one year from 1 April 2015 to 31 March 2016
“Existing Lease Agreement II”	the lease agreement dated 22 April 2015 entered into between the Company and BICD in respect of the lease of the Office Premises II for a term of three years from 1 April 2015 to 31 March 2018

“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Lease Agreement”	the lease agreement dated 31 March 2016 entered into between the Company and BICD in respect of the lease of the Office Premises I for the period from 1 April 2016 to 31 March 2018
“PRC”	the People’s Republic of China
“Previous Annual Caps”	the annual caps in respect of the Existing Lease Agreements, further details of which are disclosed in the announcement of the Company dated 22 April 2015.
“Office Premises”	the Office Premises I and the Office Premises II
“Office Premises I”	the office premises located at units 1009-1014 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC
“Office Premises II”	the office premises located at units 106, 709-714, 1201-1214 and 1501-1508 of Quantum Silver Plaza, 23 Zhichun Road, Haidian
“Revised Annual Caps”	the revised annual caps in respect of the New Lease Agreement and the Existing Lease Agreements for the period from 1 January 2016 to 31 March 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
CAPINFO COMPANY LIMITED*
Mr. Xu Zhe
Chairman

Beijing, the PRC, 31 March 2016

As of the date hereof, the executive director of the Company is Mr. Lu Lei; the non-executive directors of the Company are Mr. Xu Zhe, Dr. Feng Hao Cheng, Mr. Cao Jun, Mr. Zhou Weihua, Mr. Shan Yuhu, Ms. An Lili and the independent non-executive directors of the Company are Ms. Zhou Liye, Mr. Gong Zhiqiang and Mr. Cheung, Wai Hung Boswell.