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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: 8157)

CONTINUING CONNECTED TRANSACTION – THE LEASE AGREEMENT IN RESPECT OF OFFICE PREMISES

The Company is pleased to announce that, on 31 March 2009, the Company entered into the New Lease Agreement with BICD, pursuant to which, the Company will lease the Office Premises for a term of 3 years from 1 April 2009 to 31 March 2012 at an annual rent of approximately RMB3.97 million (equivalent to approximately HK\$4.50 million).

By virtue of BICD being a wholly-owned subsidiary of BSAM, a substantial shareholder, a promoter and an initial management shareholder of the Company, BICD is a connected person of the Company under the GEM Listing Rules. Therefore, the transaction contemplated under the New Lease Agreement constitutes a continuing connected transaction of the Company. Since the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the rent payable by the Company to BICD under the New Lease Agreement are more than 0.1% but less than 2.5%, the transaction contemplated thereunder is subject to the reporting and announcement requirements in accordance with Rules 20.45 to 20.47 of the GEM Listing Rules, but is exempt from the independent shareholder's approval requirement under Rule 20.34 of the GEM Listing Rules.

THE NEW LEASE AGREEMENT

Background

The Company, on 31 March 2008, entered into the Old Lease Agreement with BICD, pursuant to which the Company would lease the Office Premises with an aggregate floor area of 2,940.2 sq.m. for a term of one year from 1 April 2008 to 31 March 2009. On 31 March 2009, the Company entered into the New Lease Agreement with BICD to extend the term of the Old Lease Agreement for 3 years to 31 March 2012.

Date

31 March 2009

Parties to the New Lease Agreement

Landlord : BICD
Tenant : the Company

Location

The Office Premises

Term

The Company will lease the Office Premises from BICD for a term of 3 years from 1 April 2009 to 31 March 2012.

Rent payable

The monthly rent of the Office Premises under the New Lease Agreement will be the same as the Old Lease Agreement which amounts to is RMB330,895 (equivalent to approximately HK\$375,235), representing a daily rent of RMB3.7 per sq.m., and is payable in cash every three months within 15 days prior to the beginning of each three-month period.

REASONS FOR ENTERING INTO THE NEW LEASE AGREEMENT

The principle business of the Company and its subsidiaries mainly comprises provision of information technology service in China. The Company has leased the Office Premises as its headquarters in Beijing since March 2003. Having taken into account (i) the relocation and renovation expenses of the Company that might be incurred by the Company for any relocation of office premises and (ii) 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 office premises of comparable quality in the same region, the directors (including the independent non-executive directors) of the Company consider that the terms of 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.

BASIS OF DETERMINING THE ANNUAL CAP

The directors of the Company propose the caps (the “Proposed Cap”) of RMB3.00 million (equivalent to approximately HK\$3.40 million), RMB4.00 million (equivalent to approximately HK\$4.54 million) and RMB1.00 million (equivalent to approximately HK\$1.13 million) for the rent payable to BICD under the New Lease Agreement for the nine months ending 31 December 2009, each of the two years ending 31 December 2011 and the three months ending 31 March 2012, respectively. Such Proposed Caps are determined after taking into account of the rent payable under the New Lease Agreement.

Set out below are the details of the Proposed Caps:

	For the nine months ending 31 December 2009 (RMB)	For the year ending 31 December 2010 (RMB)	For the year ending 31 December 2011 (RMB)	For the three months ending 31 March 2012 (RMB)
Rent payable				
– under the New Lease Agreement	2,978,055 <i>(Note 1)</i>	3,970,740 <i>(Note 2)</i>	3,970,740 <i>(Note 2)</i>	992,685 <i>(Note 3)</i>
Proposed caps	<u>3,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>1,000,000</u>

Notes

- 1 Based on the monthly rental of RMB330,895 under the New Lease Agreement for the period from 1 April 2009 to 31 December 2009.
- 2 Based on the monthly rental of RMB330,895 under the New Lease Agreement for the period from 1 January 2010 to 31 December 2011.
- 3 Based on the monthly rental of RMB330,895 under the New Lease Agreement for the period from 1 January to 31 March 2012.

IMPLICATION OF THE LISTING RULES

By virtue of BICD being a wholly-owned subsidiary of BSAM and BSAM is a substantial shareholder, a promoter and an initial management 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 GEM Listing Rules. As such, the transaction contemplated under the New Lease Agreement constitute a continuing connected transactions of the Company. Since the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the rent payable by the Company to BICD under the New Lease Agreement are more than 0.1% but less than 2.5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements in accordance with Rules 20.45 to 20.47 of the GEM Listing Rules, but is exempt from the independent shareholder’s approval requirement under Rule 20.34 of the GEM Listing Rules.

The Company will also comply with the annual review requirements under Rules 20.37 and 20.38 of the GEM Listing Rules in respect of the transaction contemplated under the New Lease Agreement.

DEFINITIONS

- “BSAM” : 北京市國有資產經營有限責任公司 (Beijing State-owned Assets Management Corporation Limited*), a China incorporated wholly-owned by the Beijing Municipal Government, and is a substantial shareholder, a promoter and an initial management shareholder (as defined under the GEM Listing Rules) 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 China with limited liability and is a wholly-owned subsidiary of BSAM, principally engaged in the research and development integrated circuits
- “China” : the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of China and Taiwan
- “Company” : 首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company incorporated in China, the overseas listed foreign share(s) of RMB0.10 each (H Shares) in the share capital of the Company which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
- “connected person” : the meaning ascribed to it in the GEM Listing Rules
- “GEM Listing Rules” : the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
- “Hong Kong” : the Hong Kong Special Administrative Region of China
- “New Lease Agreement” : the lease agreement dated 31 March 2009 entered into between the Company and BICD in respect of the leasing of the Office Premises by the Company
- “Office Premises” : the office premises with an aggregate floor area of 2,940.2 sq.m., located at units 1202-1214 and 1501-1508 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, China
- “Old Lease Agreement” : the lease agreement dated 31 March 2008 entered into between the Company and the BICD in respect of the leasing of the Office Premises by the Company for a term of one year from 1 April 2008 to 31 March 2009
- “sq.m.” : square metres

“HK\$” : Hong Kong dollars, the lawful currency of Hong Kong
“RMB” : Renminbi, the lawful currency of China
“%” : per cent.

* *for identification only*

All amounts in RMB have been translated in HK\$ at a rate of RMB1 = HK\$1.134 in this announcement for illustration purpose only

By Order of the board of directors
Capinfo Company Limited
Dr. Li Minji
Chairman

Beijing, China, 31 March 2009

As at the date of this announcement, the Company’s board of directors comprises two executive directors, namely, Dr. Wang Xu and Ms. Zhang Yan; six non-executive director, namely Dr. Li Minji, Mr. Xu Zhe, Mr. Qi Qigong, Mr. Pan Jiaren, Ms. Lu Xiaobing and Mr. Cai Jun; and three independent non-executive directors, namely Mr. Chen Jing, Mr. Ye Lu and Mr. Liu Dongdong.

This announcement, for which the Company’s directors collectively and individually accept full responsibilities, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Company’s 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 aspects 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 assumption that are fair and reasonable.

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