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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**

**Financial Adviser**

**COMMERZBANK** 

**Commerzbank AG Hong Kong Branch**

The Board is pleased to announce that, on 31 March 2008, the Company entered into the New Lease Agreement with BICD, pursuant to which, the Company will lease the New Office Premises for a term of 1 year from 1 April 2008 to 31 March 2009 at an annual rent of approximately RMB3.97 million.

Since BICD is a wholly-owned subsidiary of BSAM, being 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 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 less than 2.5%, the transaction contemplated thereunder is subject to reporting and announcement requirements in accordance with Rules 20.45 to 20.47 of the GEM Listing Rules, and is exempt from the independent shareholder's approval requirement under Rule 20.34 of the GEM Listing Rules.

### **THE NEW LEASE AGREEMENT**

#### **Background**

On 14 March 2006, the Company announced that it had entered into the Old Lease Agreement with BICD, pursuant to which, the Company would lease the Old Office Premises with an aggregate floor area of 3,204 sq.m. for a term of two years from 1 April 2006 to 31 March 2008. With an intention to renew the lease agreement with BICD and to cope with the current requirement of the Company, on 31 March 2008, the Company entered into the New Lease Agreement with BICD to (i) extend the term of the Old Lease Agreement a term of 1 year from 1 April 2008 to 31 March 2009 and (ii) to reduce the rental area from the existing Old Office Premises of 3,204 sq.m. to the New Office Premises of 2,940 sq.m..

**Date**

31 March 2008

**Parties to the New Lease Agreement**

Landlord : BICD  
Tenant : the Company

**Location**

The New Office Premises with an aggregate floor area of 2,940 sq.m., being units 1202 to 1214 and 1501 to 1508 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, PRC.

**Term**

The Company will lease the New Office Premises from BICD for a term of 1 year from 1 April 2008 to 31 March 2009, with a first right of refusal to renew the lease for 3 additional months.

**Rent payable**

The monthly rent of the New Office Premises is RMB330,895 (equivalent to approximately HK\$354,058), representing a daily rent of RMB3.7 per sq.m., and is payable in every three months and within 15 days prior to the beginning of each three-month period.

**REASONS FOR ENTERING INTO THE NEW LEASE AGREEMENT**

The Group's principle business mainly comprises provision of information technology service in PRC. The Company has leased the Old Office Premises as its headquarters in Beijing since March 2003. Given the fact that the rental charge under the New Lease Agreement is the same as the Old Lease Agreement (being approximately RMB3.7 per sq.m. per day) and the Company intends to relocate its headquarter to a self-owned office premises in 2009, the Directors consider that it will not be economical for the Company to relocate its headquarters to other office premises upon the expiry of the Old Lease Agreement as it will incur unnecessary relocation and renovation expenses. The Directors confirmed that the terms under the New Lease Agreement were determined 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. Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the New Lease Agreement is entered into (i) on normal commercial terms; (ii) in the ordinary course of business of the Company and (iii) the terms of the New Lease Agreement are fair and reasonable and the transactions contemplated under the New Lease Agreement is in the interest of the Company and the Shareholders as a whole.

## BASIS OF DETERMINING THE ANNUAL CAP

The Directors propose the caps of RMB4.2 million (equivalent to approximately HK\$4.49 million) and RMB2.0 million (equivalent to approximately HK\$2.14 million) for the rent payable to BICD under the New Lease Agreement for each of the two years ending 31 December 2008 and 2009, respectively. The Directors have confirmed that such proposed caps are determined after taking into account of the rent payable under the New Lease Agreement and the Old Lease Agreement (for the three months ending 31 March 2008).

Set out below are the details of the Proposed Caps:

	<b>For the year ending 31 December</b>	
	<b>2008</b>	<b>2009</b>
	<i>(RMB)</i>	<i>(RMB)</i>
<b>Rent payable</b>		
– under the Old Lease Agreement	1,081,751	–
	<i>(Note 1)</i>	
– under the New Lease Agreement	2,978,055	1,985,370
	<i>(Note 2)</i>	<i>(Note 3)</i>
	<hr/>	<hr/>
Total rent payable to BICD	<u>4,059,806</u>	<u>1,985,370</u>
<b>Proposed caps</b>	<u>4,200,000</u>	<u>2,000,000</u>

### Notes

- 1 based on the actual amount of rental expense incurred by the Company for the period from 1 January to 31 March 2008 under the Old Lease Agreement.
- 2 based on the monthly rental of RMB330,895 under the New Lease Agreement for the period from 1 April to 31 December 2008.
- 3 in determining the caps for the year ending 31 December 2009, the Directors have taken into account the Company's new self-owned office premises may not be available upon the expiry of the New Lease Agreement on 31 March 2009 and the Company may exercise its first right refusal to extend the lease term for three additional months.

## **IMPLICATION OF THE LISTING RULES**

By virtue BICD is a wholly-owned subsidiary of BSAM and BSAM is a substantial shareholder, a promoter and an initial management shareholder of the Company holding approximately 61.55% 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 less than 2.5%, the transactions contemplated under the Lease Agreement is subject to only reporting and announcement requirements in accordance with Rules 20.45 to 20.47 of the GEM Listing Rules, and is exempt from the independent shareholder's approval requirement under Rule 20.34 of the GEM Listing Rules.

In addition, the Directors have also confirmed that the Company will comply with the annual review requirement under Rules 20.37 and 20.38 of the GEM Listing Rules in respect of the transaction contemplated under the New Lease Agreement.

## **TERMINATION OF THE LEASE AGREEMENT WITH BICD BY BEIJING CO-CREATE**

On 12 June 2007, the Company announced that Beijing Co-Creat, a 55.97% non wholly-owned subsidiary of the Company, entered into a lease agreement with BICD for a term of two years from 8 June 2007 to 7 June 2009 in respect of the office premises located at unites 609-614 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, PRC. As a result of the scaling down of Beijing Co-Creat's business, Beijing Co-Creat terminated the aforesaid lease agreement with BICD in September 2007.

## **DEFINITIONS**

- “BSAM” : 北京市國有資產經營責任有限公司 (Beijing State-owned Assets Management Corporation Limited\*), a company incorporated in PRC and is 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
- “Beijing Co-Creat” : 北京共創開源軟件有限公司 (Beijing Co-Creat Software Company Limited\*), a company established in PRC with limited liability and a 55.97% non wholly-owned subsidiary 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 incorporate in PRC with limited liability and is principally engaged in the establishment and management of Beijing IC (integrated circuit) Design, a wholly-owned subsidiary of BSAM
- “Board” : the board of Directors

“Company”	:	首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company incorporated in PRC,, the issued H Shares of which are listed on GEM
“connected person”	:	the meaning ascribed to it in the GEM Listing Rules
“Directors”	:	the directors of the Company
“GEM”	:	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	:	the Rules Governing the Listing of Securities on GEM
“Group”	:	the Company and its subsidiaries
“H Share(s)”	:	overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company which are listed on the GEM
“Hong Kong”	:	the Hong Kong Special Administrative Region of PRC
“PRC”	:	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“New Lease Agreement”	:	the lease agreement dated 31 March 2008 entered into between the Company and BICD in respect of the leasing of the New Office Premises by the Company
“New Office Premises”	:	the office premises with an aggregate floor area of 2,904.2 sq.m., located at units 1202-1214 and 1501-1508 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, PRC
“Old Lease Agreement”	:	the lease agreement dated 14 March 2006 entered into between the Company and the BICD in respect of the leasing of the Old Office Premises by the Company
“Old Office Premises”	:	the office premises with an aggregate floor area of 3,204 sq.m., located at units 907, 1202-1214, 1407 and 1501-1508 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, PRC
“Share(s)”	:	share(s) of RMB0.1 each in the share capital of the Company
“Shareholder(s)”	:	holder(s) of Shares
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“sq.m.”	:	square metres

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

\* *for identification only*

*All amounts in RMB have been translated in HK\$ at a rate of RMB1 = HK\$1.07 in this announcement for illustration purpose only*

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

Beijing, PRC, 31 March 2008

*As at the date of this announcement, the Board comprises two executive Directors, namely, Dr. Wang Xu and Ms. Zhang Yan; nine non-executive Director, namely Mr. Li Minji, Mr. Xing Dehai, Mr. Xu Zhe, Mr. Bai Liming, Dr. Wu Bo, Mr. Qi Qigong, Mr. Pan Jiaren, Ms. Lu Xiao Bing and Dr. Xia Peng; and three independent non-executive directors, namely Mr. Chan jing, Mr. Ye Lu and Mr. Liu Dongdong.*

*This announcement, for which the 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 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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