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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
IN RELATION TO  
DISPOSAL OF EQUITY INTERESTS IN SUBSIDIARIES**

**THE DISPOSALS**

On 19 December 2011, the Company and the Purchaser entered into the BJCS Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Company's 25% interest in BJCS at the initial consideration of RMB11,779,621. After completion of the BJCS Disposal, BJCS will cease to be a subsidiary of the Company.

On the same day, the Company and the Purchaser also entered into the SN Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire interest in SN at the consideration of RMB237,943.

Since the Purchaser is a wholly-owned subsidiary of BSAM, the controlling shareholder of the Company, the Purchaser is a connected person of the Company and the Disposals will constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant applicable percentage ratio(s) in respect of the Disposals pursuant to Chapter 14 of the Listing Rules are greater than 5% but less than 25% and the aggregate consideration of the Disposals is larger than HK\$10 million, the Disposals also constitute a discloseable transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. BSAM and its associates shall abstain from voting on the resolution approving the Disposals.

\* For identification purpose only

## **GENERAL**

A circular containing, among other things, further details on (i) the BJCS Equity Transfer Agreement and the SN Equity Transfer Agreement and the transactions contemplated thereunder, respectively; (ii) the recommendation from the Independent Board Committee in respect of the BJCS Equity Transfer Agreement and the SN Equity Transfer Agreement and the transactions contemplated thereunder, respectively; (iii) the advice from Chanceton, the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the relevant appraisal reports of BJCS and SN; (v) a notice convening the EGM; (vi) other information as required under the Listing Rules, will be despatched to the shareholders of the Company on or before 31 January 2012 so as to allow sufficient time for the preparation of the relevant information to be included in the circular.

## **THE BJCS EQUITY TRANSFER AGREEMENT**

### **Date**

19 December 2011

### **Parties**

- (a) The Company as the vendor.
- (b) 北京北奧集團有限責任公司 (Beijing BeiAo Group Corporation Limited\*), wholly-owned subsidiary of BSAM, as the purchaser.

### **Subject of the disposal**

25% equity interest of BJCS held by the Company.

### **Consideration of the BJCS Disposal**

The initial cash consideration (subject to adjustment) for the BJCS Disposal of RMB11,779,621 (the “BJCS Consideration”) was arrived at after arm’s length negotiation between the Company and the Purchaser based on the preliminary appraised net asset value of the BJCS as at 31 August 2011 of approximately RMB11.78 million performed by the Valuer using the asset-based approach in accordance with the applicable valuation principles in the PRC and has taken into account the recent financial performance of BJCS. The final BJCS Consideration will be subject to the appraised net asset value of BJCS being approved by the Beijing SASAC and the adjusting mechanism as detailed below.

The Purchaser will pay RMB6,000,000 (the “Initial Payment”) to the Company within 10 working days after the BJCS Equity Transfer Agreement having become effective. The remaining balance (the “Remaining Consideration”) of approximately RMB5.78 million for the initial BJCS Consideration will be adjusted based on the net profit or loss after taxation

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recorded by BJCS during the four months ending 31 December 2011 (calculated based on the difference between the audited net profit or loss after taxation for the year ending 31 December 2011 and the eight months ended 31 August 2011), such that in the event BJCS having recorded:

- (i) a net loss after taxation for the four months ending 31 December 2011 (the “Net Loss”), the Remaining Consideration will be adjusted downwards by 25% of the Net Loss; and
- (ii) a net profit after taxation for the four months ending 31 December 2011 (the “Net Profit”), the Remaining Consideration will be adjusted upwards by 25% of the Net Profit.

The adjusted Remaining Consideration will be payable by the Purchaser to the Company (or refundable by the Company to the Purchaser (as the case may be)) within 10 working days after the issuance of the audited financial reports of BJCS for the year ending 31 December 2011.

Since BJCS recorded an unaudited net loss after taxation of approximately RMB3.15 million during the 3-month period from 1 September to 30 November 2011, it is expected that no upward adjustment will be made to the BJCS Consideration pursuant to the BJCS Equity Transfer Agreement as mentioned above.

### **Conditions Precedent**

The BJCS Equity Transfer Agreement will become effective after the Company having completed the required approval procedures, including the Independent Shareholders having approved the BJCS Equity Transfer Agreement (and the transactions contemplated thereunder) at the EGM and the granting of the approval by the Beijing SASAC in respect of the BJCS Disposal.

### **Transfer of the Company’s 25% equity interest in BJCS to the Purchaser**

The Company will procure BJCS to apply to the relevant PRC government bodies to complete the relevant business registration to effect the changes in the shareholding structure as a result of the BJCS Disposal within 15 working days after the Beijing SASAC having granted the approval for the BJCS Disposal.

Following completion of the transfer of the 25% equity interest of BJCS from the Company to the Purchaser, the Company’s equity interest in BJCS will be decreased from 45% to 20%, BJCS will cease to be a subsidiary of the Company and will be accounted for as an associate in the Company’s consolidated financial statements. After taking into account (i) the close proximity between the initial BJCS Consideration and the 25% of the audited net asset value of BJCS as at 31 August 2011 of approximately RMB11.64 million and (ii) the above adjustment mechanism on the BJCS Consideration, it is expected that the Company will not record material gain or loss as a result of the BJCS Disposal.

## **THE SN EQUITY TRANSFER AGREEMENT**

### **Date**

19 December 2011

### **Parties**

- (a) The Company as the vendor.
- (b) Beijing BeiAo Group Corporation Limited, wholly-owned subsidiary of BSAM, as the purchaser.

### **Subject of the disposal**

The entire equity interest of SN held by the Company.

### **Consideration for the SN Disposal**

The initial cash consideration of RMB237,943 (the “SN Consideration”) for the SN Disposal was arrived at after arm’s length negotiation between the Company and the Purchaser based on the preliminary appraised net asset value of SN of approximately RMB0.24 million as at 31 August 2011 performed by the Valuer using the asset-based approach in accordance with the applicable valuation principles in the PRC. The final SN Consideration will be subject to such appraised net asset value of SN being approved by the Beijing SASAC.

### **Conditions Precedent**

The SN Equity Transfer Agreement will become effective after the Company having completed the required approval procedures, including the Independent Shareholders having approved the SN Equity Transfer Agreement (and the transactions contemplated thereunder) and the granting of the approval by the Beijing SASAC in respect of the SN Disposal.

The Purchaser will pay the SN Consideration to the Company within 10 working days after the SN Equity Transfer Agreement becoming effective.

### **Transfer of the Company’s entire equity interest in SN to the Purchaser**

The Company will procure SN to apply to the relevant PRC government bodies to complete the relevant business registration to effect the changes in the shareholding structure as a result of the SN Disposal within 15 working days after the Beijing SASAC having granted the approval in respect of the SN Disposal.

Following completion of the transfer of entire equity interest of SN from the Company to the Purchaser, the Company will not have any equity interest in SN and SN will no longer be a subsidiary of the Company. Based on the consideration of RMB237,942.99, and the audited net asset value of SN as at 31 August 2011 of approximately RMB0.24 million, it is expected that the Company will record immaterial loss as a result of the SN Disposal.

## **INFORMATION OF THE COMPANY**

The Group is an information technology and service provider. The Group's business mainly comprises network systems integration and installation software development, technical consulting and related operation and maintenance service. The Company also participates in the construction, operation and maintenance of large-scale information application projects in Beijing and other regions in the PRC.

## **INFORMATION OF THE PURCHASER**

The Purchaser, a wholly-owned subsidiary of BSAM, the controlling shareholder of the Company, is an investment holding company and, through its subsidiaries, is principally engaged in large-scale domestic and international culture and sports activities related creative planning, execution, resources integration and industry business promotion.

## **INFORMATION OF BJCS**

BJCS, a 45%-owned subsidiary of the Company, is principally engaged in the provision of culture and sports ticketing agency services and the related information system development services. Since the Company is entitled to appoint majority of the board of directors of BJCS as disclosed in the Company's annual report for the year ended 31 December 2010, BJCS is accounted for as a subsidiary of the Company.

According to the audited financial statements of BJCS prepared under the PRC accounting standards, for each of the two years ended 31 December 2009 and 2010, BJCS recorded (i) net profit before taxation of approximately RMB1.32 million and RMB0.11 million, respectively; (ii) net profit after taxation of approximately RMB1.32 million and RMB0.07 million, respectively. As at 31 August 2011, the audited net asset value of BJCS amounted to approximately RMB46.54 million.

## **INFORMATION OF SN**

SN is a wholly-owned subsidiary of the Company, and is principally engaged in the provision of ticket agency services. According to the audited financial statements of SN prepared under the PRC accounting standards, for each of the two years ended 31 December 2009 and 2010, SN recorded loss before and after taxation of approximately RMB7,400, respectively and RMB1,400, respectively. As at 31 August 2011, the audited net asset value of SN amounted to approximately RMB0.24 million.

## **REASONS FOR AND BENEFITS OF THE BJCS DISPOSAL AND THE SN DISPOSAL**

BJCS was initially a wholly-owned subsidiary of the Company. Following the introduction of a number of strategic investors by way of cash contribution to the registered capital of BJCS (as detailed in the Company's announcement dated 16 April 2010), the Company's interest

in BJCS had been decreased to 45%. The directors of the Company, after having taken into account, among other things, (i) BJCS's culture and sports ticketing agency business is still at its early stage and additional capital expenditure and resources expected to be incurred for the expansion of its business; (ii) the decline in the net profit after taxation of BJCS from RMB1.32 million for the year ended 31 December 2009 to RMB0.07 million for the year ended 31 December 2010 and to a net loss after taxation of approximately RMB4.42 million for the eight months ended 31 August 2011, (iii) the BJCS Consideration is based on the appraised net asset value of BJCS; and (iv) the Purchaser's business experience and resource in the cultural and sports industry in the PRC, have considered that the BJCS Disposal would represent an opportunity of the Group to introduce new strategic shareholder in BJCS. Furthermore, leverage on the relevant business experience and resource of the Purchaser, it is expected the future development of BJCS can be enhanced (which in turn will benefit the Group through its remaining 20% equity interest in Beijing Cultural & Sports).

SN is a wholly-owned subsidiary of the Company with limited business operation. Given the insignificant contribution of its financial performance towards the Group and the directors of the Company have considered that the SN represents an opportunity for the Group to divest of its entire interest of SN at a consideration based on the appraised net asset value of SN as at 31 August 2011.

Based on the initial BJCS Consideration of approximately RMB11.78 million and the SN Consideration of approximately RMB0.24 million, the aggregate net proceeds (after deducting relevant costs and expenses) from the Disposals will amount to approximately RMB11.8 million. The Company intends to apply the aggregate net proceeds from the Disposals as general working capital for the Group's business development. Having considered the above, the directors of the Company (excluding the independent non-executive directors of the Company whose view will be rendered after having considered the letter of advice from the independent financial adviser) are of the view that the terms of the BJCS Equity Transfer Agreement and SN Equity Transfer Agreement are fair and reasonable and the Disposals are in the interest of the Company and its shareholders as a whole.

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 for resolutions relating to the BJCS Disposal and the SN Disposal.

## **LISTING RULES IMPLICATIONS**

Since the Purchaser is a wholly-owned subsidiary of BSAM, the controlling shareholder of the Company, the Purchaser is a connected person of the Company and the Disposals will constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant applicable percentage ratio(s) in respect of the Disposals pursuant to Chapter 14 of the Listing Rules are greater than 5% but less than 25% and the aggregate consideration of the Disposals is larger than HK\$10 million, the Disposals also constitute a discloseable transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. BSAM and its associates shall abstain from voting on the resolution approving the Disposals.

## GENERAL

The Independent Board Committee comprising all of the independent non-executive directors of the Company has been established to advise the Independent Shareholders in relation to the Disposals. Chanceton has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details on (i) the BJCS Equity Transfer Agreement and the SN Equity Transfer Agreement and the transactions contemplated thereunder, respectively; (ii) the recommendation from the Independent Board Committee in respect of the BJCS Equity Transfer Agreement and the SN Equity Transfer Agreement and the transactions contemplated thereunder, respectively; (iii) the advice from Chanceton, the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the relevant appraisal reports of BJCS and SN; (v) a notice convening the EGM; (vi) other information as required under the Listing Rules, will be despatched to the shareholders of the Company on or before 31 January 2012 so as to allow sufficient time for the preparation of the relevant information to be included in the circular.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the terms below shall have the following meanings when used herein:

“Beijing SASAC”	:	the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality
“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
“BJCS Disposal”	:	the sale of 25% equity interest in BJCS by the Company to the Purchaser pursuant to the BJCS Equity Transfer Agreement
“BJCS Equity Transfer Agreement”	:	the equity transfer agreement dated 19 December 2011 entered into between the Company and the Purchaser in relation to the BJCS Disposal
“Board”	:	the board of directors of the Company
“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 China and wholly-owned by the Beijing Municipal Government

“Chanceton”	:	Chanceton Capital Partners Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Disposals
“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 Main Board of the Stock Exchange of Hong Kong Limited
“Disposals”	:	the BJCS Disposal and the SN Disposal
“EGM”	:	the extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, approving the Disposals
“Group”	:	the Company and its subsidiaries
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	:	the independent board committee comprising all of the independent non-executive directors of the Company, namely, Mr. Chen Jing, Dr. Wang Huacheng, Mr. Zeng Xianggao and Mr. Gong Zhiqiang established to advise the Independent Shareholders in respect of the Disposals
“Independent Shareholders”	:	shareholders of the Company other than BSAM and its associates
“Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Purchaser”	:	北京北奧集團有限責任公司, (Beijing BeiAo Group Corporation Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of BSAM

- “SN” : 北京水鳥票務有限公司 (Beijing Shui Niao Ticket Services Company Limited\*), formerly known as 北京經信博匯諮詢有限公司 (Beijing Jing Xin Bo Hui Consulting Company Limited\*), a company incorporated in PRC with limited liability
- “SN Disposal” : the sale of the entire equity interest in SN by the Company to the Purchaser pursuant to the SN Equity Transfer Agreement
- “SN Equity Transfer Agreement”: the equity transfer agreement dated 19 December 2011 entered into between the Company and the Purchaser in relation to the SN Disposal
- “Valuer” : 北京京都中新資產評估有限公司 (Beijing Jingdu Zhong Xin Asset Appraisal Company Limited\*), an independent valuer
- “HK\$” : Hong Kong dollars, the lawful currency of Hong Kong
- “RMB” : Renminbi, the lawful currency of the PRC

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

Beijing, the PRC, 19 December 2011

*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 Hongying, 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