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CAPINFO
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
TRANSACTIONS IN RELATION TO
(I) THE PROCUREMENT OF HARDWARE PRODUCTS AND RELATED
SERVICES; AND
(II) THE LEASE AGREEMENTS IN RESPECT OF OFFICE PREMISES**

**(I) REVISION OF ANNUAL CAPS FOR THE PROCUREMENT OF HARDWARE
PRODUCTS AND RELATED SERVICES**

Reference is made to the announcement of the Company dated 18 January 2013 in relation to the entering into of the Procurement Framework Agreement between Capinfo Technology and Capnet. Pursuant to the Procurement Framework Agreement, Capinfo Technology will procure Hardware Products and Related Services from Capnet for a term of approximately three years commencing from 18 January 2013 to 31 December 2015 by entering into of separate Product Procurement Agreements.

Having taking into account the future business development of the Group, Capinfo Technology and Capnet entered into the Supplemental Procurement Framework Agreement on 1 August 2013 under which the parties agreed to revise the Existing Procurement Annual Caps.

**(II) REVISION OF ANNUAL CAPS FOR THE LEASE AGREEMENTS IN RESPECT OF
OFFICE PREMISES**

References are made to the announcements of the Company dated 30 March 2012 and 8 May 2012 in relation to the entering into of the Existing Lease Agreements between the Company and BICD, pursuant to which the Company will rent certain office premises for a term of three years from 1 April 2012 to 31 March 2015.

On 1 August 2013, the Company entered into the New Lease Agreement with BICD, pursuant to which the Company will lease an additional office premises of approximately 980 sq.m. located at Quantum Silver Plaza, Haidian District, Beijing, the PRC from 1 August 2013 to 31 March 2015 for an annual consideration (including rent and air-conditioning fee) of approximately RMB2.2 million. In order to accommodate the increase in rent and related expenses payable to BICD following the entering into of the New Lease Agreement, the Company proposes to revise the Existing Lease Caps.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (other than the profits ratio) as determined based on each of the New Procurement Annual Caps are more than 0.1% but less than 5%, the transactions contemplated under the Supplemental Procurement Framework Agreement are only subject to reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since the Group 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, are more than 0.1% but less than 5%, the transactions 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 (Chairman), Ms. Zhang Kaihua and Mr. Lu Lei, all being non-executive Directors and hold offices at BSAM, none of the Directors have any material interest in the Supplemental Procurement Framework Agreement and the New Lease Agreement. Accordingly, Mr. Xu Zhe, Ms. Zhang Kaihua and Mr. Lu Lei had abstained from voting on the Board resolutions on approving the Supplemental Procurement Framework Agreement and the New Lease Agreement.

(I) REVISION OF ANNUAL CAPS FOR THE PROCUREMENT OF HARDWARE PRODUCTS AND RELATED SERVICES

Reference is made to the announcement of the Company dated 18 January 2013 in relation to the entering into of the Procurement Framework Agreement between Capinfo Technology and Capnet. Pursuant to the Procurement Framework Agreement, Capinfo Technology will procure Hardware Products and Related Services from Capnet for a term of approximately three years commencing from 18 January 2013 to 31 December 2015 by entering into of separate Product Procurement Agreements.

On 1 August 2013, Capinfo Technology and Capnet entered into the Supplemental Procurement Framework Agreement under which the parties agreed to revise the Existing Procurement Annual Caps.

Revision of the Existing Procurement Annual Caps

Pursuant to the Supplemental Procurement Framework Agreement, the Existing Purchase Caps are proposed to be revised as follows:

| | For the year ending 31 December | | |
|----------------------------------|--|----------------------|----------------------|
| | 2013 | 2014 | 2015 |
| | <i>(RMB'million)</i> | <i>(RMB'million)</i> | <i>(RMB'million)</i> |
| Existing Procurement Annual Caps | 4.7 | 6.1 | 7.8 |
| New Procurement Annual Caps | 10 | 25 | 25 |

The New Procurement Annual Caps are determined with reference to the expected amount of the Product Procurement Agreement to be executed and the estimation of the Group's business development for the three years ending 31 December 2015.

Save for the New Procurement Annual Caps, all other terms and conditions of the Procurement Framework Agreement shall remain valid, unaltered and be of full force and effect throughout the term thereof.

Reasons for the revision of the Existing Procurement Annual Caps

The principal activities of the Group consist of the provision of information technologies and services supply including system integration, software development, IT planning and consultancy, IT operation and maintenance, etc.

Capnet is a company established in the PRC with limited liability which is owned by BSAM as to 95%.

Having taking into account the future business development of the Group, the Board expects that the Existing Procurement Annual Caps will not be sufficient for the possible further procurement of Hardware Products and Related Services from Capnet under the Procurement Framework Agreement for the three years ending 31 December 2015. The Board therefore proposes to revise the Existing Procurement Annual Caps to the New Procurement Annual Caps in order to cope with future demand.

The Directors (including the independent non-executive Directors) consider that the Supplemental Procurement Framework Agreement is conducted in the ordinary and usual course of business of the Group. The Directors are of the view that the terms of the

Supplemental Procurement Framework Agreement are fair and reasonable and on normal commercial terms, and the entering into of the Supplemental Procurement Framework Agreement is in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

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 Capnet is held as to 95% by BSAM, Capnet is deemed to be a connected person of the Company pursuant to the Listing Rules. Accordingly, the Supplemental Procurement Framework Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) as determined based on each of the New Procurement Annual Caps are more than 0.1% but less than 5%, the transactions contemplated under the Supplemental Procurement Framework Agreement are only subject to reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save and except for Mr. Xu Zhe (Chairman), Ms. Zhang Kaihua and Mr. Lu Lei, all being non-executive Directors and hold offices at BSAM, none of the Directors have any material interest in the Supplemental Procurement Framework Agreement. Accordingly, Mr. Xu Zhe, Ms. Zhang Kaihua and Mr. Lu Lei had abstained from voting on the Board resolution on approving the Supplemental Procurement Framework Agreement.

(II) REVISION OF ANNUAL CAPS FOR THE LEASE AGREEMENTS IN RESPECT OF OFFICE PREMISES

References are made to the announcements of the Company dated 30 March 2012 and 8 May 2012 in relation to the entering into of the Existing Lease Agreements between the Company and BICD, pursuant to which the Company rent certain office premises for a term of three years from 1 April 2012 to 31 March 2015.

On 1 August 2013, the Company entered into the New Lease Agreement with BICD, pursuant to which the Company will lease an additional office premise of approximately 980 sq.m. located at Quantum Silver Plaza, Haidian District, Beijing, the PRC from 1 August 2013 to 31 March 2015 for an annual consideration (including rent and air-conditioning fee) of approximately RMB2.2 million.

The New Lease Agreement

Date

1 August 2013

Parties to the New Lease Agreement

Landlord: BICD

Tenant: the Company

Location

The New Office Premise, which has an aggregate floor area of 980 sq.m., is located at units 709-714 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC.

Term

The Company will lease the New Office Premise from BICD for the period from 1 August 2013 to 31 March 2015.

Rent-free periods

The Company will be entitled to a rent-free period from 1 August 2013 to 31 August 2013.

Rent and air-conditioning fee payable to BICD

The monthly rent is approximately RMB177,360 and is payable on a quarterly basis. The Company is also required to pay the air-conditioning fee of approximately RMB35,770 semiannually (or a monthly average of approximately RMB5,962).

Reasons for the entering into of the New Lease Agreement

BICD is a company incorporated in the PRC with limited liability and is wholly owned by BSAM.

As disclosed in the announcements of the Company dated 30 March 2012 and 8 May 2012, the Group entered into the Existing Lease Agreements to lease certain office premises as its headquarters for a term of three years from 1 April 2012 to 31 March 2015. In view of the business expansion of the Group in recent years and to facilitate the overall planning and design of the offices of the Company, the Company entered into the New Lease Agreement to lease additional office premise to accommodate the future office space requirement. The terms of the New Lease Agreement were 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. In view of the above, the Directors (including the independent non-executive Directors) consider that 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 the Shareholders as a whole.

Revision of annual caps

Taking into account the increase in rent and related expenses payable to BICD following the entering into of the New Lease Agreement, the Company proposes to revise the Existing Lease Caps as follows:

| | For the year ending 31 December 2013 <i>(Approximate RMB'000)</i> | For the year ending 31 December 2014 <i>(Approximate RMB'000)</i> | For the three months ending 31 March 2015 <i>(Approximate RMB'000)</i> |
|--|---|---|---|
| Rent and related expenses payable | | | |
| – under the New Lease Agreement <i>(Note 1)</i> | 733 | 2,200 | 550 |
| – under the Existing Lease Agreement <i>(Note 2)</i> | <u>7,518</u> | <u>7,518</u> | <u>1,663</u> |
| | <u>8,252</u> | <u>9,718</u> | <u>2,213</u> |
| Revised caps | <u><u>11,000</u></u> | <u><u>15,000</u></u> | <u><u>4,000</u></u> |

Notes:

1. balances are calculated based on the monthly rent of approximately RMB177,360 (excluding the rent-free period from 1 August 2013 to 31 August 2013) and the average monthly air-conditioning fee of approximately RMB5,962 for the period from 1 August 2013 to 31 March 2015.
2. as disclosed in the announcements of the Company dated 30 March 2012 and 8 May 2012, the Group has leased (i) the office premises with an aggregate floor area of 1,292.53 sq.m., located at units 106 and 1009–1014 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC for a monthly rent of approximately RMB216,229 (excluding the two rent-free periods from 8 May 2012 to 31 May 2012 and from 1 March 2015 to 31 March 2015) and the average monthly air-conditioning fee of approximately RMB7,863 for the period from 8 May 2012 to 31 March 2015; and (ii) the office premises with an aggregate floor area of approximately 2,940 sq.m., located at units 1201–1214 and 1501–1508 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC for a monthly rent of approximately RMB402,440 for a term of three years from 1 April 2012 to 31 March 2015.

Implications under the Listing Rules

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 deemed to be a connected person of the Company pursuant to the Listing Rules. Accordingly, the New Lease Agreement constitutes continuing connected transactions 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 (Chairman), Ms. Zhang Kaihua and Mr. Lu Lei, all being non-executive Directors and hold offices at BSAM, none of the Directors have any material interest in the New Lease Agreement. Accordingly, Mr. Xu Zhe, Ms. Zhang Kaihua and Mr. Lu Lei had abstained from voting on the Board resolution on approving the New Lease Agreement.

DEFINITIONS

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

| | |
|----------------------|--|
| “associates” | has the meaning ascribed to it under the Listing Rules |
| “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 and principally engaged in the research and development of integrated circuits |
| “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 |
| “Capinfo Technology” | 首都信息科技發展有限公司 (Capinfo Technology Development Company, Limited*), a company established in the PRC with limited liability which is a wholly-owned subsidiary of the Company |
| “Capnet” | 北京首信網創網絡信息服務有限責任公司 (Capnet Company Limited*), a company established in the PRC with limited liability which is owned by BSAM as to 95% |

| | |
|--|---|
| “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(s)” | has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Directors” | the directors of the Company |
| “Existing Lease Agreements” | the two lease agreements entered with BICD to lease office premises located at units 106, 1009-1014, 1201-1214 and 1501-1508 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC |
| “Existing Lease Caps” | the existing annual caps under the Existing Lease Agreements |
| “Existing Procurement Annual Caps” | the existing annual caps under the Procurement Framework Agreement |
| “Group” | the Company and its subsidiaries |
| “Hardware Products and Related Services” | equipment required for the performance of the construction, operation and maintenance services of network systems, such as routers, switches, etc. |
| “Independent Shareholders” | Shareholders other than BSAM and its associates |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “New Lease Agreement” | the lease agreement dated 1 August 2013 entered into between the Company and BICD in respect of the lease of the New Office Premise by the Company from 1 August 2013 to 31 March 2015 |
| “New Office Premise” | the office premises under the New Lease Agreement with an aggregate floor area of 980 sq.m., located at units 709-714 of Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC |

| | |
|--|--|
| “New Procurement Annual Caps” | the revised annual caps under the Supplemental Procurement Framework Agreement |
| “PRC” | the People’s Republic of China |
| “Procurement Framework Agreement” | the agreement dated 18 January 2013 entered into between Capinfo Technology and Capnet in respect of Capinfo Technology’s procurement of Hardware Products and Related Services from Capnet |
| “Product Procurement Agreement(s)” | any additional operational level agreements or form of agreements which may be constituted by the acceptance of price quotations, sales orders or other written documents in relation to the procurement of Hardware Products and Related Services by Capinfo Technology from Capnet, the terms of which are subject to the terms of the Procurement Framework Agreement |
| “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 |
| “Supplemental Procurement Framework Agreement” | the agreement dated 1 August 2013 entered into between Capinfo Technology and Capnet in relation to the New Procurement Annual Caps |
| “%” | per cent |

By order of the Board
CAPINFO COMPANY LIMITED*
Xu Zhe
Chairman

Beijing, the PRC, 1 August 2013

As of the date hereof, the executive Director is Dr. Wang Xu; the non-executive Directors are Mr. Xu Zhe, Ms. Zhang Kaihua, Mr. Lu Lei, Mr. Pan Jiaren, Mr. Shi Hongyin, Mr. Wang Zhuo, and Ms. Hu Sha and the independent non-executive Directors are Mr. Chen Jing, Ms. Zhou Liye, Mr. Zeng Xianggao and Mr. Gong Zhiqiang.

This announcement is published on the website of the Company (www.capinfo.com.cn) and the designated issuer website of the Stock Exchange (www.hkexnews.hk).

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

** For identification purpose only*