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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold or transferred** all your shares in Capinfo Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 8157)**

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO DEDICATED CIRCUIT LEASING SERVICE  
AND  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
PROPOSED INTRODUCTION OF NEW INTERNAL CORPORATE GOVERNANCE RULES**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**AmCap**

*Ample Capital Limited*

*豐盛融資有限公司*

**Ample Capital Limited**

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A letter from the Board is set out on pages 5 to 10 of this circular. A letter from the Independent Board Committee is set out on pages 11 to 12 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 20 of this circular.

A notice convening the EGM to be held at Conference Room, 12th Floor, Quantum Silver Plaza, 23 Zhi Chun Road, Haidian District, Beijing 100191, the PRC on 29 December 2009 at 10:00 a.m. is set out on pages 70 to 71 of this circular. A form of proxy for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at Hong Kong Registrars Limited, the H Shares registrar in Hong Kong of the Company at Rooms 1806–7, 18/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shares) or to the Company's principal place of business in the PRC (in respect of Domestic Shares) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the EGM. Completion of the form of proxy will not preclude you from attending and voting in the EGM or any adjourned meeting should you so desire.

*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*

13 November 2009

\* *For identification purposes only*

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 10 November 2009 in respect of the DCLS Transactions
“Articles of Association”	the articles of association of the Company
“Beijing Telecommunication Investments”	北京電信投資有限公司(Beijing Telecommunication Investments Co., Ltd.*), a company established in China and is one of the promoters (as defined under the GEM Listing Rules) of the Company
“BCC”	中國聯合網絡通信有限公司北京市分公司 (前稱中國網通(集團)有限公司北京市分公司) China United Network Communications Corporation Limited Beijing Branch (formerly known as China Netcom (Group) Company Limited Beijing Branch)
“Board”	the board of Directors
“China” or “PRC”	The People’s Republic of China and for the purpose of this circular, does not include Hong Kong, the Macau Special Administrative Region 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 H Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“DCLS”	the provision of dedicated circuit leasing service by BCC to the Company
“DCLS Agreements”	including the DCLS Original Agreement and the DCLS Renewal Agreements
“DCLS Original Agreement”	an agreement dated 4 April 2001 between the Company and BCC for provision of the DCLS

\* *For identification purposes only*

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## DEFINITIONS

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“DCLS Renewal Agreements”	include (i) an agreement dated 14 December 2001 between the Company and BCC to further extend the term of the DCLS Original Agreement for DCLS to 31 December 2002; (ii) an agreement dated 20 June 2003 between the Company and BCC to further extend the term of the DCLS Original Agreement for DCLS to 30 June 2004; (iii) an agreement dated 9 July 2004 entered into between the Company and BCC to further extend the term of the DCLS Original Agreement for DCLS to 30 June 2005; (iv) an agreement dated 21 April 2005 entered into between the Company and BCC to further extend the term of the DCLS Original Agreement for DCLS to 30 June 2006; (v) an agreement dated 30 April 2006 entered into between the Company and BCC to further extend the term of the DCLS Original Agreement for DCLS to 30 June 2007; and (vi) an agreement date 29 June 2007 entered into between the Company and BCC to further extend the terms of the DCLS Original Agreement for DCLS to 30 June 2008 and (vii) the DCLS Renewal Agreement VII
“DCLS Renewal Agreement VII”	the conditional agreement dated 22 April 2008 entered into between the Company and BCC to further extend the terms of the DCLS Original Agreement for DCLS to 31 December 2009
“DCLS Renewal Agreement VIII”	the conditional agreement dated 10 November 2009 entered into between the Company and BCC to further extend the terms of the DCLS Original Agreement for DCLS to 31 December 2012
“DCLS Standard Fees”	the standard fees published on the official website of BCC and are the fees offered by BCC to its ordinary customers in relation to the dedicated circuit leasing services announced by BCC from time to time and different standard fees will be charged according to the speed capacities of the circuit line (as measured by Kbps or Mbps)
“DCLS Transactions”	being the continuing connected transactions between the Company and BCC contemplated under the DCLS Renewal Agreement VIII
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of nominal value of RMB0.10 each in the share capital of the Company, which are paid up in RMB

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve, if thought fit, the DCLS Renewal Agreement VIII and the Proposed Caps as well as the proposed amendments to the Articles of Associations and the introduction of the Rules and Procedures for General Meetings, the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of the Supervisory Committee
“GEM”	the 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
“Hong Kong”	The Hong Kong Special Administrative Region of PRC
“H Share(s)”	overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company which are listed on GEM
“Independent Board Committee”	The independent board committee of the Company comprising the three independent non-executive Directors, namely Dr. Wang Huacheng, Mr. Chen Jing and Mr. Gong Zhiqiang established to advise the Independent Shareholders in respect of the DCLS Transactions and the Proposed Caps
“Independent Financial Advisor” or “Ample Capital”	Ample Capital Limited, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the DCLS Transactions and the Proposed Caps, a licensed corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Independent Shareholder(s)”	shareholders of the Company (other than BCC and its associates), who are entitled to vote at the EGM pursuant to the GEM Listing Rules
“Kbps”	kilobits per second (or thousands of bits per second), is a measure of bandwidth (the amount of data that can flow in a given time) on a data transmission medium
“Latest Practicable Date”	12 November 2009, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information for the inclusion in this circular

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## DEFINITIONS

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“Mbps”	megabits per second (or millions of bits per second), is a measure of bandwidth (the amount of data that can flow in a given time) on a data transmission medium
“Pre-IPO Share Option Plan”	the share option plan adopted on 6 December 2001
“Proposed Caps”	the maximum aggregate annual value for the DCLS Transactions for the three years ending 31 December 2012 of RMB22.0 million, RMB20.0 million and RMB20.0 million, respectively
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	The share option scheme adopted and amended by the Company on 6 December 2001 and 17 August 2004 respectively
“Share(s)”	share(s) of RMB0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent

*All amounts in RMB have been translated in HK\$ at a rate of RMB1.000 = HK\$1.136 in this circular for illustration purpose only.*

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LETTER FROM THE BOARD

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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 incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 8157)**

*Directors:*

Dr. Li Minji, *Chairman*<sup>#</sup>  
Dr. Wang Xu, *Chief Executive*<sup>†</sup>  
Ms. Sun Jing<sup>#</sup>  
Ms. Li Zhi<sup>#</sup>  
Mr. Pan Jiaren<sup>#</sup>  
Mr. Cao Jun<sup>#</sup>  
Mr. Qi Qigong<sup>#</sup>  
Ms. Lu Xiaobing<sup>#</sup>  
Mr. Chen Jing<sup>##</sup>  
Dr. Wang Huacheng<sup>##</sup>  
Mr. Gong Zhiqiang<sup>##</sup>

<sup>†</sup> *Executive Director*

<sup>#</sup> *Non-executive Director*

<sup>##</sup> *Independent non-executive Director*

*Registered office:*

No. 11 Xi San Huan Zhong Road  
Beijing 100036  
PRC

*Principal place of business  
in Hong Kong:*

8th Floor, Kailey Tower  
16 Stanley Street  
Central  
Hong Kong

*Principal place of business in PRC:*

12th Floor  
Quantum Silver Plaza  
No. 23 Zhi Chun Road  
Haidian District  
Beijing 100191  
PRC

13 November 2009

*To the Shareholder(s),*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO DEDICATED CIRCUIT LEASING SERVICE  
AND  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
PROPOSED INTRODUCTION OF NEW INTERNAL CORPORATE GOVERNANCE RULES**

**INTRODUCTION**

On 22 April 2008, the Company announced that it had entered into the DCLS Renewal Agreement VII for the continuous subscription of the DCLS provided by BCC pursuant to the DCLS Original Agreement (as extended by the DCLS Renewal Agreements). Since the DCLS subscribed by the Company under the DCLS Renewal Agreement VII will expire on 31 December 2009, the Company and BCC entered into the DCLS Renewal Agreement VIII on 10 November 2009, pursuant to which (i) the term of the DCLS Original Agreement (as extended by the DCLS Renewal Agreements) will be extended for a further 3-year period from 1 January 2010 to 31 December 2012 and (ii) the Proposed Caps for the DCLS Transactions for the three years ending 31 December 2012 will be RMB22.0 million, RMB20.0 million and RMB20.0 million, respectively.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The Board proposes to amend the existing Articles of Association in accordance with the Companies Law of the PRC amended in 2005 and the relevant provisions of other laws, regulations and policy papers of China, in conjunction with the actual situation of the Company. The Board also proposes to introduce new internal corporate governance rules, namely, the Rules and Procedures for General Meetings, the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of the Supervisory Committee.

The purpose of this circular is to provide you with, inter alia, further information on (i) the DCLS Renewal Agreement VIII; (ii) the DCLS Transactions (including the Proposed Caps); (iii) the proposed amendments to the Articles of Association; (iv) the Rules and Procedures for General Meetings, the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of the Supervisory Committee, together with (v) the letter of advice from the independent financial adviser in relation to the DCLS Transactions (including the Proposed Caps); and (vi) the notice convening the EGM.

### **THE DCLS RENEWAL AGREEMENT VIII**

**Date:**

10 November 2009

**Parties to the DCLS Renewal Agreement VIII:**

BCC and the Company

**Major terms:**

On 22 April 2008, the Company announced that it had entered into the DCLS Renewal Agreement VII for the continuous subscription of the DCLS provided by BCC pursuant to the DCLS Original Agreement (as extended by the DCLS Renewal Agreements), and the annual caps in respect of the transactions contemplated under the DCLS Renewal Agreement VII were determined at RMB9.0 million (equivalent to approximately HK\$10.2 million) and RMB20.0 million (equivalent to approximately HK\$22.7 million) for the 6-month period from 1 July to 31 December 2008 and the year ending 31 December 2009, respectively. Since the DCLS subscribed by the Company under the DCLS Renewal Agreement VII will expire on 31 December 2009, the Company and BCC entered into the DCLS Renewal Agreement VIII to extend the term of the DCLS Original Agreement (as extended by the DCLS Renewal Agreements) for a further 3-year period from 1 January 2010 to 31 December 2012.

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## **LETTER FROM THE BOARD**

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The DCLS Renewal Agreement VIII forms an integral part of the DCLS Original Agreement. BCC will provide DCLS to the Company and a fee will be payable by the Company based on the estimated number of leased lines and a monthly fee equal to 20% discount to the DCLS Standard Fees, of which such discount is subject to adjustments based on the prevailing market situation to be agreed by BCC and the Company from time to time. Different DCLS Standard Fees will be charged according to the speed capacities of the circuit line as measured by Kbps or Mbps. There is no minimum purchase requirement specified in the agreement in relation to the DCLS Transaction. Save as the extension of the term of the DCLS Original Agreement and the possible variation on the 20% discount under the DCLS Renewal Agreement VIII, all other terms and conditions of the DCLS Original Agreement, as amended by the DCLS Renewal Agreements, will remain applicable.

### **BASIS OF DETERMINING THE PROPOSED CAPS**

For each of the three years ended 31 December 2008, the transactions contemplated under the DCLS Renewal Agreements amounted to approximately RMB7.1 million (equivalent to approximately HK\$8.1 million), RMB6.7 million (equivalent to approximately HK\$7.6 million) and RMB7.8 million (equivalent to approximately HK\$8.9 million) respectively. The Directors have proposed the annual caps for the DCLS Transactions for the three years ending 31 December 2012 of RMB22.0 million, RMB20.0 million and RMB20.0 million, respectively.

The Proposed Caps are determined after taking into consideration of, among other things, (i) the expected DCLS Standard Fees to be paid for the usage of each type of lines (measured by the speed and capacity of data transmission) and (ii) the expected scopes of business projects to be provided by the Group. The Directors consider the Proposed Caps are in line with the development progress of the existing projects held by the Group which uses DCLS.

### **REASONS FOR ENTERING THE DCLS RENEWAL AGREEMENT VIII**

The Group is principally engaged in the installation of network systems, network design, consultancy and related technical services.

Local dedicated circuits are major components for the business operation of the Group. BCC is the largest operator with the broadest coverage of the local dedicated circuit in Beijing which covers the locations required by projects of the principal business of the Group and the entering of the DCLS Renewal Agreement VIII will facilitate the operation and implementation of the Group's principal business.

The terms of the DCLS Renewal Agreement VIII are of normal commercial terms and were arrived at after arm's length negotiation between the parties. Having considered the above-mentioned terms and reasons of entering into the DCLS Renewal Agreement VIII, the Directors (excluding the independent non-executive Directors whose view will be rendered after considering the independent financial adviser's advice) consider that the DCLS Transactions are on normal commercial terms, and will be conducted in the ordinary and usual course of business of the Company and that the terms of the DCLS Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## **LETTER FROM THE BOARD**

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### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND INTRODUCTION OF NEW INTERNAL CORPORATE GOVERNANCE RULES**

The Board proposes to amend the existing Articles of Association in accordance with the Companies Law of the PRC amended in 2005 and the relevant provisions of other laws, regulations and policy papers of China, in conjunction with the actual situation of the Company. The Board also proposes to introduce new internal corporate governance rules, namely, the Rules and Procedures for General Meetings, the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of the Supervisory Committee.

The content of the major proposed amendments to the existing Articles of Association include (i) reduction of capital and repurchase of shares; (ii) the powers of the general meeting; (iii) the powers and duties of the Board; (iv) duties of the secretary to the Board; (v) allocation of the Company's profit after tax; and (vi) dissolution and liquidation of the Company. Details of the proposed amendments to the existing Articles of Association, and the proposed Rules and Procedures for General Meetings, Rules and Procedures for Meetings of the Board of Directors and Rules and Procedures for Meetings of the Supervisory Committee, are set out in Appendices II and III to this circular respectively.

### **GENERAL**

BCC is a company established in China and is principally engaged in providing telecommunication service, data transmission service, Internet service and other related services. Since BCC owns 100% equity interests in Beijing Telecommunication Investments, being one of the promoters (as defined in the GEM Listing Rules) of the Company, BCC is a connected person (as defined under the GEM Listing Rules) of the Company. Accordingly, the DCLS Transactions will constitute continuing connected transactions of the Company under the GEM Listing Rules.

As the applicable percentage ratios (as defined under the GEM Listing Rules) for the Proposed Caps are more than 2.5%, the DCLS Transactions are therefore subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.35 of the GEM Listing Rules. The Company is also required to comply with the annual review requirements under Rules 20.37 to 20.38 of the GEM Listing Rules in respect of the DCLS Transactions.

### **ANNUAL REVIEW OF THE DCLS TRANSACTIONS**

The Company is required to comply with the annual review requirements under Rules 20.37 and 20.38 of the GEM Listing Rules in respect of the DCLS Transactions.

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## LETTER FROM THE BOARD

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### INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the DCLS Transactions and the Proposed Caps. Ample Capital has been appointed as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in relation to the DCLS Transactions and the Proposed Caps.

### EGM

Set out on pages 70 to 71 of this circular is a notice convening the EGM to be held at Conference Room, 12th Floor, Quantum Silver Plaza, 23 Zhi Chun Road, Haidian District, Beijing 100191, the PRC. The EGM will be held for the purpose of considering and, if thought fit, approving the DCLS Renewal Agreement VIII and the transactions contemplated thereunder, the Proposed Caps and the proposed amendments to the Articles of Associations and the introduction of the Rules and Procedures for General Meetings, the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of the Supervisory Committee. BCC, by virtue of its 100% interests in Beijing Telecommunication Investment, one of the promoters of the Company, is a connected person (as defined under the GEM Listing Rules) of the Company. As such, BCC and its associates (including Beijing Telecommunication Investment) shall abstain from voting in respect of the DCLS Transactions and the Proposed Caps at the EGM. To the best knowledge, information and belief of the Directors, after making all reasonable enquiries, none of BCC and its associates (other than Beijing Telecommunication Investment) are interested in the Shares as at the Latest Practicable Date. Since no Shareholders have any material interests in the proposed amendments to the Articles of Association and the introduction of new internal corporate governance rules (namely, the proposed Rules and Procedures for General Meetings, Rules and Procedures for Meetings of the Board of Directors and Rules and Procedures for Meetings of the Supervisory Committee, details of which are set out in Appendix III to this circular), no shareholder of the Company are required to abstain from voting in this regard.

As at the Latest Practicable Date, Beijing Telecommunication Investment is interested in 52,832,000 Shares representing approximately 1.82% of the existing share capital of the Company. To the best knowledge, information and belief of the Directors, after making all reasonable enquiries, none of the associates (as defined under the GEM Listing Rules) of Beijing Telecommunication Investment are interested in the Shares as at the Latest Practicable Date.

Assuming BCC and Beijing Telecommunication Investment, and their respective associates (as defined under the GEM Listing Rules) will not acquire or dispose further Share from the Latest Practicable Date to the date of the EGM, there is no discrepancy between the beneficial shareholding interest in the Company held by BCC and Beijing Telecommunication Investment as disclosed above and the number of Shares in respect of which they will control or will be entitled to exercise control over the voting right at the EGM.

Voting on the resolutions relating to the DCLS Renewal Agreement VIII, the Proposed Caps and the proposed amendments to the Articles of Associations and the introduction of the Rules and Procedures for General Meetings, the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of the Supervisory Committee at the EGM shall be conducted by way of a poll.

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## LETTER FROM THE BOARD

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A form of proxy for use at the EGM is enclosed herewith. Whether or not you intend to attend the EGM or any adjourned meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's H Shares registrar in Hong Kong, Hong Kong Registrars Limited, at Rooms 1806-7, 18/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shares) or to the Company's principal place of business in the PRC (in respect of Domestic Shares) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the EGM. Completion of the form of proxy will not preclude you from attending and voting in the EGM or any adjourned meeting should you so desire.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 11 to 12 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM. Your attention is also drawn to the letter from Ample Capital for incorporation into this circular, which contains its advice to the Independent Board Committee in relation to the DCLS Transactions and the Proposed Caps. The text of the letter from Ample Capital to the Independent Board Committee is set out on pages 13 to 20 of this circular.

The Independent Board Committee, having taken into account the advice and recommendation of Ample Capital, are of the view that the DCLS Renewal Agreement VIII is in the interests of the Company and the Shareholders as a whole, and that the terms of the DCLS Renewal Agreement VIII and the Proposed Caps are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Accordingly, it recommends that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed to approve the DCLS Renewal Agreement VIII and the Proposed Caps. The Directors (including the independent non-executive Directors) also recommend that the Shareholders should vote in favour of the special resolution to be proposed to approve the proposed amendments to the Articles of Associations and the introduction of the Rules and Procedures for General Meetings, the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of the Supervisory Committee.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
**CAPINFO COMPANY LIMITED\***  
**Dr. Li Minji**  
*Chairman*



**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: 8157)**

13 November 2009

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO DEDICATED CIRCUIT LEASING SERVICE**

**INTRODUCTION**

We refer to the circular dated 13 November 2009 (the "Circular") of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

Under the GEM Listing Rules, the DCLS Renewal Agreement VIII dated 10 November 2009 is conditional and shall only be effective upon the passing of an ordinary resolution by the Independent Shareholders at the EGM of the Company approving the terms of the DCLS Renewal Agreement VIII and the Proposed Caps. We, being the independent non-executive Directors constituting the Independent Board Committee, are writing to advise you as an Independent Shareholder whether in the views of the Independent Board Committee the terms of the DCLS Renewal Agreement VIII and the Proposed Caps are fair and reasonable and in the interests of the shareholders of the Company as a whole.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 10 of the Circular and the letter from Ample Capital as set out on pages 13 to 20 of the Circular which contains, inter alia, its advice and recommendation to us regarding the terms of the DCLS Renewal Agreement VIII and the Proposed Caps with the principal factors and reasons for its advice and recommendation.

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATION

Having taken into account the advice and recommendation of Ample Capital, we are of the view that the DCLS Renewal Agreement VIII and the Proposed Caps are in the interests of the Company and the Shareholders as a whole, and that the terms of the DCLS Renewal Agreement VIII and the Proposed Caps are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed to approve the DCLS Renewal Agreement VIII and the Proposed Caps.

**Mr. Chen Jing**

Yours faithfully,  
For and on behalf of  
**the Independent Board Committee**  
**Dr. Wang Huacheng**  
*Independent non-executive Directors*

**Mr. Gong Zhiqiang**

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## LETTER FROM AMPLE CAPITAL

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*The following is the full text of the letter of advice from the Independent Financial Adviser in respect of the DCLS Transactions and is prepared for the purpose of incorporation into this circular.*

**AmCap**

***Ample Capital Limited***

***豐盛融資有限公司***

Ample Capital Limited  
Unit A, 14th Floor  
Two Chinachem Plaza  
135 Des Voeux Road Central  
Hong Kong

13 November 2009

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE DEDICATED CIRCUIT LEASING SERVICE**

#### **INTRODUCTION**

We refer to our engagement by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the DCLS Transactions and Proposed Caps, the particulars of which have been set out in a circular to the Shareholders dated 13 November 2009 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Circular.

Ample Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to (i) give our recommendation as to whether the terms of the DCLS Transactions are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms; (ii) give our recommendations as to whether the DCLS Transactions are in the interest of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) advise the Independent Shareholders on how to vote if a physical shareholder’s meeting were to be held. Details of the reasons for the DCLS Transactions are set out in the section headed “Letter from the Board” in the Circular (the “**Letter from the Board**”).

As stated in the Letter from the Board, BCC owns 100% equity interests in Beijing Telecommunication Investment, one of the promoters of the Company, BCC is a connected person (as defined under the GEM Listing Rules) of the Company. Accordingly, the DCLS Transactions will

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## LETTER FROM AMPLE CAPITAL

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constitute continuing connected transactions of the Company under the GEM Listing Rules. As the applicable percentage ratios (as defined under the GEM Listing Rules) for the Proposed Caps are more than 2.5%, the DCLS Transactions are subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.35 of the GEM Listing Rules. The Company is also required to comply with the annual review requirements under Rules 20.37 to 20.38 of the GEM Listing Rules in respect of the DCLS Transactions. As at the Latest Practicable Date, Beijing Telecommunication Investment is interested in 52,832,000 Shares (representing approximately 1.82% of the existing share capital of the Company). To the best knowledge, information and behalf of the Directors, after making all reasonable enquiries, none of the associates (as defined under the GEM Listing Rules) of Beijing Telecommunication Investment are interested in the Shares as at the Latest Practicable Date. BCC and its associates (as defined under the GEM Listing Rules) (including Beijing Telecommunication Investment) will be required to abstain from voting at the EGM in respect of the relevant resolution(s) approving the DCLS Renewal Agreement VIII, the DCLS Transactions and the Proposed Caps.

An Independent Board Committee, comprising Mr. Chen Jing, Dr. Wang Huacheng and Mr. Gong Zhiqiang, has been established to advise the Independent Shareholders on the terms of DCLS Renewal Agreement VIII and the Proposed Caps.

### **BASIS OF ADVICE**

In formulating our opinions and recommendations, we have relied on the information supplied to us by the Company, the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

While we have taken reasonable steps to satisfy the requirements under the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the DCLS Transactions.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

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## LETTER FROM AMPLE CAPITAL

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### PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in relation to the DCLS Transactions, we have taken into consideration the following factors:

#### 1. Information on the Group and BCC

The Group is principally engaged in the installation of network systems, network design, consultancy and related technical services.

Set out below is selected unaudited key financial information as extracted from the Group's interim report for the six months ended 30 June 2009 (the "Interim Report"):

	Six months ended	
	30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Turnover	126,686	76,829
Net profit attributable to Shareholders	9,147	5,493

	As at	
	30 June	31 December
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Total assets	844,458	860,660
Total liabilities	223,902	234,121
Net assets	620,556	626,479

We note that the Group recorded a consolidated turnover of approximately RMB126,686,000 for the six months ended 30 June 2009, representing an approximately 65% increase when compared with the consolidated turnover of approximately RMB76,829,000 recorded during the six months ended 30 June 2008. During the six months ended 30 June 2009, the Group also experienced an increase of its consolidated profit attributable to Shareholders to approximately RMB9,147,000, an amount which is approximately 67% higher than the consolidated profit attributable to Shareholders of approximately RMB5,493,000 recorded during the six months ended 30 June 2008. As at 30 June 2009, the Group had consolidated total assets, total liabilities and net assets of approximately RMB844,458,000 RMB223,902,000 and RMB620,556,000 respectively.

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## LETTER FROM AMPLE CAPITAL

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BCC is a company established in the PRC and is principally engaged in providing telecommunication service, data transmission service, internet service and other related services. BCC is currently providing DCLS to the Company under the DCLS Agreements and a fee is payable by the Company based on the estimated number of leased lines and a monthly fee equal to 20% discount to the DCLS Standard Fees, of which such discount is subject to adjustments based on the prevailing market situation to be agreed between BCC and the Company from time to time.

### **2. Reasons for and the benefits of the DCLS Transactions**

The Company and BCC entered into the DCLS Original Agreement on 4 April 2001 for a fixed term of one year for the provision of the DCLS and a waiver from strict compliance with the reporting, announcement and shareholders' approval requirements of the GEM Listing Rules had been granted by the Stock Exchange to the Company in respect of the DCLS Original Agreement. The Company and BCC have further entered into the DCLS Renewal Agreements to extend the term of the DCLS Original Agreement up to 31 December 2009. Based on the foregoing and since the DCLS Agreement VII will expire on 31 December 2009, the Company entered into the DCLS Renewal Agreement VIII with BCC on 10 November 2009 to extend the subscription for DCLS from 1 January 2010 to 31 December 2012, a further 3-year period. As confirmed by the Directors, the transactions under the DCLS Agreements for the three years ended 31 December 2008 amounted to approximately RMB7.1 million (equivalent to approximately HK\$8.1 million), RMB6.7 million (equivalent to approximately HK\$7.6 million) and RMB7.8 million (equivalent to approximately HK\$8.9 million) respectively.

As confirmed by the Directors, the local dedicated circuits are major components for the business operation of the Group. The Directors also confirmed that BCC is the largest operator with the broadest coverage of the local dedicated circuit in Beijing which covers the locations required by projects of the principal business carried out by the Group and the entering into of the DCLS Renewal Agreement VIII will facilitate the operation and the completion of the above-mentioned business.

Taking into account that (i) the local dedicated circuits are major components for the operation of the business of the Group; (ii) BCC is the largest operator with the broadest coverage of the local dedicated circuit in Beijing which covers the locations required by projects of the principal of the principal business carried out by the Group; (iii) the entering into of the DCLS Renewal Agreement VIII will facilitate the operation and the completion of the Group's business services; and (iv) the DCLS Transactions are in line with the Group's business and are entered into in an usual and ordinary course of business of the Group considering the business nature of each of the Group and BCC, we consider that the entering into of the DCLS Renewal Agreement VIII and the DCLS Transactions are in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM AMPLE CAPITAL

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### **3. Terms of the DCL Renewal Agreement VIII**

#### *3.1 Pricing*

As stated in the Letter from the Board, BCC will provide the Dedicated Circuit Leasing Service to the Company and a fee will be payable by the Company based on the estimated number of leased lines and a monthly fee equal to 20% off the DCLS Standard Fees. Different DCLS Standard Fees will be charged according to the speed capacities of the circuit lines as measured in Kbps or Mbps. There is no minimum purchase requirement in relation to the DCLS Transaction. The aforementioned preferential discount is granted to the Company by BCC on the understanding that the Company intends to lease its circuits on a long-term basis.

We are of the opinion that the pricing for the provision of Dedicated Circuit Leasing Service by BCC to the Company under the DCLS Renewal Agreement VIII is fair and reasonable to the Company and the Independent Shareholders. Under the DCLS Renewal Agreement VIII, the Company will be able to acquire Dedicated Circuit Leasing Service from the largest operator with the broadest coverage of the local dedicated circuit in Beijing at a fee that is 20% less than the prevailing market rate until 31 December 2012.

#### *3.2 Term of the DCLS Renewal Agreement VIII*

Under the Renewal Agreement VIII, the Company and BCC will extend the terms of the DCLS Original Agreement to 31 December 2012, which may further be extended by the parties before expiration of the term by entering into a further renewal agreement.

We consider that extension of the DCLS Original Agreement by entering into the DCLS Renewal Agreements and DCLS Renewal Agreement VIII is beneficial to the Group in view that such arrangement (i) could provide flexibility to the management of the Group in reviewing terms of agreement with reference to the updated and prevailing market conditions upon each extension; and (ii) could give the Independent Shareholders adequate opportunities to review the terms of the agreement to be entered and to vote for or against the ordinary resolution at the Shareholder's meeting. In view of the above, we are of the view that the terms of the DCLS Renewal Agreement VIII are fair and reasonable to the Company and the Independent Shareholders as a whole.

### **4. The revised annual caps of the DCLS Transactions**

The Directors have proposed the annual caps for the DCLS Transactions of RMB22.0 million (equivalent to approximately HK\$25.0 million), RMB20.0 million (equivalent to approximately HK\$22.7 million) and RMB20.0 million (equivalent to approximately HK\$22.7 million) for the three years ending 31 December 2012, respectively.

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As set out in the Letter from the Board, the Proposed Caps are determined after taking into consideration, among other things, (i) the expected DCLS Standard Fees to be paid for the usage of each type of lines (measured by the speed and capacity of data transmission); and (ii) the expected scopes of business projects to be provided by the Group.

The Directors consider the Proposed Caps of RMB22.0 million (equivalent to approximately HK\$25.0 million), RMB20.0 million (equivalent to approximately HK\$22.7 million) and RMB20.0 million (equivalent to approximately HK\$22.7 million) for the period from 1 January 2010 to 31 December 2010, 1 January 2011 to 31 December 2011 and from 1 January 2012 to 31 December 2012 respectively are in line with the development progress of the existing projects held by the Group which uses DCLS.

To assess the fairness and reasonableness of the Proposed Caps, we have reviewed the schedule of forecasted usage of DCLS prepared by the Company for the period from 1 January 2010 to 31 December 2012. Pursuant to the forecasted schedule for the DCLS usage, the forecasted fee payable for the DCLS to BCC is estimated to be approximately RMB21.15 million (equivalent to approximately HK\$24.0 million), RMB19.4 million (equivalent to approximately HK\$22.0 million) and RMB19.4 million (equivalent to approximately HK\$22.0 million) respectively for the 3 years ending 31 December 2012, which is commensurate with the caps proposed by the Directors for the respective period with some buffer for the DCLS Transactions. As represented by the Company, the schedule of forecasted usage of DCLS was prepared taking into account factors such as (i) the current DCLS usage of the Group's customers, (ii) the expected increase in DCLS usage resulted from the two new DCLS projects to be provided by the Group and increase in number of connections derived from the Group's discussion with its customers and the indicative information provided by its customers. The forecasted fee to be payable by the Company for DCLS for the year ending 31 December 2010 amounts to approximately RMB21.15 million (equivalent to approximately HK\$24.0 million) which equals to approximately 2.53 times the transactions under the DCLS Agreements for the year ended 31 December 2008 of approximately RMB8.34 million (equivalent to approximately HK\$9.47 million). As advised by the Directors, the expected increase in the DCLS usage is mainly attributable to the two new projects, which expected to amount to approximately RMB11.0 million (equivalent to approximately HK\$12.49 million) for the year ending 31 December 2010, representing approximately 50% of the total forecasted fee for DCLS for the respective period. The DCLS usage is estimated based on the Group's discussion with the customers and the written and indicative information provided by its customers.

The forecasted fee to be payable by the Company for DCLS for the year ending 31 December 2011 represents negative growth rate of approximately 8.4% of the forecasted fee for the year ending 31 December 2010. The forecasted fee to be payable by the Company for DCLS for the year ending 31 December 2012 is equal to the forecasted fee for the year ending 31 December 2011. As advised by the Directors, the Company has to pay the one-off fee to BCC for first time installation under the two new DCLS projects and thus the projected DCLS usage will be reduced for the two years ending 31 December 2012.

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We have reviewed the statistics in relation to the number of fixed line and mobile phone users in the PRC and the number of broadband users in the PRC to assess the fairness and reasonableness of the assumptions of the proposed annual caps. According to the Nation Bureau of Statistics of China, the total number of fixed line and mobile phone users in the PRC increased from approximately 532.7 million in 2003 to approximately 912.9 million in 2007, representing a compound annual growth rate cumulative growth (“CAGR”) of approximately 14.42% from 2003 to 2007. We noted that although the telecommunication market environment is healthy and positive, having considered the aforementioned reason in the projected DCLS usage, we are of the view that the proposed caps for the two years ending 31 December 2012 are determined on a conservative basis and we consider it is fair and reasonable.

In view that the forecasted usage of DCLS has been prepared by the Group based on (i) existing DCLS usage of the Group’s customers; (ii) the expected increase in DCLS usage resulted from the two new DCLS projects to be provided by the Group and increase in number of connections derived from the Group’s discussion with its customers and the indicative information provided by its customers and (iii) the projected decrease in DCLS usage for the two years ending 31 December 2012, we are of the view that forecasted schedule is determined by the Directors on fair and reasonable basis and the DCLS Transaction can offer good business opportunities to the Group.

Having considered that (i) the schedules of forecasted usage of DCLS has been prepared by the Company on fair and reasonable basis, and (ii) the Proposed Caps for the period from 1 January 2010 to 31 December 2012 can provide flexibility for the Group’s future business development as the dedicated circuits are major components for the operation of the Group’s businesses, we are of the view that the Proposed Caps are fair and reasonable as far as the Company and the Shareholders as a whole are concerned.

### CONCLUSION

Having considered the above principal factors, and in particular:

- local dedicated circuits are major components for the business operation of the Group;
- BCC is the largest operator of the local dedicated circuit in Beijing which covers the locations required under the above-mentioned projects carried out by the Group;
- the Company will be able to acquire Dedicated Circuit Leasing Service from the largest operator with the broadest coverage of the local dedicated circuit in Beijing at a fee that is 20% less than the prevailing market rate;
- the three years extension of the DCLS Renewal Agreement VIII gives the Shareholders adequate opportunities to periodically review the terms of the DCLS Transaction and to approve or reject the transaction at Shareholders’ meetings base;

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## LETTER FROM AMPLE CAPITAL

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- the intended schedules of implementation provided by the Group's customers shows that new locations requiring connection in each of the 1 year period ending 31 December 2012 are mainly located in areas where the Group will have to rely on BCC's Dedicated Circuit Leasing Service; and
- the positive outlook of the telecommunication industry in the PRC.

we are of the opinion that entering into the DCLS Renewal Agreement VIII is in the interest of the Group and the Independent Shareholders so far as the Independent Shareholders as a whole are concerned and the terms of the DCLS Renewal Agreement VIII are fair and reasonable. We also consider that the terms of DCLS Renewal Agreement VIII is on normal commercial terms and in the ordinary and usual course of business of the Group. Accordingly, we would recommend (1) the Independent Board Committee to advise the Independent Shareholders and (2) the Independent Shareholders, to vote in favour of the ordinary resolution to approve the DCLS Transaction at the EGM.

Yours faithfully,  
For and on behalf of  
**Ample Capital Limited**  
**H. W. Tang**  
*President*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**2. DISCLOSURE OF INTERESTS****(i) Directors and Chief Executive of the Company**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, chief executive of the Company had any interest and short position in the shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

*Long positions in the underlying shares – H Shares options outstanding under share option schemes*

Name	Granted under the Pre-IPO Share Option Plan	Granted under the Share Option Scheme	Total	Percentage to the issued H Share capital
Directors				
Dr. Wang Xu	1,297,350	1,466,000	2,763,350	0.36%
Mr. Pan Jiaren	1,244,650	1,466,000	2,710,650	0.35%
Mr. Qi Qigong	1,244,650	1,466,000	2,710,650	0.35%
	<u>3,786,650</u>	<u>4,398,000</u>	<u>8,184,650</u>	<u>1.06%</u>

All of the abovementioned share options granted under the Pre-IPO Share Option Plan were granted on 6 December 2001 at a payment of RMB1.00 for each grant with exercise price at HK\$0.48 per H Share to recognise the past and present contributions of the grantee to the Group. The share options granted to the Directors are exercisable within a period of ten years from the date of grant and apportioned in accordance with the following schedule and subject to certain restrictions imposed by the relevant PRC laws and regulations:

<b>Proportion of share options granted and held by each of the Directors which become exercisable</b>	<b>Exercise period</b>
20%	7 December 2002 to 6 December 2011
20%	7 December 2003 to 6 December 2011
20%	7 December 2004 to 6 December 2011
20%	7 December 2005 to 6 December 2011
20%	7 December 2006 to 6 December 2011

All of the abovementioned share options granted under the Share Option Scheme were granted on 17 August 2004 at a payment of RMB1.00 for each grant with exercise price at HK\$0.41 per H Share to recognise the past and present contributions of the grantee to the Group. The share options granted to the Directors are exercisable within a period of ten years from the date of grant and apportioned in accordance with the following schedule and subject to certain restrictions imposed by the relevant PRC laws and regulations:

<b>Proportion of share options granted and held by each of the directors which become exercisable</b>	<b>Exercise period</b>
25%	18 August 2005 to 17 August 2014
25%	18 August 2006 to 17 August 2014
25%	18 August 2007 to 17 August 2014
25%	18 August 2008 to 17 August 2014

**(ii) Substantial Shareholders and other persons**

Save as disclosed below, as at the Latest Practicable Date, the Directors are not aware of any other interests and short positions in shares and underlying shares of the Company of any person (other than a Director or chief executive of the Company) would have to be notified by the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under Section 336 of the SFO:

<b>Name of shareholder</b>	<b>Number of shares held</b>	<b>Capacity</b>	<b>Percentage of the issued share capital</b>
Beijing State-owned Assets Management Corporation Limited	1,834,541,756 Domestic Shares	Beneficial owner	63.31%

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following companies/persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of other members of the Group which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings.

<b>Name</b>	<b>Equity interests held in members of the Group (except for the Company)</b>	<b>Nature or interests</b>	<b>Approximate Percentage</b>
Business Incubator of Chongqing Hi-tech Industrial Development Zone	Chongqing Hongxin Software Company Limited (90% owned subsidiary of the Company)	Beneficial owner	10%
Dongguan City Shilongzhen Industrial Company (東莞市石龍鎮工業總公司)	Dongguan City Longxin Digital Technology Company Limited (東莞市龍信數碼科技有限公司) (60% owned subsidiary of the Company)	Beneficial owner	40%
Fu Zengxue (付增學)	Beijing Hongxin Software Company Limited (北京宏信軟件有限公司) (60% owned indirectly held subsidiary of the Company)	Beneficial owner	40%

**3. MATERIAL ADVERSE CHANGE**

The Directors confirm that there was no material adverse change in the financial or trading positions of the Group since 31 December 2008, the date to which the latest published audited accounts of the Group have been made up.

**4. SERVICE CONTRACTS**

The executive Directors of the Company have entered into service contracts with the Company on 6 December 2001. The terms and conditions of such service contracts are similar in all material aspects and are briefly summarised as follows:

- (a) each service contract is for a term of three years;
- (b) each service contract is subject to renewal by agreement for one or more consecutive terms of three years;
- (c) either party of the service contracts may terminate the relevant service contract at any time by giving to the other party not less than 3 month prior written notice unless compensation of remuneration is given to the other party instead of notice period.

In accordance with the provisions of the Articles of Association, the term of office of the Directors shall be three years commencing from the date of appointment or re-election and renewable upon re-appointment or re-election. In accordance with the provisions of the Companies Law of the PRC, the term of office of supervisors shall also be three years and renewable upon re-appointment or re-election.

Remuneration of the Directors and Supervisors are fixed during the annual general meeting held by the Company each year. For the year ended 31 December 2008, the aggregate basic salaries and allowances paid to the existing executive Directors and Supervisor were RMB1,175,000, and RMB225,000 respectively.

Save as disclosed above, none of the Directors and supervisors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

**5. COMPETING INTERESTS**

None of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has an interest in a business, which competes or may compete with the businesses of the Company and any other conflicts of interest which any such person has or may have with the Company.

**6. DIRECTORS INTEREST IN ASSETS**

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of or leased since 31 December 2008 (the date to which the latest published audited consolidated accounts of the Company were made up) and up to the Latest Practicable Date.

**7. DIRECTORS INTEREST IN CONTRACT**

There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

**8. INDEPENDENT FINANCIAL ADVISER**

The qualification of the independent financial adviser who has given advice contained in this circular is set out as follows:

<b>Name</b>	<b>Qualifications</b>
Ample Capital	a licensed corporation permitted to carry out type 4 (advising on securities) and type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Ample Capital, a licensed corporation under the SFO, has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Ample Capital:

- (a) does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to the Company since 31 December 2008, being the date to which the latest published audit accounts of the Company were made up.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 8th Floor, Kailey Tower, 16 Stanley Street, Central, Hong Kong up to and including 31 December 2009:

- (a) the Articles of Association;
- (b)
  - (i) the Rules and Procedures for General Meetings;
  - (ii) the Rules and Procedures for Meetings of the Board of Directors; and
  - (iii) the Rules and Procedures for Meetings of the Supervisory Committee;
- (c) the DCLS Renewal Agreement VIII;
- (d) the DCLS Original Agreement and the DCLS Renewal Agreements;
- (e) the letter from Ample Capital the text of which is set out on pages 13 to 20 of this circular;
- (f) the written consent of Ample Capital referred to in paragraph 8 of this appendix; and
- (g) the service contracts referred to in paragraph 4 of this appendix.

In order to comply with relevant laws and regulations and to standardise the corporate governance, it is proposed to amend the Articles of Association as follows:

**1. THE ORIGINAL ARTICLE 8:**

The Company may invest in other companies with limited liabilities and joint stock limited companies, and the liabilities of the Company shall be limited to the amount of capital contribution made. Subject to the permission of the corporate approval authority delegated by the State Council, the Company may operate as a holding company as stipulated in sub-section 2 of Article 12 of the Company Law according to the needs of its operation and management.

**is amended to:**

The Company may invest in other companies with limited liability and joint stock limited companies, and the liabilities of the Company shall be limited to the amount of capital contribution made.

**2. THE ORIGINAL ARTICLE 20:**

The Company may increase its capital in the following manners:

- (i) offer of new shares to investors not particularly designated;
- (ii) rights issue to existing shareholders;
- (iii) bonus issue of new shares to existing shareholders; and
- (iv) other methods as permitted by laws and administration rules.

**is amended to:**

The Company may increase its capital in the following manners:

- (i) offer of new shares to investors not particularly designated;
- (ii) rights issue to existing shareholders;
- (iii) bonus issue of new shares to existing shareholders;
- (iv) capitalisation of the common reserve fund; and
- (v) other methods as permitted by laws and administration rules.

**3. THE ORIGINAL ARTICLE 24:**

Under the following circumstances, the Company may repurchase its issued shares with the permission sought as per procedures provided in the Articles of Association and with the approval of relevant governing authorities of the State Council:

- (i) to cancel shares for reducing capital of the Company;
- (ii) to amalgamate with another company holding shares in the Company; and
- (iii) other circumstances which are permitted by laws and administrative regulations.

**is amended to:**

With the approval of relevant competent authorities of the State, the Company may repurchase its own shares in accordance with laws and regulations as well as the Articles of Association under the following circumstances:

- (i) to reduce the registered capital of the Company;
- (ii) to amalgamate with another company which holds shares in the Company;
- (iii) to grant incentive shares to staff of the Company;
- (iv) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company; and
- (v) other circumstances which are permitted by laws and regulations.

The Company's purchase of its own shares for any of the reasons as mentioned in items (i) to (iii) above shall be subject to a resolution of a general meeting. Where the Company purchases its own shares pursuant to the preceding paragraph, shares shall be cancelled within ten (10) days (in case of the reason mentioned in item (i) applies) thereafter, or shall be transferred or cancelled within six (6) months thereafter (in case of the reason mentioned in item (ii) or (iv) applies).

Shares purchased by the Company in accordance with item (iii) shall not exceed 5% of the total issued shares of the Company. The share purchase shall be funded by the Company's profits after taxation. Shares so purchased shall be transferred to its staff within 1 year.

**4. THE ORIGINAL ARTICLE 27:**

Where the Company repurchases its shares according to laws, shares so repurchased shall be cancelled within ten (10) days and the Company shall apply to the original company registration authority for altering its registered capital and a related announcement shall also be made.

**is amended to:**

Where the Company cancels its shares as a result of share repurchases, it shall apply to the original company registration authority for alteration of its registered capital.

**5. THE ORIGINAL SECOND PARAGRAPH OF THE ARTICLE 42:**

Where a holder of domestic shares loses his share certificates, he/she shall file the application in accordance with Article 150 of the Companies Law of the PRC for replacement.

**is amended to:**

Where a holder of domestic shares loses his share certificates, he/she shall file the application in accordance with Article 144 of the Companies Law of the PRC for replacement.

**6. THE ORIGINAL CLAUSE 13 OF ARTICLE 51:**

to consider and approve proposals submitted by shareholders representing more than five percent (including 5%) of voting shares of the Company;

**is amended to:**

to consider and approve proposals submitted by shareholders representing more than three percent (including 3%) of voting shares of the Company;

**7. THE ORIGINAL ARTICLE 55:**

In an annual general meeting of the Company, shareholders holding more than five percent (including 5%) of total voting shares of the Company are entitled to propose new resolutions in written form. The Company shall include those matters which are within the scope of duties of the general meeting into the agenda of such meeting.

**is amended to:**

In an annual general meeting of the Company, shareholders holding more than three percent (including 3%) of total voting shares of the Company are entitled to propose new resolutions in written form. The Company shall include those matters which are within the scope of duties of the general meeting into the agenda of such meeting.

**8. THE ORIGINAL ARTICLE 60:**

Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxies to attend and vote on his behalf. A proxy so appointed shall enjoy the following rights pursuant to authorisation by that shareholder:

- (1) that shareholder's right to speak at the meeting;
- (2) to have the authority to demand or join in demanding a poll; and
- (3) to have the right to vote by hand or on a poll, but where a shareholder has appointed more than one proxy, such proxies may only vote on a poll.

**is amended to:**

Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (the proxy need not to be a shareholder or shareholders) as his proxy or proxies to attend and vote on his behalf. The proxy of a shareholder may exercise the following rights in accordance with the authorisation given by that shareholder:

- (1) that shareholder's right to speak at the meeting; and
- (2) the right to vote by way of poll.

**9. THE ORIGINAL ARTICLE 67:**

At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is required as in Listing Rules or any other applicable laws, regulations or rules, or so demanded before or after any vote by show of hands by:

- (1) the chairman of the meeting;
- (2) at least two (2) shareholders, who possess the right to vote, present in person or by proxy;  
or
- (3) one or more shareholders (including proxies) representing, either calculated separately or in aggregate, one-tenth (10%) or more of all shares carrying the right to vote at the meeting.

Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution, that the resolution has been carried.

A demand for a poll may be withdrawn by the person who made the demand.

**is amended to:**

The votes will be taken by way of poll at a shareholders' general meeting.

**10. THE ORIGINAL ARTICLE 68:**

A poll demanded on the election of the chairman, or on adjournment of the meeting, shall be taken forthwith. A poll demanded on any other issues shall be taken at such time during the meeting as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

**is amended to:**

Matters voted by way of a poll shall be deemed to be a resolution of the meeting.

**11. THE ORIGINAL ARTICLE 70:**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**is amended to:**

In the case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

**12. TO ADD NEW CLAUSE 12 TO ARTICLE 89:**

other duties and rights as stipulated in laws, regulations or the Articles of Association and as authorised in a general meeting.

**13. THE ORIGINAL ARTICLE 92:**

Board meetings are required to be held at least twice (2) every year. A board meeting shall be convened by the chairman and a relevant notice shall be given to all directors ten (10) days before the meeting date. In case of emergency matters, an extraordinary board meeting may be proposed by three (3) or more directors, two (2) or more independent directors or the general manager of the Company. The extraordinary board meeting shall be convened by service of a notice to all directors ten (10) days before the meeting date.

**is amended to:**

Board meetings are required to be held at least four (4) times every year. A board meeting shall be convened by the chairman of the board and a relevant notice shall be given to all directors fourteen (14) days before the meeting date. In case of emergency matters, an extraordinary board meeting may be proposed by shareholders representing more than one tenth of the voting rights, three (3) or more directors, two (2) or more independent directors, the supervisory committee, the chairman of the board or the general manager of the Company. Such fourteen (14)-day notice can be waived where half of all the directors of the Company consent to the extraordinary board meeting, and such meeting may, in accordance to the needs, be held by way of a timely board meeting or by written resolutions.

**14. THE ORIGINAL ARTICLE 100:**

The secretary to the board of the Company shall be a natural person with required professional knowledge and experience, and shall be appointed by the board. Primary responsibilities of the secretary to the board are:

- (i) to ensure that the Company has maintained a complete set of constitution documents and records;
- (ii) to ensure that the Company has prepared and delivered reports and documents required by competent authorities in accordance with laws; and
- (iii) to ensure that the Company's registers of members have been properly maintained, and that persons entitled to the Company's records and documents are furnished with such records and documents without delay.

**is amended to:**

The secretary to the board of the Company shall be a natural person with required professional knowledge and experience, and shall be appointed by the board. Primary responsibilities of the secretary to the board are:

- (i) to organise and prepare for general meetings and board meetings; to prepare documents for such meetings; to make relevant arrangements for meetings, to be responsible for taking minutes; to ensure the accuracy of minutes; to keep documents and minutes of meetings and to actively learn about the implementation of relevant resolutions; and to report and make recommendations to the board on important issues being implemented;

- (ii) to ensure that important decisions of the board will be implemented in strict compliance with required procedures; at the request of the board, to take part in, and organise the consultation and analysis of issues to be decided by the board and provide advice and recommendations thereon; and to carry out daily routine of the board and its relevant committees upon authorisation;
- (iii) to act as the contact person of the Company with securities regulatory authorities; to be responsible for the organisation, preparation and timely submission of documents required by regulatory authorities; and to be responsible for undertaking, organising and completing tasks delegated by regulatory authorities;
- (iv) to be responsible for coordinating and organising the Company's information disclosure, setting up a sound information disclosure system and participating in all meetings of the Company in relation to information disclosure; and to gain in a timely manner knowledge of important business decisions and relevant information of the Company;
- (v) to be responsible for keeping price-sensitive information of the Company confidential and formulating effective confidentiality rules and measures; in case of a leakage of price-sensitive information of the Company for whatever reasons, to take necessary remedial measures, make prompt explanation and clarification and notify regulatory authorities of domestic and overseas jurisdictions where the Company is listed;
- (vi) to be responsible for organising marketing activities, coordinating reception of visits to the Company, dealing with investor relationships, maintaining contact with investors, intermediaries and the media; to be responsible for coordinating and answering questions raised by the public, to ensure investors can promptly obtain information disclosed by the Company; to organise and prepare for marketing and promotion activities within and outside the PRC; and to organise the reporting of the same to regulatory authorities of domestic and overseas jurisdictions where the Company is listed;
- (vii) to be responsible for administering and keeping the Company's register of members, registers of directors, records of shareholdings of major shareholders and directors and list of holders of outstanding debentures of the Company; and to be permitted to keep the common seal and to establish comprehensive measures for the management of the common seal;
- (viii) to assist directors and managers in exercising their powers as per domestic and foreign laws, regulations, the Articles of Association and other relevant regulations; and to serve a prompt reminder after becoming aware of resolutions or possible resolutions in breach of relevant regulations and to have the right to report the case to regulatory authorities of domestic and overseas jurisdictions where the Company is listed;

- (ix) to coordinate the provision of necessary information to facilitate the Company's supervisory committee and other auditing bodies in performing their supervisory duties; and to assist in the investigations as to whether the Company's directors, managers and financial controllers have performed their fiduciary duties; and
- (x) to perform other functions and powers conferred by laws and regulations, the Articles of Association and the board and as required in domestic and overseas jurisdictions where the Company is listed.

**15. THE ORIGINAL ARTICLE 101:**

A director or other senior officers of the Company may also act as the secretary to the board. The accountant of a certified public accounting firm which has been engaged by the Company shall not act as the secretary to the board.

**is amended to:**

A director or other senior officers of the Company (excluding the general manager and the financial controller of the Company) may act as the secretary to the board. The accountant of a certified public accounting firm which has been engaged by the Company shall not act as the secretary to the board.

**16. THE ORIGINAL ARTICLE 128:**

Loan guarantees provided by the Company in breach of requirements of Section 1 of Article 127 shall not be enforceable against the Company, unless:

**is amended to:**

Loan guarantees provided by the Company in breach of requirements of Section 1 of Article 126 shall not be enforceable against the Company, unless:

**17. THE ORIGINAL ARTICLE 141:**

The Company's profits after tax shall be appropriated in the following order:

- (i) recovery of losses;
- (ii) allocation to the statutory common reserve fund;
- (iii) allocation to the statutory common welfare fund;
- (iv) allocation to the discretionary common reserve fund subject to a resolution of the general meeting; and

- (v) payment of dividends for ordinary shares.

The board shall determine the percentage mentioned in this article in accordance with relevant regulations (if any); in case of no such regulation, the percentage is proposed to be approved in a general meeting. No dividend or other form of distribution by way of bonus issue may be made unless losses of the Company have been recovered and respective allocations have been made to the statutory common reserve fund and the statutory common welfare fund.

**is amended to:**

The Company's profits after tax shall be appropriated in the following order:

- (i) recovery of losses;
- (ii) allocation to the statutory common reserve fund;
- (iii) allocation to the discretionary common reserve fund subject to a resolution of the general meeting; and
- (iv) payment of dividends for ordinary shares.

The board shall determine the percentage mentioned in this article in accordance with relevant regulations (if any), in case of no such regulation, the percentage is proposed to be approved in a general meeting. No dividend or other form of distribution by way of bonus issue may be made unless losses of the Company have been recovered and an allocation has been made to the statutory common reserve fund.

**18. THE ORIGINAL CLAUSE 4 OF ARTICLE 163:**

the Company is ordered to shut down as a result of breach of laws and administrative regulations.

**is amended to:**

the Company has its business license revoked, or is ordered to shut down, or is cancelled in accordance with laws;

**19. TO ADD NEW CLAUSE 5 TO ARTICLE 163:**

Where the Company experiences material difficulties in its operation or management and its continuous existence on a going concern will result in substantial losses to shareholders' interests, and no other remedy is available, an application can be made to the People's Court to dissolve the Company by a shareholder or a group of shareholders holding 10% or above of the total voting rights.

**20. THE ORIGINAL ARTICLE 164:**

Where the Company is dissolved by virtue of the provision set out in (i) above, a liquidation committee shall be established within fifteen (15) days to commence the liquidation. Members of the liquidation committee shall be determined by way of ordinary resolutions of general meetings.

Where the Company is dissolved by virtue of the provision set out in (iii) above, a liquidation committee shall be established by shareholders, relevant authorities and professionals under the order of the People's Court in accordance with laws to conduct the liquidation.

Where the Company is dissolved by virtue of the provision set out in (iv) above, a liquidation committee shall be established by shareholders, relevant authorities and professionals under the order of the competent authority to conduct the liquidation.

**is amended to:**

Where the Company is dissolved by virtue of provisions set out in (i), (iii), (iv) or (v) of Article 163, a liquidation committee shall be established within fifteen (15) days after the date on which the dissolving reason is identified to commence the liquidation. The liquidation committee shall comprise members determined in a general meeting. Where the liquidation committee is not formed within the stipulated time frame to conduct the liquidation, creditors of the Company may apply to the People's Court to appoint relevant personnel to establish the liquidation committee to conduct the liquidation.

**21. THE ORIGINAL ARTICLE 172:**

The Articles of Association may be amended by the Company in accordance with laws, administrative regulations and requirements of the Articles of Association.

**is amended to:**

The Company shall amend the Articles of Association under any of the following circumstances:

- (i) amendments to the "Company Law" or other relevant laws or regulations result in conflicts between provisions in the Articles of Association and those of amended laws or regulations;
- (ii) changes in the state of the Company result in discrepancies between the actual status and those stated in the Articles of Association; and
- (iii) the general meeting resolves to amend the Articles of Association.

*This English version of the proposed amendments to the Articles of Association is for reference only. In the case of any inconsistency between the English and Chinese version of this Appendix, the Chinese version shall prevail.*

**CAPINFO COMPANY LIMITED**  
**Rules and Procedures for General Meetings****Chapter 1 General Provisions**

**Article 1** In order to perfect and standardize the meeting and decision procedures of general meetings of Capinfo Company Limited (the “Company”) and to enhance the efficiency of decision making, these Rules are formulated in accordance with laws and regulations such as the *Company Law of the People’s Republic of China* (hereinafter referred to as the “Company Law”), Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), the *Mandatory Provisions for the Articles of Association of Companies Listed Overseas*, and the provisions of the Articles of Association of Capinfo Company Limited (hereinafter referred to as the “Articles of Association”).

**Chapter 2 System of General Meeting****Article 2 General rules of general meetings**

- 2.1 General meeting is the organ of authority of the Company, and shall exercise its functions and powers in accordance with laws.
- 2.2 General meetings are divided into annual general meetings and extraordinary general meetings. Annual general meeting shall be convened once a year and be held within six months after the end of the previous accounting year. The board of directors (the “Board”) shall convene an extraordinary general meeting within two months upon the occurrence of any of the following circumstances:
- (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
  - (2) the uncovered losses of the Company amount to one third of its total share capital received;
  - (3) upon the written request of shareholder(s) individually or collectively holding 10% or more of the Company’s shares;
  - (4) it is deemed necessary by the Board;
  - (5) it is proposed by the supervisory committee;
  - (6) it is proposed by two or more independent directors; and
  - (7) such other circumstances as provided for by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 3 Functions and powers of general meetings**

- (1) to decide on the Company's business policy and investment plans;
- (2) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors who are not employee representatives and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the reports of the Board;
- (5) to examine and approve the reports of the supervisory committee;
- (6) to examine and approve the Company's proposed annual budgets and final accounts;
- (7) to examine and approve the Company's profit distribution proposals and loss recovery proposals;
- (8) to resolve on proposals for the increase or reduction of the Company's registered capital;
- (9) to resolve on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to resolve on the issuance of the Company's corporate bonds;
- (11) to resolve on the appointment, removal or non-reappointment of the Company's accounting firm;
- (12) to amend the Articles of Association;
- (13) to resolve on the Company's external guarantees which shall be approved by a general meeting as required under laws, administrative regulations and the Articles of Association;
- (14) to consider transactions which needs to be approved by the General Meetings as provided for in the GEM Listing Rules;
- (15) to consider and approve matters of change in the use of proceeds;
- (16) to consider motions raised by shareholder(s) who represent(s) 3% or more of the voting shares of the Company; and

- (17) to resolve such other matters which, in accordance with laws, administrative regulations and Articles of Association, shall be resolved by a general meeting.

**Article 4 Proxies of Shareholders**

- 4.1 Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be a shareholder) to act as his proxy to attend and vote at the meeting on his behalf. The proxy/proxies so appointed by the shareholder shall exercise the following rights:
- (1) have the same right as the shareholder to speak at the general meeting; and
  - (2) have the authority to vote by poll.
- 4.2 Shareholders should appoint proxies in writing to attend the general meeting, and such authorization proxy form shall specify the following:
- (1) the name of the proxy;
  - (2) the number of shares of the principal represented by the proxy;
  - (3) whether or not the proxy is entitled to vote;
  - (4) the instructions in relation to voting for or against or abstain from voting on each item to be considered at the general meeting as set out in the agenda;
  - (5) the proxy form shall contain a note that in the absence of specific instructions by the shareholder, whether his proxy may vote as he thinks fit; and
  - (6) the date of the issue and the validity period of the proxy form.
- 4.3 A shareholder shall appoint his proxy in writing. The proxy form shall be signed by the principal or his attorney duly authorised in writing; where the principal is a legal person, either under the seal of such legal person or signed by its director or officer or attorney duly authorised. Where more than one proxy are appointed, the proxy form shall specify the number of shares represented by each proxy.

- 4.4 Proxy forms shall be lodged at the residence of the Company or other places specified in the notice of convening the meeting at least 24 hours before the relevant meeting for voting according to the proxy form, or at least 24 hours before the designated time of voting. Where the proxy form is signed by a person authorised by the principal, the power of attorney or other authorization documents for such signing shall be notarized. The notarized power of attorney or other authorization documents, together with the proxy form, shall be deposited at the residence of the Company or other places specified in the notice of convening the meeting.

**Article 5 Preparation of materials for general meetings**

The secretary to the Board of the Company is responsible for collecting and preparing all materials related to proposals to be discussed and decided at the general meeting, including circular, attendance slip, proxy form, votes, attendance book and other materials for the meeting, as well as urging the Board, supervisory committee and senior management members of the Company to report to the shareholders on matters relating to their respective relevant proposals.

**Article 6 Convening of general meetings**

- 6.1 General meetings shall be convened by the Board and chaired by the chairman of the Board (the “Chairman”).
- 6.2 Independent directors shall have the right to propose to the Board to convene an extraordinary general meeting. In respect of such proposal by the independent directors, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, make a written response whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal.

If the Board agrees to hold an extraordinary general meeting, a notice of convening such meeting shall be dispatched within 5 days after the resolution of the Board has been adopted. If the Board disagrees to convene an extraordinary general meeting, it shall give an explanation.

- 6.3 The supervisory committee shall have the right to propose to the Board to convene an extraordinary general meeting which shall be in writing. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, make a written response whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal.

If the Board agrees to convene an extraordinary general meeting, a notice of convening such meeting shall be dispatched within 5 days after the resolution of the Board has been adopted. Changes made to the original proposal in the notice shall be approved by the supervisory committee.

If the Board disagrees to convene an extraordinary general meeting, or gives no response within 10 days upon receipt of such proposal, the Board shall be deemed to be unable or to have failed to perform its duties and responsibilities in convening the general meeting, and the supervisory committee may convene and preside over such meeting on its own initiative.

- 6.4 Two or more shareholders collectively holding 10% or more of the Company's voting shares shall have the right to request in writing to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, convene a general meeting as soon as possible upon receipt of such request.

If the Board gives no response within 30 days upon receipt of such request, the proposing shareholders shall have the right to convene such meeting on their own initiative within 4 months upon receipt of such request by the Board. The procedures for convening such meeting shall follow those of convening a general meeting by the Board as much as possible.

- 6.5 The Board and the secretary to the Board shall assist the supervisory committee or shareholders in convening the general meeting on their own initiative. The Board shall provide the register of members as at the date of registration of equity entitlements.
- 6.6 Expenses necessary for the general meeting convened by the supervisory committee or shareholders shall be borne by the Company.

#### **Article 7 Proposals of the general meeting**

- 7.1 The contents of a proposal of the general meeting shall be within the duties and power of the general meeting, with definite topics and specific matters for resolution and comply with the relevant provisions of laws, administrative rules and regulations and the Articles of Association.
- 7.2 The Board, the supervisory committee, and shareholders individually or collectively holding 3% or more of the Company's shares shall have the right to submit proposals to the Company at the general meeting convened by the Company.
- 7.3 Shareholders individually or collectively holding 3% or more of the Company's shares may submit an extempore proposal to the convener in writing 10 days prior to the general meeting. The convener shall dispatch a supplementary notice of the general meeting and announce the contents of such extempore proposal within 2 days upon receipt of the same. If there are other requirements pursuant to the listing rules of the place where the shares of the Company are listed, such requirements shall also be complied with.

Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals set out in the notice of general meeting or add any new proposals subsequent to the announcement on the notice of the general meeting.

- 7.4 Where shareholders individually or collectively holding 10% or more of the Company's shares propose to convene an extraordinary general meeting or a class shareholders' meeting, the shareholder(s) shall sign one or more written request(s) in identical form requiring the Board to convene an extraordinary general meeting or a shareholders' class meeting and state the subject of the meeting, and at the same time submit proposals complying with the requirements of these Rules to the Board.

#### **Article 8 Notice of the general meeting**

- 8.1 Where the Company convenes a general meeting, a written notice shall be given by hand or by pre-paid mail to all the shareholders whose names appear on the register of members in accordance with their addresses as shown in the register of members 45 days prior to the date of the meeting, to notify shareholders of the matters to be considered at the meeting and the date and venue of the meeting. In the event that a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive the notice or where such person has not received the notice of meeting, the meeting and any resolutions made therein shall not become void accordingly.

Unless otherwise required by applicable laws, the duration of the 45 days notice aforesaid is inclusive of the date on which the notice is issued and exclusive of the date of the general meeting.

- 8.2 The notice of a general meeting shall meet the following requirements:

- (1) in written form;
- (2) specifying the venue, date and time of the meeting;
- (3) stating the matters to be discussed at the meeting;
- (4) providing shareholders with such information and explanation as necessary to enable them to make an informed decision on the matters to be discussed; such principle includes (but is not limited to) where a proposal is made to merge the Company, to repurchase shares of the Company, to reorganize its share capital or otherwise reorganize the Company, the specific conditions of the proposed transaction(s) shall be provided together with contracts (if any) and the cause and effects of such proposal shall also be properly explained;

- (5) containing a disclosure of the nature and extent of the material interests of any director, supervisor, general manager and other senior management members in relation to the matter(s) to be discussed (if any); where the effects of the matter(s) to be discussed on any director, supervisor, general manager and other senior management members in their capacity as shareholders are different from the effects on other class shareholders, the difference shall be clearly explained;
  - (6) containing the full text of any special resolution to be adopted at the meeting;
  - (7) containing a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder;
  - (8) specifying the time and place for serving proxy forms for the meeting;
  - (9) the relevant date by reference to which shareholders whose name appear on the register of members of the Company are entitled to attend the general meeting; and
  - (10) the name and telephone number of the contact person who is responsible for handling the affairs of the meeting.
- 8.3 Shareholders intending to attend a general meeting shall deliver to the Company their written replies concerning their attendance at such meeting 20 days prior to the date of the meeting. The Board or any other convener shall request in the notice of general meeting issued to shareholders that shareholders and proxies intending to attend the general meeting shall deliver to the Company their written replies concerning their attendance at such meeting 20 days prior to the date of the meeting.

The Company shall, based on such written replies received 20 days prior to the date of the general meeting, calculate the number of voting shares represented by the shareholders intending to attend the meeting. Where the number of voting shares represented by shareholders intending to attend the meeting amounts to one-half or more of the total number of Company's voting shares, the Company may convene such general meeting; if not, the Company shall, within 5 days, notify shareholders again of the matters to be considered, the date and venue of the meeting in the form of an announcement. The Company may then convene the general meeting after the publication of such notice by announcement.

**Article 9 Review and voting in the general meeting**

9.1 The Chairman shall preside over and act as the chairman of the general meeting. If the Chairman is unable to perform his duties and power, he may designate a director to preside over and act as the chairman of the meeting. If the Chairman fails to perform his duties and power, a director shall be elected by a simple majority of directors to preside over and act as the chairman of the meeting. If a simple majority of directors are unable to elect a director to preside over and act as the chairman of the meeting, the shareholders who attend the meeting may elect a person to be the chairman; if, for any reason, the shareholders are unable to elect a chairman, the shareholder (including his proxy) who attend the meeting and holds the largest number of voting shares shall be the chairman of the meeting.

9.2 For a general meeting convened by the supervisory committee on its own initiative, the chairman of the supervisory committee shall preside over and act as the chairman of the meeting. In the event that the chairman of the supervisory committee is unable or fails to perform his duties, a simple majority of the supervisors shall jointly select a supervisor to preside over and act as the chairman of the meeting.

For a general meeting convened by the shareholders on their own initiative, a representative of shareholders elected by the convener shall presided over and act as the chairman of the meeting.

When a general meeting is convened, if the person presiding over a general meeting violates the rules and procedures of the meeting and thereby the general meeting cannot proceed, upon the consent of a simple majority of the shareholders who attend the meeting and are entitled to vote thereat, the general meeting may elect a person to act as its chairman to continue the meeting.

9.3 The chairman of the meeting shall declare the commencement of the meeting at the scheduled time, but the commencement of the meeting may be declared after the scheduled time if any of the following circumstances arises:

- (1) directors and supervisors have not yet arrived; or
- (2) there exists any other significant causes.

9.4 After announcing the formal commencement of the meeting, the chairman of the meeting shall first declare that the number of the shareholders and proxies present at the meeting and the number of shares they represent comply with the statutory requirements and the provisions of the Articles of Association, and then announce the meeting agenda stated in the notice.

- 9.5 After announcing the agenda of the general meeting, the chairman of the meeting shall read out the proposed resolutions and shall, where necessary, request the individual proposing the resolution to explain the proposed resolution:
- (1) if the Board makes the proposal, the Chairman, or other directors or the secretary to the Board appointed by the Chairman, shall explain the proposed resolution; or
  - (2) for any other individual who makes the proposal, the individual proposing the resolution or his or her proxy shall explain the proposed resolution.
- 9.6 For items included in the agenda of the meeting, the chairman of the meeting may, by reference to the actual circumstances, adopt an approach of reporting on the items first, followed by considering and voting on each item, or for more complicated proposals, reporting, considering and then voting on each of the items one by one.
- 9.7 For proposed resolutions to be resolved and included in the agenda of a general meeting, reasonable discussion time shall be allowed for each resolution before voting.
- 9.8 In considering the proposed resolutions at a general meeting, no alteration shall be made to the relevant resolution, otherwise the alteration shall be deemed to be a new proposed resolution and shall not be voted on at that general meeting.
- 9.9 In voting on the election of directors and supervisors, the general meeting may adopt the cumulative voting system in accordance with the procedures stipulated in the Articles of Association and resolutions of the general meeting.
- The cumulative voting system referred to in the preceding paragraph means a system where in the election of directors or supervisors at a general meeting, the voting rights carried by each share is equal to the number of the directors or supervisors to be elected, and the voting rights held by a shareholder may be used collectively in voting.
- 9.10 Except for the cumulative voting system, general meetings shall resolve on all proposed resolutions included in the agenda one by one, and shall not set aside or not vote on such resolutions (except in case of any special reasons such as force majeure which causes a suspension of the general meeting, or its inability to pass a resolution). Where different proposed resolutions for the same matter are proposed at the general meeting, such proposed resolutions shall be voted on and resolved in the chronological order in which they are proposed.
- 9.11 Each shareholder (including his proxies) shall exercise his voting rights to vote at a general meeting in accordance with the number of voting shares represented by him. Save for the situations stipulated by Article 9.10 herein, each share shall carry one vote.

- 9.12 On a poll, each shareholder (including his proxies) entitled to two or more votes need not cast all his votes in the same way for affirmative votes or dissenting votes.

In the event of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

- 9.13 When a connected transaction is considered at a general meeting, the connected shareholder(s) shall abstain from voting, and the voting shares represented by him shall not be counted in the total number of valid votes. The voting result of non-connected shareholders shall be fully disclosed in the announcement of the resolutions on the general meeting.
- 9.14 The voting at the general meeting shall be conducted in the form of poll with names recorded.
- 9.15 When the shareholders are voting on the proposals of resolutions at a general meeting, the votes shall be counted and scrutinized by lawyer, auditor or representative of an institution such as Computershare Hong Kong Investor Services Limited, and the voting results shall be announced forthwith at site. Voting results for the resolutions shall be recorded in the minutes of meeting.
- 9.16 Shareholders who attend a general meeting shall express one of the following opinions on the resolutions put to the vote: “for”, “against” or “abstain”.

Any vote which is not completed or is completed wrongly or is illegible, or not casted shall be deemed to be a waiver by the voter of his voting right, and the voting result of the number of shares held by such voter shall be counted as “abstention”.

- 9.17 If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a general meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder and proxy who is present and objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately. Shareholders and proxies who object to the results of voting may take part in scrutinizing the votes, but the results of such vote-counting shall be the final voting results. Any objection raised after the meeting shall be invalid.
- 9.18 The chairman of the meeting shall be responsible for determining whether a resolution has been adopted pursuant to results of voting. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes. The Company shall announce the resolutions of the general meetings in accordance with applicable laws, regulations and the relevant provisions of the stock exchange on which the shares in the Company are listed.

**Article 10 Resolutions of the general meeting**

- 10.1 A general meeting shall resolve the proposed resolutions which are listed in the agenda of the meeting. Resolutions of a general meeting are divided into ordinary resolutions and special resolutions.
- 10.2 Ordinary resolutions shall be adopted by votes representing one-half or more of the voting rights of shareholders (including proxies) attending the general meeting.

The following matters shall be approved by ordinary resolutions at a general meeting:

- (1) the working reports of the Board and the supervisory committee;
  - (2) the profit distribution plans and loss recovery plans formulated by the Board;
  - (3) the appointment and removal of the members of the Board and the supervisory committee, their remuneration and the method of payment thereof;
  - (4) the annual budgets, final accounts, balance sheets, income statement and other financial reports of the Company; and
  - (5) such other matters except for those required by laws, administrative regulations or the Articles of Association to be adopted by special resolutions.
- 10.3 Special resolutions shall be adopted by votes representing two-thirds or more of voting rights of shareholders (including proxies) attending the general meeting.

The following matters shall be approved by special resolutions at general meetings:

- (1) the increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of bonds of the Company;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) the amendments to the Articles of Association; and
- (5) such other matter stipulated by laws, administrative regulations, the Articles of Association or confirmed by an ordinary resolution at a general meeting that such matter may have material impacts on the Company and is required to be approved by a special resolution.

**Article 11 Minutes of meeting**

- 11.1 Minutes of a general meeting shall be kept. The minutes shall record the following information:
- (1) the number of shareholders and proxies who attend the meeting, the total number of voting shares held by such persons, and the percentage of such shares in the total number of shares in the Company;
  - (2) the date, venue, agenda of the meeting and the name of the convener;
  - (3) the name of the person presiding over the meeting and the names of the directors, supervisors, general managers or other senior management members who are present at the meeting as voting or non-voting attendees;
  - (4) in respect of each proposed resolution, a summary of the process of considering the resolutions, opinions expressed and the voting results;
  - (5) the inquiries or suggestions of shareholders and the corresponding answers or explanation;
  - (6) names of the lawyer, vote counters and scrutinizers; and
  - (7) such other matters which are considered by the general meeting or required by the provisions of the Articles of Association to be recorded in the minutes.
- 11.2 Minutes of a general meeting shall be signed by directors, supervisors, secretary to the Board, the convener or his proxy, and the person presiding over the meeting (the chairman of the meeting).
- 11.3 The secretary to the Board shall be responsible for keeping written information including the register of attendees, power of attorney, photocopies of identity proof, voting statistics, minutes of the meeting and resolutions of general meetings for 10 years.

**Chapter 3 System of Class Shareholders' Meetings****Article 12 Definition of class shareholders**

Shareholders holding different classes of shares shall be class shareholders. Class shareholders shall enjoy the rights and assume obligations pursuant to the provisions of laws, administrative regulations and the Articles of Association.

**Article 13 Convening class shareholders' meetings**

- 13.1 Written notice of convening a class shareholders' meeting (the "class meeting") by the Company shall be dispatched 45 days prior to the date of the class meeting to all shareholders of such class whose names appear on the register of members, specifying the matters to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall deliver to the Company written replies concerning their attendance at such meeting 20 days prior to the date of the meeting.
- 13.2 If the number of voting shares at such meeting represented by shareholders who intend to attend such meeting reaches one-half or more of the total number of voting shares at such meeting, the Company may convene such class meeting; if not, the Company shall, within 5 days, notify shareholders again of the matters to be considered, the date and venue of the meeting in the form of an announcement. The Company may then convene the class meeting after the publication of such notice by announcement.

Notices of the class meeting shall only be served on the shareholders entitled to vote thereat. The procedures of the class meeting shall be held in a manner as similar as possible to those of a general meeting, and the provisions in the Articles of Association relating the procedures of convening a general meeting shall apply to the class meeting.

**Article 14 Voting of class meetings**

- 14.1 In addition to shareholders of shares of other classes, the holders of domestic shares and holders of overseas listed foreign shares are deemed to be shareholders of different classes.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon approval by a special resolution at a general meeting, domestic shares and overseas listed foreign shares once every 12 months, either separately or concurrently, and the number of domestic shares and overseas listed foreign shares proposed to be issued does not exceed 20% of each of the issued domestic shares and overseas listed foreign shares respectively; and

- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares at the time of incorporation has been completed within 15 months from the date of approval by the authority in charge of securities under the State Council.

14.2 Interested shareholders shall not be entitled to vote at a class meeting, including:

- (1) in the case of a repurchase by the Company of its own shares by way of extending repurchase offers to all shareholders pro rata to their shareholding or by public dealing on a stock exchange in accordance with the provisions of Article 25 of the Articles of Association, "interested shareholder" shall refer to the controlling shareholders as defined in the Article 52 of the Articles of Association;
- (2) in the case of a repurchase by the Company of its own shares by an off-market agreement in accordance with the provisions of Article 25 of the Articles of Association, "interested shareholders" shall refer to the shareholders to which the proposed agreement relates; or
- (3) in the case of a restructuring proposal of the Company, "interested shareholder" shall refer to a shareholder within a class who bears less liabilities than the proportion of liabilities undertaken by other shareholders of the same class, or who has interests different from those held by shareholders of the same class.

#### **Article 15 Resolutions of class meetings**

A resolution of the class meeting shall be adopted only by voting by shareholders present in the meeting (except interested shareholders) with equities representing two-thirds or more of voting rights of the Company.

#### **Article 16 Variation or abrogation of class shareholders**

Any variation or abrogation of the rights of any class shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting and upon the obtaining of an approval at a general meeting convened in accordance with the Articles of Association by the affected class shareholders.

The following circumstances shall be deemed to be variation or abrogation of the rights of shareholders of a certain class:

- (1) to increase or decrease the number of shares of such particular class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;

- (2) to effect an exchange of all or part of shares of such class into shares of another classes, or to effect an exchange or grant a right of exchange of all or part of the shares of another classes into shares of such class;
- (3) to remove or reduce rights to acquire accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the rights to a dividend preference or priority to distribution of property in liquidation attached to shares of such class;
- (5) to add, remove or reduce the rights to share conversion, options, voting, transfer, preemptive rights to placement or acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or to add to such restrictions;
- (9) to issue subscription rights or share conversion rights for shares of such class or another class;
- (10) to increase the rights and privileges of shares of another classes;
- (11) to constitute different classes of shareholders' undertaking disproportionate liabilities in the proposed restructuring of the Company; and
- (12) to vary or abrogate the terms provided in the Articles of Association.

However, the affected class shareholders shall have the right to vote at the respective shareholders' class meeting (except for matters involving items (1), (9) or (10) above) regardless of whether they have the right to vote at the general meetings.

**Chapter 4 Supplementary Provisions**

**Article 17** Where any matter is not covered by these rules or where these rules are inconsistent with the laws, administrative regulations, other relevant regulatory documents and provisions of the Articles of Association, those laws, administrative regulations, relevant regulatory documents and provisions of the Articles of Association shall prevail.

**Article 18** These Rules are subject to the interpretation by the general meeting.

**Article 19** These Rules shall come into effect from the date of adoption upon consideration at the general meeting. The general meeting may amend these Rules in accordance with provisions of relevant laws, regulations and the actual situation of the Company.

**Article 20** The phrase “or more” herein in respect of a number shall include such number while the terms “majority”, “exceed”, “less than” and “more than” in respect of a number shall exclude such number.

Capinfo Company Limited

*This English version of the Rules and Procedures for Meetings is for reference only. In the case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.*

**CAPINFO COMPANY LIMITED**  
**Rules and Procedures for Meetings of the Board of Directors****Chapter 1 General Provisions**

- Article 1** In order to perfect and standardize the discussion and decision-making procedures of the Board of Directors of Capinfo Company Limited (hereinafter referred to as the “Company”), to ensure that the functions and powers of Directors are exercised in the right manner and to promote the lawful, timely and effective implementation of decision-making process by the board of directors (the “Board of Directors”, or the “Board”), these Rules and Procedures are formulated in accordance with laws, rules and regulations and regulatory documents including the Company Law of the People’s Republic of China, Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the *Mandatory Provisions for the Articles of Association of Companies Listed Overseas* as well as the relevant requirements set out in the Articles of Association of Capinfo Company Limited (hereinafter referred to as the “Articles of Association”).
- Article 2** The decision-making of the Board of Directors shall be carried out based on the principle of protecting the interests of shareholders and the Company in accordance with laws and within the terms of reference as conferred by laws, rules and regulations, the Articles of Association and the general meeting.

**Chapter 2 Composition of the Board of Directors**

- Article 3** The composition of Board of Directors shall be in accordance with the Articles of Association. Directors of the Company (the “Directors”) shall be elected or replaced at the general meeting each with a term of three years. The term of a Director is renewable by re-election upon expiry. A Director, before his term of office is expired, shall not be removed by the general meeting without cause. The term of a Director shall last from the date of his appointment till the date of expiration of the current session of the Board.
- Article 4** When the term of office of any Director is expired, in the event that the new Director is not elected in time, the incumbent Director shall continue to perform Director’s duties in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association until the new Director elected assumes office.

In case of resignation or expiry of the term of office, a director shall still observe his obligation of confidentiality on the Company’s trade secrets, and such obligation shall remain effective after the termination of his office and until such confidential information has entered the public domain without disclosure by such director. The duration of other obligations that the directors undertake to the Company and shareholders shall be determined with the principle of fairness and subject to the length of time between occurrence of the event and resignation and the circumstances and conditions under which the termination occurs.

**Article 5** The chairman of the Board shall be elected and removed by a simple majority of Directors. The chairman of the Board is the legal representative of the Company, who shall exercise the following functions and powers:

- (1) to preside over the general meetings and to convene and preside over meetings of the Board;
- (2) to examine the implementation of resolutions passed by the Board;
- (3) to sign the share certificates issued by the Company; and
- (4) to exercise other functions and powers conferred by the Board of Directors.

If the chairman is unable to perform his functions and powers, such functions and powers may be performed by a Director designated by the chairman on his behalf. In the event that the chairman fails to perform his functions and powers, a Director shall be elected jointly by a simple majority of the Directors to perform such functions and powers.

**Article 6** The Company shall have a Board secretary who shall be nominated by the chairman of the Board and appointed or removed by the Board of Directors. The Board secretary shall be accountable to the Board and perform such duties as required by the laws, administrative regulations and the Articles of Association.

### **Chapter 3 Duties and Limit of Authority**

**Article 7** Obligations, functions and powers of Directors

1. Directors shall act in good faith and diligently in the interests of the Company.
2. Directors shall comply with the requirements of laws, rules and regulations of the State and the Articles of Association and shall not take advantage of their office and authority at the Company to serve their own interests. They shall perform their responsibilities honestly and protect the interests of the Company.

**Article 8** The Board of Directors shall be responsible to the general meetings and exercise the following functions and powers:

- (1) to be responsible for convening general meetings and report on its work to the general meetings;
- (2) to implement the resolutions passed at the general meetings;
- (3) to determine the Company's business plans and investment plans;
- (4) to formulate the Company's annual budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and loss recovery plans;
- (6) to formulate the plans for increase or reduction of the Company's registered capital, and proposals for issue of corporate bonds;
- (7) to formulate the proposals for merger, division or dissolution of the Company;
- (8) to decide on the matters such as external investments, acquisition or disposal of assets, mortgages on assets, external guarantees, entrusted wealth management and connected transactions of the Company within the authority granted by the general meetings;
- (9) to decide on the establishment of the Company's internal management bodies;
- (10) to appoint or dismiss the general manager of the Company; to appoint or dismiss other senior management personnel of the Company (including the financial controller) (in the case of appointment, based on the nominations made by the general manager) and to determine their remunerations, system of rewards and punishment;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for any amendment to the Articles of Association;
- (13) to exercise other functions and powers as stipulated by laws, regulations or the Articles of Association and as authorised by the general meetings.

**Article 9** The following matters shall be passed by the Board of Directors before proposing to the general meeting of the Company for approval:

- (1) the working reports of the Board of Directors;
- (2) the profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (3) the removal of the members of the Board of Directors and the methods of payment for their remuneration;
- (4) the annual budgets and final accounts of the Company;
- (5) an increase or reduction of the share capital of the Company and the issue of any class of shares, warrants and other similar securities;
- (6) the issue of corporate bonds;
- (7) the division, merger, dissolution and liquidation of the Company;
- (8) the amendments to the Articles of Association or other matters as stipulated by the Articles of Association.

**Article 10** During the adjournment of the Board meetings, the chairman of the Board shall be authorised by the Board of Directors to exercise the following functions and powers:

- (1) the chairman of the Board may handle and publish documents including announcements and circulars required to be published in a timely manner in accordance with the listing rules of the stock exchange; and
- (2) such other functions and powers authorised by the Board of Directors.

In the event of force majeure such as extraordinarily serious natural disasters or emergency circumstances such as drastic changes in the operational conditions of the Company, the chairman of the Board may exercise his special right of disposal to the affairs of the Company in compliance with laws and in the interests of the Company, and report forthwith to the Directors, chairman of the supervisory committee and the general meeting afterwards.

**Chapter 4 System of Board Meetings**

**Article 11** The Board meetings of the Company shall include regular meetings and extraordinary meetings. Board meetings shall be convened at least four times each year. Under any of the following circumstances, an extraordinary Board meeting may be convened:

- (1) as deemed necessary by the chairman of the Board;
- (2) as proposed by shareholder(s) representing 10% or more of the voting rights;
- (3) as proposed by three or more Directors;
- (4) as proposed by two or more independent Directors;
- (5) as proposed by the supervisory committee of the Company;
- (6) as proposed by the general manager of the Company.

**Article 12** The Board meetings may be held on-site, by conference call or by written resolutions.

Resolutions to be adopted at the extraordinary Board meetings shall become valid without the need of convening an on-site Board meeting if the Board of Directors has distributed the proposed resolutions to all Directors, and the number of Directors who have signed for consent to the proposed resolutions has reached the quorum for adopting a resolution as required by the Articles of Association. Written resolutions may be delivered by facsimile or courier.

Regular Board meetings or extraordinary Board meetings may be held by telephone or other communication equipment, provided that the attending Directors are able to hear other Directors clearly and communicate among themselves. All Directors present shall be considered as attending the meeting in person.

**Article 13** A preparatory meeting of the Board may be held after proposals made by the chairman of the Board of, three or more Directors, two or more independent Directors, the supervisory committee of the Company or the general manager of the Company to have initial communication on significant issues to be discussed at regular Board meetings and extraordinary Board meetings. No prior notification is required for preparatory meetings of the Board, which may be convened at appropriate time and place arranged directly by the Board secretary.

**Article 14 Rules for convening Board meetings**

A Board meeting shall be convened and chaired by the chairman of the Board. If the chairman of the Board is unable to convene and chair the meeting, a Director may be designated by the chairman of the Board to exercise his powers and functions on his behalf. If the chairman of the Board fails to convene and chair the meeting, a Director jointly elected by a simple majority of Directors shall convene and chair the meeting.

A majority of Directors, including authorised Directors, shall form the quorum of Board meetings. Where a Director is unable to attend a meeting for any reason, he may appoint another Director to attend the meeting and exercise his voting rights on his behalf, or authorise a proxy to attend the meeting. Where a Director appoints another Director to attend the meeting, he shall indicate expressly on the written authorisation the subject proposals for authorization and his own opinions therefor. The attorney shall produce the signed or sealed authorisation when attending the meeting and exercise his rights within the scope of authorisation.

Where a Director fails to attend a Board meeting or fails to appoint a proxy to attend such meeting, he shall be deemed to have abstained from voting at such meeting, but his liability to the relevant resolution is not thereby waived.

Where a Director fails to attend two consecutive meetings in person or appoint another Director to attend the Board meetings without any reason, he shall be deemed to be unable to perform his duties, and the Board of Directors shall accordingly propose to the general meeting for replacement of such Director.

Pursuant to the provisions of the Articles of Association, a Director who is unable to perform his duties shall not have voting rights on all proposed resolutions before his replacement at the general meeting. Any Director disqualified in accordance with the laws shall also have no voting rights.

**Article 15 Proposed resolutions of Board meetings**

The following matters may be proposed to the Board meetings as resolutions:

- (1) matters proposed by the chairman of the Board;
- (2) matters raised by shareholders representing 10% or more of the voting rights;
- (3) matters proposed by any special committee of the Board;
- (4) matters jointly proposed by three or more of the Directors;
- (5) matters proposed by two or more of the independent Directors;

- (6) matters proposed by the supervisory committee;
- (7) matters proposed by the general manager; or
- (8) such other circumstances stipulated by laws, rules and regulations and the Articles of Association.

All proposed resolutions to be submitted for discussion at the Board meetings shall be collected by the Board secretary who shall compile the relevant materials, setting forth the time, place and agenda of the meeting, before submission of such materials to the chairman of the Board for determination of whether to submit to the Board meetings for consideration.

#### **Article 16 Notice of Board meetings**

All Directors shall be notified in writing (including by facsimile and letters) at least fourteen (14) days before a regular Board meeting is convened. Such notice shall be copied to all supervisors attending the Board meeting and other attendees. Notice of an extraordinary Board meeting shall be given to all Directors in writing by post or by email or facsimile at least fourteen (14) days before such meeting is convened. Directors shall inform the Company by telephone, facsimile, email, etc. whether he will attend the meeting three (3) days before the meeting is convened.

Where three or more Directors or the general manager of the Company propose(s) resolutions in respect of urgent matters after the notice of Board meeting is served but three (3) days before the Board meeting is convened, such proposals may be treated as the supplemental or amended documents of the meeting materials, and be served to the Directors of the Company in writing by post or email, and be discussed, considered and resolved at the Board meeting.

With consent by a simple majority of all Directors, the fourteen-day advance notice requirement of an extraordinary Board meeting may be waived, and such Board meeting can be convened promptly as necessary or resolutions can be directly adopted in writing.

Notice of Board meetings shall include the following:

- (1) the time and place of the meeting;
- (2) the reasons and subject matters; and
- (3) the date of the notice.

The notice of Board meetings may be given by hand, facsimile, courier, registered air mail, etc.

**Article 17 Eligibility for attending the Board meetings**

Directors of the Company shall participate in the Board meetings. The supervisors of the Company, secretary to the Board, and proxies of Directors shall attend the Board meetings. Where necessary, senior officers of the Company as well as the persons relating to the proposals may attend the Board meetings. Attendees have the right to express their opinions in respect of the relevant proposals for Directors' reference in making decisions, but they do not have voting rights.

Members of the Board of Directors of the Company and attendees shall not divulge the contents of Board meetings to any outsiders.

**Article 18 Business consideration and voting at Board meetings**

Directors shall attend Board meetings seriously and in a responsible manner and express clear opinions and suggestions for matters of the Company under discussion. Where there is conflict of interests between the Directors and the Company, they shall act in the best interest of the Company.

Where a Director has interests in the subject matters of a Board meeting, such Director shall voluntarily disclose the nature and extent of his interests to the Board of Directors and abstain from discussion and voting. He shall not be counted as quorum for resolutions of the Board.

**Article 19 Resolutions of the Board of Directors**

Except the resolutions of the Board with respect to any of the following matters which shall be adopted by two-thirds or more of the Directors, all other resolutions of the Board may be adopted by a simple majority of all Directors: (1) formulation of proposals for the increase or reduction of the registered capital of the Company; (2) formulation of proposals for the issue of the bonds of the Company; (3) proposals for merger, division or dissolution of the Company; (4) formulation of proposals for amendments to the Articles of Association; and (5) such other matters so stipulated by laws, regulations or the Articles of Association.

The resolutions of the Board shall truthfully reflect the voting of Directors at the meeting and summarise accurately and briefly the decisions made and the requirements set out in respect of the subject matters of the meeting by the Directors.

The proposals may be voted by way of poll and each Director shall have one vote.

Where one-fourth or more of the Directors or two or more independent Directors consider the materials provided for the matters to be resolved insufficient or without clear ground, such Directors may jointly propose to adjourn the Board meeting or the discussion on part of the matters for consideration. The Board shall accept such proposal.

Directors shall be liable for the resolutions of the Board of Directors. Where a resolution of the Board is in violation of any laws, administrative rules and regulations or the requirements of the Articles of Association and results in serious loss suffered by the Company, the Directors taking part in the adoption of resolution shall be liable for compensation to the Company. Directors who have been proved as having expressed dissenting opinions on the resolution which has been recorded in the minutes of the meeting may be exempted from such liability.

#### **Article 20 Minutes of Board meetings**

Minutes of Board meetings are taken in written form and in audio and visual form. The Board secretary shall take minutes for the meeting and ensure its truthfulness, accuracy and completeness. Minutes shall bear the signature of directors present at the meeting and the person who takes such minutes and shall list out the opinions expressed by the independent directors in the resolutions of the Board meetings.

Where a Director who has attended the meeting has dissenting opinion on the relevant contents on the written minutes of the meeting, the audio and video record shall prevail.

Where the Board secretary appoints another person to take written minutes of the meeting, such Board secretary shall still be liable for the truthfulness, accuracy and completeness of such minutes.

Minutes of Board meetings shall include the following:

- (1) the date, venue, and the name of the convener of the meeting;
- (2) the names of the Directors present at the meeting and the names of Directors (proxies) appointed to attend (be present at) the Board meetings by others;
- (3) the agenda of the meeting;
- (4) key points of the Directors' opinions;
- (5) the voting method and result of each proposed resolution (the result of the voting shall set out the respective number of assenting, dissenting or abstention votes).

**Article 21** The Board secretary the Company shall be responsible for organizing and arranging the Board meetings, preparing meeting documents, handling relevant meeting affairs, taking minutes of the meetings and keeping relevant meeting information for 10 years.

#### **Chapter V Committees under the Board of Directors**

**Article 22** The Company has established the Strategic Committee, the Audit Committee and the Remuneration and Appraisal Committee under the Board of Directors.

The Strategic Committee is mainly responsible for conducting research on the strategic planning of long-term development and material strategic investment decisions of the Company, and completing other tasks assigned by the Board of Directors. The Strategic Committee comprises three to five Directors, with the chairman of the Board of Directors of the Company being the chief committee member, who shall be responsible for convening and leading committee works.

The Audit Committee shall assist the Board of Directors in the independent review of the financial reporting procedures, the effectiveness of internal control and the risk control of the Company, the supervision of auditing procedures, the communication between internal and external auditors, and completing such other tasks assigned by the Board of Directors. The Audit Committee shall comprise three to five Directors, all being non-executive Directors and the majority of whom (including the chairman thereof) shall be independent persons, and at least one member shall be an independent non-executive Director with appropriate accounting or relevant financial management expertise. The Audit Committee shall have one chief committee member, who shall be responsible for convening and presiding over committee meetings.

The Remuneration and Appraisal Committee shall be responsible for formulating relevant appraisal standards and conducting appraisals for the Directors (excluding independent non-executive Directors) and senior management of the Company, formulating and reviewing remuneration policies and proposal of Directors and senior management, and completing such other tasks assigned by the Board of Directors. The Remuneration Committee shall comprise three to five Directors, the majority of whom shall be independent Directors. The Remuneration Committee shall have one chief committee member, who shall be an independent Director and responsible for convening and presiding over committee meetings.

Members of the aforementioned committees under the Board shall be elected by the Board of Directors, and the resolutions of the committees shall be valid subject to the approval of a simple majority of all the members thereof.

The respective work and duties of the aforementioned committees shall be subject to their respective rules of work.

#### **Chapter VI Supplemental Provisions**

**Article 23** Where any matter is not covered by these Rules or where these Rules are inconsistent with the laws, regulations and other relevant regulatory documents and provisions of the Articles of Association, those laws, regulations, relevant regulatory documents and provisions of the Articles of Association shall prevail.

**Article 24** The general meeting authorizes the Board to interpret these Rules.

**Article 25** These Rules are formulated by the Board and shall come into effect upon approval by the general meeting. Any amendment to these Rules shall be proposed by the Board in the form of an amendment proposal and shall come into effect upon approval by the general meeting.

**Article 26** The phrase “or more” herein in respect of a number shall include such number while “majority”, “exceed”, “less than” and “more than” in respect of a number shall exclude such number.

Capinfo Company Limited

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**CAPINFO COMPANY LIMITED**  
**Rules and Procedures for Meetings of the Supervisory Committee****Chapter 1 General Provisions**

- Article 1** These Rules and Procedures are formulated in accordance with the laws, regulations and other regulatory documents, such as the *Company Law of the People's Republic of China*, Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the *Mandatory Provisions for the Articles of Association of Companies Listed Overseas* as well as the Articles of Association of Capinfo Company Limited (hereinafter referred to as the "Articles of Association") for the purpose of further defining the terms of reference and the rules and procedures of the Supervisory Committee of Capinfo Company Limited (hereinafter referred to as the "Company"), ensuring the fair, impartial and highly efficient operation of the Supervisory Committee and the consistent performance of supervisory duties.
- Article 2** The Supervisory Committee is a standing regulatory organization elected by the general meeting and the staff of the Company democratically, supervising the operations and financial position of the Company as well as the operating and management activities of the board of directors (the "Board"), the directors of the Company (the "Directors"), general manager and other senior management of the Company and protecting the lawful rights and interests of the shareholders, the staff and the Company from being infringed.
- Article 3** The activities in exercising supervisory rights which are carried out by supervisors and the Supervisory Committee pursuant to law are protected by the laws, and shall not be interfered by any units or individuals. During the discharge of duties by the supervisors, all business departments of the Company shall provide assistance, and shall not refuse the provision of, shift the responsibility of, or hinder the provision of such assistance.

**Chapter 2 Composition of the Supervisory Committee**

- Article 4** The Supervisory Committee is comprised of three members, two of whom are representatives of shareholders, who shall be elected and removed by the general meeting, and one is a representative of staff of the Company, who shall be elected and removed democratically by staff of the Company. Directors, general manager and financial director of the Company shall not act as a supervisor.
- Article 5** The supervisor's term of office is three years, and may be re-elected to serve another term of office upon the expiry of his term of office.

**Article 6** A supervisor may resign before his term of office expires. In resigning from his duties, a supervisor shall tender resignation to the Supervisory Committee in writing. The remaining supervisors shall propose to convene an extraordinary general meeting or meeting of staff as soon as possible to elect another supervisor to fill such vacancy. If the term of office of a supervisor expires but re-election is not made in time or if any supervisor resigns during his term of office so that the number of members of the Supervisory Committee falls short of the quorum, the original supervisor shall continue fulfilling the duties as a supervisor pursuant to relevant laws, administrative rules and regulations and the Articles of Association until a new supervisor is elected.

**Article 7** In case of resignation or expiry of the term of office, a supervisor shall still observe his obligation of confidentiality on the Company's trade secrets, and such obligation shall remain effective after the expiry of his term of office until such confidential information has entered the public domain without disclosure by such supervisor. The duration of other obligations that the supervisors undertake to the Company and shareholders shall be determined by principle of fairness and subject to the length of time between occurrence of the event and resignation and the circumstances and conditions under which the relationship with the Company terminates.

**Article 8** The Supervisory Committee shall have one chairman. His appointment and dismissal shall be adopted by two-thirds or more of the supervisors. The Supervisory Committee meeting shall be convened and presided by the Chairman of the Supervisory Committee; if the Chairman of the Supervisory Committee is unable or has otherwise failed to perform his duties, the meeting shall be convened and presided over by a supervisor recommended by a simple majority of the supervisors.

**Article 9** External supervisors (supervisors not holding any position in the Company) shall make up half or more of the members of the Supervisory Committee.

**Article 10** Qualifications of the supervisors:

- (1) Have not been the subject of public censure or declared as unfit to hold such position by the stock exchange in the past three (3) years;
- (2) Have not been imposed of administrative penalties by the competent regulatory bodies during the past three years due to material illegal and non-compliance acts;
- (3) Have sound ethics and integrity, are familiar with the industry the Company is engaged in and have the ability to analyze and judge on macro economy and have related professional knowledge or working background; and
- (4) Meet other qualifications as required by the relevant laws, rules and regulations or the Articles of Association.

**Article 11** The Supervisory Committee shall have one contact person, who shall be designated by the chairman of the Supervisory Committee and be responsible for work including the organization, coordination and liaison work of the meetings of Supervisory Committee.

**Article 12** Remunerations of the supervisors and made of payment shall be determined by the general meeting.

### **Chapter 3 Powers And Duties Of the Supervisors**

**Article 13** The supervisors shall honestly discharge their duties and exercise the following powers and duties in accordance with the laws, administrative rules and regulations and the Articles of Association:

- (1) To be present at the meetings of the Supervisory Committee, give independent advice and form resolutions of the Supervisory Committee;
- (2) To raise proposals to the general meeting and to convene extraordinary general meetings;
- (3) To attend the general meetings of the Company upon being invited. To verify the financial information to be submitted by the Board to the general meeting, such as financial reports, business reports and profit distribution plans, and to supervise the replies or explanations from the Board to questions and queries raised by shareholders, and to supervise and investigate into the implementation of the resolutions of the general meetings;
- (4) To attend the meetings of the Board of the Company upon being invited, to supervise the matters, including the legality of the procedures of the convening of the meetings of the Board of the Company, the abstention of directors as connected persons from voting and whether or not the contents of the resolutions of the meeting of the Board conform to the requirements of the laws, rules and regulations and the Articles of Association and meet the actual needs of the Company;
- (5) To attend the meetings, including the work meetings of the President that involve material operating activities of the Company;
- (6) To supervise the acts of the directors, general manager and senior management of the Company in their performance of Company duties, that are in violation of the laws, administrative rules and regulations or the Articles of Association;
- (7) To request the Directors, general manager and senior management of the Company to make rectification where their acts have caused damages to the interests of the Company;

- (8) To represent the Company in negotiations with, or bring legal actions against, the Directors;
- (9) To examine the finance of the Company; and
- (10) Such other powers and duties as required in the relevant laws, rules and regulations, regulatory documents or the Articles of Association and in a general meeting.

The Supervisory Committee may, during exercise of its powers and duties, engage professionals such as lawyers, certified public accountants and qualified auditors to provide assistance and the expenses so incurred reasonably shall be borne by the Company.

#### **Chapter 4 Meetings of the Supervisory Committee**

**Article 14** Meetings of the Supervisory Committees include both regular and extraordinary meetings with at least two regular meetings each year; the extraordinary meetings can be convened at the request of supervisors. The resolutions of such extraordinary and regular meetings are resolutions of the Supervisory Committee, and shall have the same validity.

**Article 15** The supervisors should attend the meetings of the Supervisory Committee in person, failure of which for any reason, such supervisors may appoint other supervisors in writing to act as their proxies and vote on their behalf. A supervisor not present at the meeting of the supervisory committee nor appoint a proxy to attend the same on his behalf shall be deemed to have waived his voting rights at such meeting.

**Article 16** If a supervisor fails to attend or appoint other supervisors to attend on his behalf the meetings of the Supervisory Committee for two consecutive times, he shall be deemed to have failed to perform his duties. The Supervisory Committee shall propose to the general meeting or staff representative meeting to have such supervisor removed and replaced.

**Article 17** Any power of attorney for appointing a proxy shall be made in writing. Such power of attorney shall include the name of the proxy, the matters to be dealt with, the scope of authority and the period of validity, and shall bear the signature or seal of the person appointing the proxy. Such power of attorney shall be served to the liaison officer of the Supervisory Committee one (1) day prior to the meeting. Such liaison officer of the Supervisory Committee shall be responsible for registration of proxies and announcing the proxy arrangement to all attendees at the commencement of the meeting.

**Article 18** The time, venue, agenda, attendees of the meeting of the Supervisory Committee shall be decided by the chairperson of the meeting. The liaison officer shall circulate the notice of the meeting to the relevant persons after being signed by the chairperson and shall prepare for the meeting.

**Article 19** The notice of the regular and extraordinary meetings shall be given to all supervisors and relevant parties to be present or in attendance at the meeting three (3) days prior to the date scheduled for such meeting, either by hand, facsimile, email or other means. In urgent cases where an extraordinary meeting shall be convened as soon as possible, the notice for such meeting may be served, among others, verbally or by telephone. The convener shall explain the reasons for the urgency of the convening of such extraordinary meeting at the meeting.

**Chapter 5 Procedures for the Consideration of Matters and Voting at  
Meetings of the Supervisory Committee**

**Article 20** Any proposals required to be submitted to the Supervisory Committee by supervisors and other relevant personnel for examination, discussion and/or determination shall be submitted in advance to the liaison officer of the Supervisory Committee. Such proposals shall be compiled and collated by the liaison officer for submission to the chairperson who shall review and decide whether such proposals should be put on the agenda.

**Article 21** The substance of the proposed resolutions for the meeting of the Supervisory Committee shall not be in contravention with the laws, regulations and the Company's Articles of Association, and shall fall within the business scope of the Company and the scope of duties of the Supervisory Committee and shall be in the interests of the Company and shareholders as a whole.

**Article 22** The chairperson shall specify reasons to the proposer in respect of the resolutions not included in the agenda.

**Article 23** The Supervisory Committee may request the related persons such as the general manager and senior management members of the Company to be present at the meeting when particular matters are considered, and such attendees shall withdraw from other discussions. Such attendees have the right to speak but do not have voting right.

**Article 24** Resolutions of the Supervisory Committee shall be come into effect subject to the adoption by two-thirds or more of its members.

**Article 25** Voting on resolutions at a meeting of the Supervisory Committee shall be conducted by show of hands. Each supervisor shall cast one vote. Where a supervisor is connected with the proposed resolution, such supervisor shall withdraw from the meeting and abstain from voting.

**Article 26** Supervisors may cast affirmative votes or dissenting votes or abstain from voting. All supervisors present at the meeting shall cast either an affirmative or dissenting vote, or abstain from voting. Where a supervisor does not choose any form of vote above or chooses two forms of vote, the chairperson shall require such supervisor to make his choice again, otherwise such supervisor shall be deemed to have abstained from voting; any supervisor who leaves the meeting midway without returning to the meeting and has not made a decision on the vote shall be deemed to have abstained from voting.

**Article 27** Resolutions shall be adopted at the meetings of the Supervisory Committee, which shall bear the signature of supervisors present at the meeting. If any resolution of the Supervisory Committee violates any laws, rules and regulations or the Articles of Association, thereby the Company shall suffer loss, the supervisors participating in voting for the resolution shall indemnify the Company provided that any supervisor who has voted against such resolution and has been recorded in the minutes of the meeting shall not be held liable.

**Article 28** Resolutions of the meetings of the Supervisory Committee and the related documents shall be kept by the secretary to the Board of the Company for 10 years.

**Article 29** Supervisors shall supervise the implementation of the resolutions by relevant personnel. The status of implementation of the resolutions adopted shall be reported to other supervisors by the chairperson at subsequent meetings of the Supervisory Committee.

#### Chapter 6 Supplementary Provisions

**Article 30** Where any matter is not covered by these Rules or where these Rules are inconsistent with the laws, regulations, other relevant regulatory documents and provisions of the Articles of Association, those laws, regulations, relevant regulatory documents and provisions of the Articles of Association shall prevail.

**Article 31** These Rules shall be interpreted by the Supervisory Committee as authorized by the general meeting.

**Article 32** These Rules are formulated by the Supervisory Committee and shall come into effect upon approval by the general meeting. Any amendment to these Rules shall be proposed by the Supervisory Committee in form of an amendment proposal, and shall come into effect upon approval of the general meeting.

**Article 33** The phrase “or more” herein in respect of a number shall include such number while the terms “majority”, “exceed”, “less than” and “more than” in respect of a number shall exclude such number.

Capinfo Company Limited

*This English version of the Rules and Procedures for Meetings is for reference only. In the case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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: 8157)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of Capinfo Company Limited (the “Company”) will be held at Conference Room, 12th Floor, Quantum Silver Plaza, 23 Zhi Chun Road, Haidian District, Beijing 100191, the PRC on 29 December 2009 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions:

### **ORDINARY RESOLUTIONS**

1. **“THAT**

- (a) the non-exempt continuing connected transaction (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) in relation to the provision of dedicated circuit leasing service by China United Network Communications Corporation Limited Beijing Branch (中國聯合網絡通信有限公司北京市分公司) (“BCC”) to the Company pursuant to the renewal agreement (the “DCLS Renewal Agreement VIII”) entered into between the Company and BCC dated 10 November 2009 to further extend the term of the agreement dated 4 April 2001 (the “DCLS Original Agreement”) entered into between the same parties in relation to dedicated circuit leasing service to 31 December 2012 (copies of the DCLS Renewal Agreement VIII and DCLS Original Agreement have been produced to this meeting marked “A” and “B” respectively and signed by the chairman of the meeting for identification purpose), with the fee payable thereunder subject to respective caps of RMB22 million, RMB20 million and RMB20 million, for the three years ending 31 December 2012 be and are hereby approved;
- (b) the Directors be and are hereby authorised to take all steps necessary or expedient to implement and/or give effect to the DCLS Renewal Agreement VIII.”

2. **“THAT** the introduction of the Rules and Procedures for General Meetings be and is hereby approved.”

3. **“THAT** the introduction of the Rules and Procedures for Meetings of the Board of Directors be and is hereby approved.”

\* *For identification purposes only*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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4. “**THAT** the introduction of the Rules and Procedures for Meetings of the Supervisory Committee be and is hereby approved.”

### SPECIAL RESOLUTION

1. “**THAT** the amendments to the Articles of Association be and are hereby approved.”

By order of the Board of  
**CAPINFO COMPANY LIMITED\***  
**Dr. Li Minji**  
*Chairman*

Beijing, the People’s Republic of China, 13 November 2009

*Note:*

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed herewith. In the case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
- (ii) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Hong Kong H share registrar of the Company, Hong Kong Registrars Limited at Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for holding the meeting or the time appointed for passing the resolutions and in case of holders of domestic shares, to the Company’s principal place of business in the PRC at 12th Floor, Quantum Silver Plaza, 23 Zhi Chun Road, Haidian District, Beijing 100191 not later than 24 hours before the time appointed for holding the meeting or the time appointed for passing the resolutions.
- (iii) Shareholders and their proxies should produce identity proof when attending the EGM.
- (iv) The register of members of the Company in Hong Kong will be closed from Friday, 27 November 2009 to Monday, 28 December 2009, both days inclusive, during which period no transfer of H shares of the Company will be effected. For the identification of Shareholders who are qualified to attend and vote at the EGM, all transfer document accompanied by the relevant share certificates must be lodged with the Company’s H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than Thursday, 26 November 2009.
- (v) Holders of H Shares of the Company who intend to attend the EGM shall complete the enclosed reply slip for the meeting and return it, by hand or by post, to the Company’s H shares registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong on or before Tuesday, 8 December 2009.
- (vi) Holders of domestic Shares of the Company who intend to attend the EGM shall complete the enclosed reply slip for the meeting and return it, by hand or by post, to the Company’s principal place of business in the PRC on or before Tuesday, 8 December 2009.
- (vii) The EGM is not expected to last for more than half a day. Shareholders and their proxies shall be responsible for their own traveling and accommodation expenses for attending the meeting.