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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 PRC with limited liability)*

**(Stock Code: 1075)**

**CHANGE OF DIRECTORS;  
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION;  
AND  
CONTINUING CONNECTED TRANSACTION**

**CHANGE OF DIRECTORS**

The Board announces that:

- (a) Dr. Li Minji tendered his resignation on 21 March 2011 as the chairman of the Board, a non-executive Director and the president of the Company's Strategic Committee with effect from the date of the EGM; and
- (b) Mr. Xu Zhe has been nominated by the Board as a non-executive Director and will be appointed to the Board from the date of the EGM subject to the approval of the Shareholders.

**PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

Following the transfer of listing of the Company's H Shares from the Growth Enterprise Market to the Main Board of the Stock Exchange, the Company is no longer required to publish quarterly financial reports pursuant to the Listing Rules. As such, the Board proposes to amend the Articles of Association to the effect that the Company will cease to publish quarterly financial reports but will continue to publish interim and annual reports. The proposed amendment to the Articles of Association is subject to the passing of a special resolution by the Shareholders approving such amendment at the EGM.

## **THE NETWORK SECURITY DEVELOPMENT SERVICES AGREEMENT**

On 21 March 2011, the Company and Beijing Certificate, an associate of the Company, entered into the Network Security Development Services Agreement, pursuant to which Beijing Certificate will provide network security system development and related technical services to the Company for a term commencing from 21 March 2011 to 31 December 2013.

### **IMPLICATIONS OF THE LISTING RULES**

Since Beijing Certificate is a 48.19%-owned subsidiary of BSAM, the controlling Shareholder, Beijing Certificate is a connected person of the Company and the transaction contemplated under the Network Security Development Services Agreement constitutes continuing connected transaction of the Company under the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Annual Caps are more than 0.1% but less than 5%, the transaction contemplated under the Network Security Development Services Agreement is subject to the reporting and announcement requirements only and is exempt from the independent shareholders' approval requirements under the Listing Rules.

### **GENERAL**

The Company will convene an EGM for the purposes of considering and, if thought fit, approving the proposed appointment of Mr. Xu Zhe as a non-executive Director and the proposed amendment to the Articles of Association. A circular containing, among other things, details regarding the proposed appointment of Mr. Xu Zhe and the proposed amendment to the Articles of Association and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

## **CHANGE OF DIRECTORS**

### **Resignation of chairman of the Board and non-executive Director**

On 21 March 2011, Dr. Li Minji ("Dr. Li") tendered his resignation as the chairman of the Board, a non-executive Director and the president of the Company's Strategic Committee with effect from the date of the EGM due to his other business engagements.

Dr. Li has confirmed that he has no disagreement with the Board and there are no other matters in relation to his resignation that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its gratitude to Dr. Li for his valuable contributions to the Group during his tenure of office and offer its best wishes to him.

The Board is in the process of identifying suitable candidate to fill the vacancy of the chairman of the Board. Further announcement will be made by the Company as and when appropriate.

## **Proposed appointment of non-executive Director**

The Board is pleased to announce that Mr. Xu Zhe (“Mr. Xu”) has been nominated by the Board as a non-executive Director and will be appointed to the fourth session of the Board from the date of the EGM subject to the approval of the Shareholders. Mr. Xu shall hold office until the expiration date of the term of the fourth session of the Board and his directorship will be subject to resignation by rotation or re-election in accordance with the Articles of Association. Mr. Xu will not be entitled to any emolument.

Mr. Xu, aged 41, is currently the vice-president of BASM and was a non-executive Director from 2003 to 2009. Mr. Xu has substantial experience in business operation and corporate management. Mr. Xu graduated from Capital University of Economics and Business with major in corporate management in 1993 and obtained a master’s degree in business administration from Guanghua School of Management of Peking University in 2005. Prior to joining BSAM, Mr. Xu was with Beijing International Trust and Investment Corporation Limited.

Save as disclosed above and as far as the Directors are aware, Mr. Xu does not hold any other position in the Company or any of its subsidiaries nor did he hold any directorship in any other listed public company in the last three years. Apart from his employment contract with BASM, Mr. Xu does not have any relationship with any other directors, senior management, or substantial shareholders of the Company. As at the date of this announcement, Mr. Xu does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong) of the Company.

Save as disclosed above and as far as the Directors are aware, there is no other information which is discloseable pursuant to Rule 13.51(2) of the Listing Rules nor are there any other matters in relation to the proposed appointment of Mr. Xu that need to be brought to the attention of the Shareholders.

## **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

Following the transfer of listing of the Company’s H Shares from the Growth Enterprise Market to the Main Board of the Stock Exchange, the Company is no longer required to publish quarterly financial reports pursuant to the Listing Rules. As such, the Board proposes to amend the Articles of Association to the effect that the Company will cease to publish quarterly financial reports but will continue to publish interim and annual reports and, accordingly, the following Article 139 of the Articles of Association:

“The Company shall publish four financial reports every accounting year. An interim report shall be published within forty five (45) days of the end of the first six (6) months of the accounting year and the annual report shall be published within ninety (90) days of the end of the accounting year. The quarterly reports shall be published within forty five (45) days of the end of the first quarter and the third quarter of the accounting year.”

is proposed to be replaced by:

“The Company shall publish two financial reports every accounting year. An interim report shall be published within sixty (60) days of the end of the first six (6) months of the accounting year and the annual report shall be published within one hundred and twenty days (120) days of the end of the accounting year.”

The proposed amendment to the Articles of Association is subject to the passing of a special resolution by the Shareholders approving such amendment at the EGM.

## **THE NETWORK SECURITY DEVELOPMENT SERVICES AGREEMENT**

Beijing Certificate, a 45.98%-owned associate of the Company, has been providing network security system development and related technical services to the Company on normal commercial terms since 2008. In view of the anticipated increase in expenditure for developing and maintaining the network security system of the Group in the forthcoming years, the Company entered into the Network Security Development Services Agreement with Beijing Certificate on 21 March 2011 in compliance with Chapter 14A of the Listing Rules.

### **Date**

21 March 2011

### **Parties**

The Company and Beijing Certificate

### **Major Terms**

Beijing Certificate will provide network security system development and related technical services to the Company for a term commencing from 21 March 2011 to 31 December 2013 and the relevant service fees payable by the Company to Beijing Certificate will be determined on normal commercial terms with reference to the prevailing market rates.

### **The Annual Caps**

The Annual Caps in the amount of RMB3.0 million, RMB2.0 million and RMB2.0 million for each of the three years ending 31 December 2011, 2012 and 2013, respectively, are determined based on (i) the historical service fees paid by the Company to Beijing Certificate for the network security system development and related technical services; and (ii) the projected expenditure for developing and maintaining the network security system of the Group for each of the three years ending 31 December 2011, 2012 and 2013.

The historical service fees paid by the Company to Beijing Certificate for each of the three years ended 31 December 2010 are as follows:

	<b>For the year ended 31 December</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical service fees paid	795	947	635

The Annual Caps for the each of the three years ending 31 December 2013 are as follows:

	<b>For the year ending 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
The Annual Caps	3,000	2,000	2,000

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NETWORK SECURITY DEVELOPMENT SERVICES AGREEMENT**

Beijing Certificate is a leading digital certificate, information consulting and information security service provider in Beijing, the PRC. Leveraging on the advanced technology and substantial experience of Beijing Certificate in the information technology industry, the Directors are of the view that the entering into of the Network Security Development Services Agreement will continue to help the Group maintain and enhance its network security system. Accordingly, the Directors (including the independent non-executive Directors but excluding Dr. Li, Ms. Sun Jing and Ms. Li Zhi, who are Directors representing BSAM and had abstained from voting on the board resolution in respect of the entering into of the Network Security Development Services Agreement) consider that the terms of the Network Security Development Services Agreement and the Annual Caps are fair and reasonable and the entering into of the Network Security Development Services Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP**

The Group is an information technology service provider principally engaged in the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment.

## **LISTING RULES IMPLICATIONS**

Since Beijing Certificate is a 48.19%-owned subsidiary of BSAM, the controlling shareholder of the Company, Beijing Certificate is a connected person of the Company and the transaction contemplated under the Network Security Development Services Agreement constitutes continuing connected transaction of the Company under the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Annual Caps are more than 0.1% but less than 5%, the

transaction contemplated under the Network Security Development Services Agreement is subject to the reporting and announcement requirements only and is exempt from the independent shareholders' approval requirements under the Listing Rules.

## GENERAL

The Company will convene an EGM for the purposes of considering and, if thought fit, approving the proposed appointment of Mr. Xu as a non-executive Director and the proposed amendment to the Articles of Association. A circular containing, among other things, details regarding the proposed appointment of Mr. Xu and the proposed amendment to the Articles of Association and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

## DEFINITIONS

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

“Annual Caps”	:	The annual caps in respect of the transaction contemplated under the Network Security Development Services Agreement for each of the three years ending 31 December 2013
“Articles of Association”	:	the articles of association of the Company
“Beijing Certificate”	:	北京數字證書認證中心有限公司(Beijing Certificate of Authority Center Company Limited), a company incorporated in the PRC with limited liability and an associate of the Company
“Board”	:	the board of Directors
“BSAM”	:	北京市國有資產經營有限責任公司 (Beijing State-owned Assets Management Corporation Limited*), a company incorporated in the PRC with limited liability
“Company”	:	首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on Main Board of the Stock Exchange.
“Director(s)”	:	the director(s) of the Company
“EGM”	:	the extraordinary general meeting to be convened and held for the purposes of considering and, if thought fit, approving the proposed appointment of Mr. Xu as a non-executive Director and the proposed amendment to the Articles of Association

“Group”	:	the Company and its subsidiaries
“H Share(s)”	:	overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company
“Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Network Security Development Services Agreement”	:	the agreement dated 21 March 2011 entered into between the Company and Beijing Certificate for the provision of network security system development and related technical services by Beijing Certificate to the Company for a term commencing from 21 March 2011 to 31 December 2013
“PRC”	:	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Shareholder(s)”	:	holder(s) of the share(s) of the Company
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“RMB”	:	Renminbi, the lawful currency of the PRC
“%”	:	Percent

By Order of the Board of Directors  
**Capinfo Company Limited\***  
**Dr. Li Minji**  
*Chairman*

Beijing, the PRC, 21 March 2011

*As of the date hereof, the executive director of the Company is Dr. Wang Xu; the non-executive directors of the Company are Dr. Li Minji, Ms. Sun Jing, Ms. Li Zhi, Mr. Pan Jiaren, Mr. Cao Jun, Mr. Qi Qigong, Ms. Lu Xiaobing and the independent non-executive directors of the Company are Mr. Chen Jing, Dr. Wang Huacheng, Mr. Zeng Xianggao and Mr. Gong Zhiqiang.*

\* *For identification purpose only*