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CAPINFO
CAPINFO COMPANY LIMITED*
首都信息發展股份有限公司

(a joint stock limited company established in the People's Republic of China with limited liability)
(Stock Code: 1075)

**CONNECTED TRANSACTIONS
IN RELATION TO
(I) HARDWARE CONTRACT I;
(II) HARDWARE CONTRACT II; AND
(III) SOFTWARE CONTRACT;
CONTINUING CONNECTED TRANSACTION IN RELATION TO
(IV) EQUIPMENT MANAGEMENT CONTRACT**

To facilitate the development of the Quotation & Trading System of Beijing Petroleum Exchange, the Company entered into (i) the Hardware Contract I at the consideration of RMB2,155,450; (ii) the Hardware Contract II at the consideration of RMB4,966,767; (iii) the Software Contract at the consideration of RMB1,023,940; and (iv) the Equipment Management Contract at the service fee of RMB658,800 per annum, with Beijing Petroleum Exchange on 23 December 2013.

Beijing Petroleum Exchange is beneficially owned as to 35% by BSAM, the controlling shareholder of the Company interested in approximately 63.31% of the issued share capital of the Company. Therefore, Beijing Petroleum Exchange is a connected person of the Company. Accordingly, the transactions contemplated under the Hardware Contract I, Hardware Contract II and the Software Contract constitute connected transactions for the Company and the Equipment Management Contract constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Company has developed the hazardous chemical trading management system of Beijing Petroleum Exchange (phase 2) under the Technology Development Contract entered into between the Company and Beijing Petroleum Exchange on 30 May 2013. Pursuant to Chapter 14A of the Listing Rules, the relevant percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Technology Development Contract, the Hardware Contract I, the Hardware Contract II, the Software Contract and the Equipment Management Contract, on an aggregated basis, are more than 0.1% but less than 5%, the transactions contemplated under the Hardware Contract I, the Hardware Contract II, the Software Contract and the Equipment

Management Contract are only subject to the reporting and announcement requirements but are exempted from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

To facilitate the development of the Quotation & Trading System of Beijing Petroleum Exchange, the Company entered into (i) the Hardware Contract I; (ii) the Hardware Contract II; (iii) the Software Contract; and (iv) the Equipment Management Contract, on 23 December 2013.

(I) HARDWARE CONTRACT I

The principal terms of the Hardware Contract I are summarized as follows:

Date: 23 December 2013

Parties: The Company

Beijing Petroleum Exchange

Subject matter

The Company will procure certain IT-related hardware for Beijing Petroleum Exchange, including but not limited to, log audit system, intranet database audit equipment, log audit server, etc. The above-mentioned IT-related hardware will be applied for the development of the Quotation & Trading System.

Consideration

The consideration payable by Beijing Petroleum Exchange under the Hardware Contract I is RMB2,155,450, which shall be payable by Beijing Petroleum Exchange in the following manners:

- (i) 20% of the consideration is payable in cash within 10 business days upon the signing of the Hardware Contract I, subject to the provision of relevant invoice of the same amount by the Company;
- (ii) 30% of the consideration is payable in cash within 10 business days after the system operate continuously for three months without fault, subject to the provision of relevant invoice of the same amount by the Company;

- (iii) 45% of the consideration is payable in cash within 10 business days after the system operate continuously for six months without fault, subject to the provision of relevant invoice of the same amount by the Company; and
- (iv) 5% of the consideration is payable in cash within 10 business days after the system operating steadily for one year, subject to the provision of relevant invoice of the same amount by the Company.

The above consideration was arrived at after arm's length negotiation between the Company and Beijing Petroleum Exchange with reference to the prevailing market price for similar products and services.

Other terms

Pursuant to the Hardware Contract I:

- (i) after the delivery of the products, the Company shall be responsible for the installation and testing of the products and such installation and testing shall be completed within 20 business days upon the Company receiving the equipment arrival and acceptance confirmation;
- (ii) after the installation and testing of the products, if the specification and equipment indicators comply with those specified in the Hardware Contract I, both parties to the Hardware Contract I shall sign the final acceptance confirmation; and
- (iii) the Company will provide after sale services for a period of three years for the hardware products starting from the date of both parties to the Hardware Contract I signing the final acceptance confirmation.

(II) HARDWARE CONTRACT II

The principal terms of the Hardware Contract II are summarized as follows:

Date: 23 December 2013

Parties: The Company

Beijing Petroleum Exchange

Subject matter

The Company will procure certain IT-related hardware for Beijing Petroleum Exchange, including but not limited to, mainframe equipment, storage equipment, networking equipment, and will provide system integration services.

Consideration

The consideration payable by Beijing Petroleum Exchange under the Hardware Contract II is RMB4,966,767, which shall be payable by Beijing Petroleum Exchange in the following manners:

- (i) 20% of the consideration is payable in cash within 10 business days upon the signing of the Hardware Contract II, subject to the provision of relevant invoice of the same amount by the Company;
- (ii) 30% of the consideration is payable in cash within 10 business days after the system operate continuously for three months without fault, subject to the provision of relevant invoice of the same amount by the Company;
- (iii) 45% of the consideration is payable in cash within 10 business days after the system operate continuously for six months without fault, subject to the provision of relevant invoice of the same amount by the Company; and
- (iv) 5% of the consideration is payable in cash within 10 business days after the system operating steadily for one year, subject to the provision of relevant invoice of the same amount by the Company.

The above consideration was arrived at after arm's length negotiation between the Company and Beijing Petroleum Exchange with reference to the prevailing market price for similar products and services.

Other terms

Pursuant to the Hardware Contract II:

- (i) after the delivery of the products, the Company shall be responsible for the installation and testing of the products and such installation and testing shall be completed within 20 business days upon the Company receiving the equipment arrival and acceptance confirmation;
- (ii) after the installation and testing of the products, if the specification and equipment indicators comply with those specified in the Hardware Contract II, both parties to the Hardware Contract II shall sign the final acceptance confirmation; and
- (iii) the Company will provide after sale services for a period of three years for the hardware products starting from the date of both parties to the Hardware Contract II signing the final acceptance confirmation.

(III) SOFTWARE CONTRACT

The principal terms of the Software Contract are summarized as follows:

Date: 23 December 2013

Parties: The Company

Beijing Petroleum Exchange

Subject matter

The Company will procure certain software for Beijing Petroleum Exchange, including but not limited to, operating systems, server operating system and database system.

Consideration

The consideration payable by Beijing Petroleum Exchange under the Software Contract is RMB1,023,940, which shall be payable by Beijing Petroleum Exchange in the following manners:

- (i) 20% of the consideration is payable in cash within 10 business days upon the signing of the Software Contract, subject to the provision of relevant invoice of the same amount by the Company;
- (ii) 30% of the consideration is payable in cash within 10 business days after the system operate continuously for three months without fault, subject to the provision of relevant invoice of the same amount by the Company;
- (iii) 45% of the consideration is payable in cash within 10 business days after the system operate continuously for six months without fault, subject to the provision of relevant invoice of the same amount by the Company; and
- (iv) 5% of the consideration is payable in cash within 10 business days after the system operating steadily for one year, subject to the provision of relevant invoice of the same amount by the Company.

The above consideration was arrived at after arm's length negotiation between the Company and Beijing Petroleum Exchange with reference to the prevailing market price for similar products and services.

Other terms

Pursuant to the Software Contract:

- (i) after the delivery of the products, the Company shall be responsible for both installation and testing of the products and such installation and testing shall be completed within 20 business days upon the Company receiving the equipment arrival and acceptance confirmation;
- (ii) after the installation and testing of the products, if the specification and equipment indicators comply with those specified in the Software Contract, both parties to the Software Contract shall sign the final acceptance confirmation; and
- (iii) the Company will provide after sale services for a period of one year for the software products starting from the date of both parties to the Software Contract signing the final acceptance confirmation.

(IV) EQUIPMENT MANAGEMENT CONTRACT

The principal terms of the Equipment Management Contract are summarized as follows:

Date: 23 December 2013

Parties: The Company

Beijing Petroleum Exchange

Subject matter

The Company will maintain and manage the hardware and software of Beijing Petroleum Exchange installed in nine server racks provided by the Company (the “**Equipment Management Service**”), which will be applied for the Quotation & Trading System.

Term

The trial period of the Equipment Management Service commenced on 15 October 2013. As Beijing Petroleum Exchange is satisfied with the Equipment Management Service, the Company and Beijing Petroleum Exchange entered into the Equipment Management Contract which has a term of one year, starting from 15 October 2013.

Service fee

The service fee payable by Beijing Petroleum Exchange is RMB658,800 per annum, which shall be payable by Beijing Petroleum Exchange within 10 business days upon the signing of the Equipment Management Contract. The service fee was arrived at after arm's length negotiation between the Company and Beijing Petroleum Exchange with reference to the prevailing market price for similar service.

Based on the above, the annual caps under the Equipment Management Contract shall be RMB139,906 for the period from 15 October 2013 to 31 December 2013 and RMB518,894 for the period from 1 January 2014 to 14 October 2014.

Other terms

Pursuant to the Equipment Management Contract:

- (i) the Company shall be responsible for installation of the IT-related hardware and software of Beijing Petroleum Exchange into the server racks and ensure the equipments and network system are in normal operation;
- (ii) the Company shall ensure hardware and software of Beijing Petroleum Exchange are in normal operation throughout the term of the Equipment Management Contract and shall not terminate the provision of services to Beijing Petroleum Exchange without reasonable ground;
- (iii) during the term of the Equipment Management Contract, the Company shall not amend the information contained in the equipments of Beijing Petroleum Exchange and shall not enquire into the undisclosed information contained in the equipments of Beijing Petroleum Exchange unless prior written consent is obtained; and
- (iv) the Company shall keep the equipments of Beijing Petroleum Exchange operating safely and ensure that third parties unrelated to the Equipment Management Contract have no access to the equipments of Beijing Petroleum Exchange so as to prevent the intrusion, inquiries, tampering and theft of the information contained in the equipments of Beijing Petroleum Exchange.

REASONS FOR THE ENTERING INTO OF THE HARDWARE CONTRACT I, HARDWARE CONTRACT II, SOFTWARE CONTRACT AND EQUIPMENT MANAGEMENT CONTRACT

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

Beijing Petroleum Exchange is a company established in the PRC and is a large scale electronic exchange platform that specialised in the trading of petroleum and chemical, plastic, rubber and related products in the northern part of the PRC. As at the date of this announcement, Beijing Petroleum Exchange is beneficially owned as to 35% by BSAM, the controlling shareholder of the Company. Therefore, Beijing Petroleum Exchange is a connected person of the Company under the Listing Rules.

The Directors consider that the transactions contemplated under each of the Hardware Contract I, the Hardware Contract II, the Software Contract and the Equipment Management Contract are conducted in the ordinary and usual course of business of the Group. Through the entering into of the four aforementioned contracts, the Directors expect that the Company would increase its revenue. In addition, given that the Company has already gained exposure in providing technical development service for the hazardous chemical trading management system through previous service contracts entered into between the Company and Beijing Petroleum Exchange, the Directors consider that the entering into of the four aforementioned contracts represent a good opportunity for the Company to tap further into the field of real-time transaction management system and the information management system for enterprise.

The Directors are of the view that the terms of the Hardware Contract I, Hardware Contract II, the Software Contract and the Equipment Management Contract are fair and reasonable and on normal commercial terms, and the entering into of the Hardware Contract I, Hardware Contract II, the Software Contract and the Equipment Management Contract is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Beijing Petroleum Exchange is beneficially owned as to 35% by BSAM, the controlling shareholder of the Company interested in approximately 63.31% of the issued share capital of the Company. Therefore, Beijing Petroleum Exchange is a connected person of the Company. Accordingly, the transactions contemplated under the Hardware Contract I, Hardware Contract II and the Software Contract constitute connected transactions for the Company and the Equipment Management Contract constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Company has developed the hazardous chemical trading management system of Beijing Petroleum Exchange (phase 2) under the technology development contract (the “**Technology Development Contract**”) entered into between the Company and Beijing Petroleum Exchange on 30 May 2013 (details of which are set out in the announcement of the Company dated 30 May 2013). Pursuant to Chapter 14A of the Listing Rules, the relevant percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Technology Development Contract, the Hardware Contract I, the Hardware Contract II, the Software Contract and the Equipment Management Contract, on an aggregated basis, are more than 0.1% but less than 5%, the transactions contemplated under the Hardware Contract I, the Software Contract, the Hardware Contract II and the Equipment Management Contract are only subject to the reporting and

announcement requirements but are exempted from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules. The Company will comply with the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules in relation to the Equipment Management Contract during each of the relevant financial years.

Save and except for Mr. Xu Zhe (Chairman), Ms. Zhang Kaihua and Mr. Lu Lei, all being non-executive Directors and hold offices at BSAM, none of the Directors had any material interest in the Hardware Contract I, the Hardware Contract II, the Software Contract and the Equipment Management Contract. Accordingly, Mr. Xu Zhe, Ms. Zhang Kaihua and Mr. Lu Lei had abstained from voting on the Board resolutions on approving the Hardware Contract I, the Hardware Contract II, the Software Contract and the Equipment Management Contract.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Beijing Petroleum Exchange”	Beijing Petroleum Exchange Limited, a company established in the PRC and is a large scale electronic exchange platform that specialised in the trading of petroleum and chemical, plastic, rubber and related products in the northern part of the PRC
“Board”	the board of the directors of the Company
“BSAM”	北京市國有資產經營有限責任公司 (Beijing State-Owned Assets Management Corporation Limited*), a company established in the PRC and is wholly-owned by the Beijing Municipal Government, being the controlling shareholder of the Company
“Company”	首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company established in the PRC, the overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company are listed on the Main Board of the Stock Exchange (Stock code: 1075)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company

“Equipment Management Contract”	the equipment management contract entered into between the Company and Beijing Petroleum Exchange on 23 December 2013 in relation to the Equipment Management Service
“Group”	the Company and its subsidiaries
“Hardware Contract I”	the first contract entered into between the Company and Beijing Petroleum Exchange on 23 December 2013 in relation to the procurement and installation of certain IT-related hardware
“Hardware Contract II”	the second contract entered into between the Company and Beijing Petroleum Exchange on 23 December 2013 in relation to the procurement and installation of certain IT-related hardware
“IT”	information technology
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Quotation & Trading System”	the spot price quotation and trading system for refined oil of Beijing Petroleum Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Software Contract”	the contract entered into between the Company and Beijing Petroleum Exchange on 23 December 2013 in relation to the procurement and installation of certain IT-related software
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Beijing, the PRC, 23 December 2013

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

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

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

** For identification purposes only*