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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)

MAJOR TRANSACTIONS

DISPOSAL OF THE GROUP'S EQUITY INTERESTS IN PAYEASE CORP. IN CONSIDERATION OF EQUITY INTERESTS IN MOZIDO INC.;

AND

RESUMPTION OF TRADING

THE MERGER AGREEMENT

On 23 October 2014 (Hong Kong time), the Company was informed by PayEase that on 21 October 2014 (United States time) the Merger Agreement was entered into between PayEase, Mozido (as purchaser), two of its subsidiaries (First Sub and Second Sub), and other parties including the escrow agent, the Payments Administrator and a person representing the securityholders in PayEase for the purpose of the Merger Agreement. The Company is not a party to the Merger Agreement.

Pursuant to the Merger Agreement, Mozido has conditionally agreed to cause First Sub to merge with and into PayEase and, promptly after, PayEase to merge with and into Second Sub, with Second Sub surviving as a wholly-owned subsidiary of Mozido. It has been agreed between PayEase and Mozido that (subject to certain closing adjustments) the aggregate consideration for the Mergers is US\$750 million (equivalent to approximately HK\$5,850 million). Based on the stock price of US\$12.81 (equivalent to approximately HK\$99.9, which is likely does not represent the fair market or intrinsic value of the Series C-1 and Series C-2 preferred stock of Mozido) of each share of the Series C-1 and Series C-2 preferred stock of Mozido as agreed between PayEase and Mozido under the Merger Agreement and subject to the terms and conditions of the Merger Agreement, such consideration will be payable by Mozido to all securityholders of PayEase (including holders of common stock, preferred stock, options and the Convertible Bond that complied with the applicable provisions of the Merger Agreement) in proportion to their respective securityholding interests in PayEase as follows: (i) US\$135 million (equivalent to approximately HK\$1,053 million) in the form of cash, less third party expenses, PayEase Group's debt, amounts set aside for expenses to be incurred by the person representing the securityholders in PayEase for the purposes of the Merger Agreement, and working capital deficit; (ii) the allotment and issue of approximately 8,977,361 shares of Series C-1 preferred stock of Mozido at US\$12.81 per share; and (iii) the allotment and issue of approximately 39,032,006 shares of Series C-2 preferred stock of Mozido. Pursuant to the terms of the Merger Agreement, a portion of the Consideration to which the Company will be entitled at Closing will be placed into various escrow funds.

As at the date of this announcement, the Company holds 57,100,000 shares of PayEase's common stock, representing an approximately 13.7% equity interest in PayEase (taking into account all outstanding shares of common stock and preferred stock of PayEase as at the date of this announcement and assuming exercise and conversion in full of the outstanding options and the Convertible Bond) and the Company does not hold any options or convertible promissory notes of PayEase. Whilst the amounts of the Series C-1 Stock Consideration Per Share, the Series C-2 Stock Consideration Per Share and the Cash Consideration Per Share are subject to adjustment, for illustrative purposes, subject to the escrow arrangements, the Company shall be entitled to receive (i) approximately US\$18.5 million (equivalent to approximately HK\$144.3 million) in the form of cash; (ii) 1,228,988 shares of Series C-1 preferred stock of Mozido; and (iii) 5,343,428 shares of Series C-2 preferred stock of Mozido (assuming (a) the number of the Fully Diluted Shares as at the Effective Time is 417,096,917 shares; (b) conversion in full of the Convertible Bond prior to the Effective Time; and (c) no adjustments are made to the Consideration). Assuming (i) all preferred stock, options and warrants of Mozido are converted and exercised in full into common stock; and (ii) there is no change in the number of shares of common stock of Mozido as at the date of the Merger Agreement, based on the above illustrative amount of Consideration receivable by the Company, the Company would own approximately 1.6% of the capital stock of Mozido.

Under the Merger Agreement, the Company will be given the Put Option which can be exercised by the Company at its discretion within 30 days following its receipt of notice of the completion of a Next Round Financing by Mozido (provided that the Next Round Financing is completed on or prior to the two-year anniversary of Completion). If the Company exercises the Put Option, it can then sell a number of shares of Series C-1 preferred stock it then holds back to Mozido at a price to be determined in accordance with the Put Agreement based on the stock price of US\$12.81 (equivalent to approximately HK\$99.9) per share and an adjustment to be calculated based on, among other factors, the issue price of the Next Round Financing, plus any accrued dividends. To the extent the Put Option is not exercised, the shares of Series C-1 preferred stock held by the Company will automatically convert into the same number of shares of Series C-2 preferred stock. Under the Put Agreement, in certain circumstances (as more fully described below under "Put Option"), Mozido has a right to repurchase all Series C Preferred Stock. The announcement sets out a summary of the key terms of the Merger Agreement and the Put Agreement and the shareholders of the Company are encouraged to review the Merger Agreement and the Put Agreement in their entirety. A copy of the Merger Agreement and the Put Agreement will be made available for shareholders' inspection, and the related arrangement will be set out in the Circular to be despatched by the Company in due course.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to approval by the Shareholders.

Upon Completion, the Group will own Series C-1 preferred stock and Series C-2 preferred stock of Mozido as part of the Consideration which is regarded as an acquisition for the purposes of the Listing Rules. As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to approval by the Shareholders.

With regard to the grant of the Put Option exercisable at the discretion of the Company, no premium is payable by the Company in respect of the Put Option and the Company will comply with the relevant requirements of the Listing Rules upon exercise of the Put Option.

Subject to the provision of further information by PayEase to the Company, including, among others, the latest audited financial information of the PayEase Group, the Board is considering the merit of the Disposal and the Acquisition and the fairness and reasonableness of the terms of the Merger Agreement. The Company will make further announcement(s) once the Board has formed a view on the Merger Agreement (including the Disposal and the Acquisition) from the Company's perspective and whether the Disposal and the Acquisition are in the interests of the Company and the Shareholders as a whole.

GENERAL

Once the Board has formed a view on the Merger Agreement, a further announcement will be issued by the Company in respect of the timing of despatching the Circular containing details regarding, among others, details of the Merger Agreement.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange has been suspended from 9:00 a.m. on 24 October 2014 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the H Shares on the Stock Exchange with effect from 9:00 a.m. on 19 November 2014.

WARNING: The Merger Agreement is subject to certain conditions, therefore, it may or may not be completed. Accordingly, the Shareholders and the potential investors should exercise caution when dealing in the Shares.

THE MERGER AGREEMENT

On 23 October 2014 (Hong Kong time), the Company was informed by PayEase that on 21 October 2014 (United States time) the Merger Agreement was entered into between PayEase, Mozido (as purchaser), two of its subsidiaries, and other parties including the escrow agent, the Payments Administrator and a person representing the holder of securities in PayEase for the purpose of the Merger Agreement, pursuant to which Mozido has conditionally agreed to cause First Sub to merge with and into PayEase and, promptly after, PayEase to merge with and into Second Sub, with Second Sub surviving as a wholly-owned subsidiary of Mozido, for an aggregate consideration of US\$750 million (equivalent to approximately HK\$5,850 million) consisting of cash and shares of Series C-1 and Series C-2 preferred stock of Mozido, subject to certain closing adjustments as described below under the paragraph headed “Adjustments to the Consideration”.

The Company is not a party to the Merger Agreement. The terms of the Merger Agreement have been negotiated and agreed between PayEase and Mozido and are summarised below.

Structure

Under the Merger Agreement, Mozido shall acquire the entire equity interests in PayEase through the statutory merger of First Sub with and into PayEase, followed by the statutory merger of PayEase with and into Second Sub under applicable laws in the United States.

Consideration

The aggregate consideration for the Mergers is US\$750 million (equivalent to approximately HK\$5,850 million). Based on the stock price of US\$12.81 (equivalent to approximately HK\$99.9) of each share of the Series C-1 and Series C-2 preferred stock of Mozido as agreed between PayEase and Mozido under the Merger Agreement and subject to the terms and conditions of the Merger Agreement, such consideration will be payable by Mozido to all securityholders of PayEase (including holders of shares of PayEase’s common stock, preferred stock, options and the Convertible Bond that complied with the applicable provisions of the Merger Agreement) in proportion to their respective securityholding interests in PayEase consisting of:

- (1) US\$135 million (equivalent to approximately HK\$1,053 million) in the form of cash, less third party expenses, PayEase Group’s debt, amounts set aside for expenses to be incurred by the person representing the securityholders in PayEase for the purposes of the Merger Agreement, and working capital deficit;
- (2) the allotment and issue of approximately 8,977,361 shares of Series C-1 preferred stock of Mozido; and
- (3) the allotment and issue of approximately 39,032,006 shares of Series C-2 preferred stock of Mozido.

The amount of the total consideration to be paid in cash or in Series C Preferred Stock will be subject to certain adjustments set out in the Merger Agreement, including based on the application of applicable federal and state securities laws in the United States in relation to the identity of the securityholders. Please refer to the section headed “Adjustments to the Consideration” below.

The Company was informed that the amount of the aggregate consideration stated above is determined based on the stock price of US\$12.81 for each share of the Series C-1 and Series C-2 preferred stock of Mozido which was agreed between PayEase and Mozido after their negotiations and is likely does not represent the fair market or intrinsic value of the Series C-1 and Series C-2 preferred stock of Mozido.

Before Completion, subject to the Merger Agreement, the Convertible Bond is expected to be converted into common stock of PayEase and all options of PayEase which remain outstanding immediately prior to the Effective Time will be cancelled. Upon surrender of the shares of PayEase (including shares of common stock and preferred stock) and compliance with the provisions of the Merger Agreement, a holder of each share (including common stock and preferred stock) of PayEase shall be entitled to receive (i) the Series C-1 Stock Consideration Per Share; (ii) the Series C-2 Stock Consideration Per Share; and (iii) the Cash Consideration Per Share, whilst a holder of each option of PayEase shall be entitled to receive (i) the Series C-1 Stock Consideration Per Share multiplied by the Option Consideration Multiple; (ii) the Series C-2 Stock Consideration Per Share multiplied by the Option Consideration Multiple; and (iii) the Cash Consideration Per Share multiplied by the Option Consideration Multiple.

As at the date of this announcement, the Company holds 57,100,000 shares of PayEase’s common stock, representing an approximately 13.7% equity interest in PayEase (taking into account all outstanding shares of common stock and preferred stock of PayEase as at the date of this announcement and assuming exercise of all outstanding options and conversion in full of the Convertible Bond), and the Company does not hold any options or convertible promissory note of PayEase. Whilst the amounts of the Series C-1 Stock Consideration Per Share, the Series C-2 Stock Consideration Per Share and the Cash Consideration Per Share are subject to adjustment, for illustrative purposes, subject to the escrow arrangement described below, the Company shall be entitled to receive (i) approximately US\$18.5 million (equivalent to approximately HK\$144.3 million) in the form of cash; (ii) 1,228,988 shares of Series C-1 preferred stock of Mozido; and (iii) 5,343,428 shares of Series C-2 preferred stock of Mozido (assuming (i) the number of the Fully Diluted Shares as at the Effective Time is 417,096,917 shares; (ii) conversion in full of the Convertible Bond prior to the Effective Time; and (iii) no adjustments are made to the Consideration).

The Company has been informed by PayEase that Mozido currently has different classes of stock, including common stock, Series A preferred stock and Series B preferred stock (both series of preferred stock are convertible into common stock). Assuming (i) all preferred stock, options and warrants of Mozido are exercised in full and converted into common stock; and (ii) there is no change in the number of shares of common stock of Mozido as at the date of the Merger Agreement, based

on the above illustrative amount of the Consideration receivable by the Company, the Company would own approximately 1.6% of the capital stock of Mozido. In accordance with the Merger Agreement, Mozido may issue new classes or series of common or preferred stock of Mozido.

The principal terms of Mozido's Series C-1 preferred stock and Series C-2 preferred stock are set out below:

Dividend: The holders of the Series C Preferred Stock will not be entitled to receive dividends on the Series C Preferred Stock unless

- (i) Mozido does not complete the Next Round Financing by 31 March 2015. In such case, the dividends on the Series C-1 preferred stock will accrue at an annual rate of 5.0%, compounded annually, from such date to the closing of the Next Round Financing and will be payable in the event of liquidation or exercise of the Put Option. No distribution will be made with respect to the common stock until all accrued but unpaid dividends on the Series C Preferred Stock have been paid.
- (ii) Mozido pays dividends on its common stock. In such case, the holders of the Series C Preferred Stock will receive an amount per share equal to the product of (a) the dividends payable on each share of Mozido's common stock and (b) the number of shares of Mozido's common stock issuable upon conversion of a share of the Series C Preferred Stock.

Conversion rights: If the Next Round Financing is completed, each share of Series C-1 preferred stock that is not required to be repurchased by Mozido pursuant to an exercise of the Put Option will automatically convert into one share of Series C-2 preferred stock.

Each share of the Series C Preferred Stock will be convertible, at the option of its holder, at any time into one share of Mozido's common stock, subject to adjustment in the event of subdivisions or combinations of the common stock or the Series C Preferred Stock. Each share of Series C Preferred Stock will automatically convert into one share of Mozido's common stock immediately prior to the closing of the Qualified Public Offering.

Upon the conversion of the Series C Preferred Stock into common stock or Series C-2 preferred stock as described above, Mozido shall pay to the holder of such Series C Preferred Stock an amount equal to all dividends declared or accrued but unpaid payable (i) in shares of common stock or Series C-2 preferred stock at the applicable conversion price for the Series C Preferred Stock in effect at the time of the conversion, or (ii) in cash, as determined by the board of directors of Mozido.

Voting rights:

The Series C Preferred Stock will vote together with the common stock except with respect to certain protective provisions or as otherwise required by law. Each share of the Series C Preferred Stock will have a number of votes equal to the number of shares of common stock into which it is convertible.

Put Option:

Under the Merger Agreement, the Company will be given the Put Option which can be exercised by the Company at its discretion subject to the completion of the Next Round Financing by Mozido and the terms and conditions of the Merger Agreement. For a period of 30 days after holders receive notice of the consummation of the Next Round Financing (the "Put Option Period"), subject to, among others, compliance with or limitations under applicable laws, each holder of Series C-1 preferred stock will have the right to require Mozido to purchase shares of Series C-1 preferred stock at a price to be determined based on the Put Agreement depending on, among others, issue price under the Next Round Financing and any accrued but unpaid dividends (such sum, the "Per Share Put Price") but in any event, if the Company exercises the Put Option, it can then sell a number of shares of Series C-1 preferred stock it then holds back to Mozido at a price to be determined in accordance with the terms of the related Put Agreement based on the stock price of US\$12.81 (equivalent to approximately HK\$99.9) per share and an adjustment to be calculated based on, among other factors, the issue price of the Next Round Financing plus any accrued dividends. However, the Put Option shall not be exercisable if the Next Round Financing is not completed on or prior to the two-year anniversary of Completion and the aggregate amount paid for such shares shall not exceed the value of the Series C-1 preferred stock issued to the Company in the Mergers based on the stock price of US\$12.81. In the event that the Next Round

Financing is completed prior to the Closing Date, PayEase, the Securityholder Representative and Mozido shall negotiate in good faith amendments to the Merger Agreement so that the Put Option can be exercised earlier for an amount equal to the value of the Series C-1 preferred stock originally issued to the Company (which value is determined under the Merger Agreement).

To the extent the Put Option is not exercised, the shares of Series C-1 preferred stock held by the Company will automatically convert into the same number of shares of Series C-2 preferred stock. In addition, any shares that are not sold to Mozido because they exceed the aggregate cap on payment described above would also automatically convert into shares of Series C-2 preferred stock.

Under the Put Agreement, if any securityholder of PayEase is a domestic resident as defined in Circular 37 and has not complied with the relevant reporting and/or registration requirements under Circular 37 and other applicable SAFE rules and regulations, Mozido has a right to repurchase all Series C Preferred Stock at a price per share equal to their liquidation preference. The Company will carry out the necessary registration procedures under Circular 37.

Liquidation:

In the event of a liquidation (and in certain other events), the holders of the Series C-1 preferred stock will be entitled to receive, prior and in preference to any distribution to the holders of the common stock and pari passu with the Series A and Series B preferred stock of Mozido an amount per share equal to the higher of (i) US\$115 million (equivalent to approximately HK\$897 million) divided by the number of shares of Series C-1 preferred stock issued under the Merger Agreement (the “Series C-1 Liquidation Preference”) and all accrued but unpaid dividends thereon, provided that if a liquidation event occurs after completion of the Next Round Financing but prior to the earlier to occur of (a) conversion of the shares of Series C-1 preferred stock into Series C-2 preferred stock or (b) the valid exercise of the Put Option, the Series C-1 Liquidation Preference for purposes of the liquidation event shall be the amount receivable upon the valid exercise of the Put Option, if it were validly exercised; or (ii) the amount that it is entitled to if the Series C-1 preferred stock is converted into common stock.

In a liquidation event, the holders of the Series C-2 preferred stock will be entitled to receive, after payment in full of all distributions to the holders of all series of preferred stock of Mozido with a liquidation preference senior to the Series C-2 preferred stock, but prior to any distribution to the holders of the common stock of Mozido, an amount per share equal to US\$500 million (equivalent to approximately HK\$3,900 million) divided by the number of shares of Series C-2 preferred stock originally issued under the Merger Agreement.

Transferability:

Transfer of the Series C Preferred Stock is subject to, among others, compliance with the United States Securities Act of 1933 and any applicable state regulations and may be subject to Mozido's consent under certain circumstances.

Transfer of any Series C Preferred Stock will also be subject to pre-emptive right in favour of Mozido and other holders of at least 6,000,000 shares of preferred stock of Mozido.

Lock-up mechanism:

Each holder shall not sell/transfer/make any short sale of/grant any option for the purchase of/enter into any hedging or similar transaction with the same economic effect as a sale, of any Mozido's common stock or the Series C Preferred Stock during the 180-day period from effective date of the registration statement for Mozido's first firm commitment underwritten public offering of Mozido's common stock filed under the United States Securities Act of 1933 (or such other period as may be requested).

As informed by PayEase, the consideration for the Mergers was arrived at after arm's length negotiations between PayEase and Mozido and was determined with reference to, including but not limited to, historical financial information, business potential/prospects, licenses and clientele of PayEase and Mozido.

Adjustments to the Consideration

Under the Merger Agreement, the amount of Cash Consideration payable by Mozido to the securityholders of PayEase at Closing shall be reduced by the amount of unpaid third party expenses incurred by the PayEase Group (as agreed between PayEase and Mozido pursuant to the Merger Agreement) in connection with the Mergers and be decreased by any indebtedness and increased/decreased to the extent that working capital of the PayEase Group (exclusive of cash and certain other items) is greater than/less than US\$1.5 million (equivalent to approximately HK\$11.7 million) at the Closing Date. To the extent that, after Closing, there is an adjustment pursuant to the Merger

Agreement to the consideration payable by Mozido to the securityholders of PayEase, such adjustment shall be paid in cash, if payable by Mozido, or in cash out of the General Indemnity Escrow Fund, if payable by PayEase.

Escrow Arrangement

The Consideration that the Company (which will be an Enterprise Escrow Participant) will be entitled to under the Merger Agreement shall be subject to the following escrow arrangements.

Under the Merger Agreement, promptly after the Effective Time, Mozido shall deposit with the escrow agent, among others, the General Indemnity Escrow Amount, the Specific Indemnity Escrow Amount and the Circular 698 Indemnity Escrow Fund out of the Cash Consideration and the Stock Consideration.

The General Indemnity Escrow Fund shall be available to compensate the Mozido Indemnified Parties for the closing date adjustment amount and shall be partial security for, among others, the indemnity obligations of PayEase. The Company will contribute approximately US\$1.3 million (equivalent to approximately HK\$10.1 million) in cash, 122,911 shares of Series C-1 preferred stock of Mozido and 534,399 shares of Series C-2 preferred stock of Mozido that it is entitled to receive under the Merger Agreement to the General Indemnity Escrow Fund. The General Indemnity Escrow Fund shall be in existence immediately following the Effective Time and terminate on the 12-month anniversary of the Closing Date, subject to any then pending claims.

The Specific Indemnity Escrow Fund (in addition to the General Indemnity Escrow Fund) shall be partial security for any loss incurred by the Mozido Indemnified Parties in connection with any tax liabilities resulting from certain of PayEase's historical transactions (the "Specific Indemnified Taxes"). The Specific Indemnity Escrow Fund shall terminate on the date that is the earlier of (i) the date that is 10 business days after the date on which PayEase receives a private letter ruling that there are no Specific Indemnified Taxes; (ii) the date that is 30 days after the date on which a final administrative or judicial determination is made in respect of the Specific Indemnified Taxes; and (iii) the date that is 30 days after the expiration of the applicable statute of limitations, taking into account any applicable extension. The Company will contribute approximately US\$1.4 million (equivalent to approximately HK\$10.9 million) in cash and approximately 106,879 shares of Series C-1 preferred stock of Mozido into the Specific Indemnity Escrow Fund.

The Circular 698 Indemnity Escrow Fund (in addition to the General Indemnity Escrow Fund) shall be partial security for any loss incurred by the Mozido Indemnified Parties in connection with any tax liabilities resulting from any applicable tax under Circular 698. The Company will contribute a cash amount equal to approximately 10% of the value of the cash and Mozido's preferred stock (valued at US\$12.81 per share) that it is entitled to receive under the Merger Agreement (excluding stock held in the deferral escrow account described below), except to the extent that the aggregate Circular 698 Indemnity Escrow Fund would exceed US\$32.5 million (equivalent to approximately HK\$253.5 million) in cash, the excess will be made up with shares of Series C-1 preferred stock of Mozido valued at US\$12.81 (equivalent to approximately HK\$99.9) per share and the Company would

contribute to such escrow deposit based on its pro rata holding of shares of Series C-1 preferred stock among the securityholders of PayEase that are not individual holders. The Circular 698 Indemnity Escrow Fund as to the Company shall not terminate except in the event that Mozido is confirmed that it has no liability for any applicable tax under Circular 698 with respect to any payment to the Company under the Merger Agreement.

Moreover, under the Merger Agreement, promptly after the Effective Time, Mozido shall deposit with the escrow agent the Deferral Escrow Series C-1 Stock Amount and the Deferral Escrow Series C-2 Stock Amount (together, the “Deferral Escrow Fund”) which shall remain in the escrow and not be disbursed to the Enterprise Escrow Participants until it is confirmed that Mozido has no liability for any applicable tax under Circular 698 with respect to any payment to the Enterprise Escrow Participants but may partly be disbursed, among others, in events that (i) the Put Option is exercised by the Enterprise Escrow Participants; or (ii) there will be a positive adjustment to the Consideration for the Mergers. According to PayEase, the Deferral Escrow Fund may partially defer the potential imposition of tax under Circular 698 on the Enterprise Escrow Participants. Except for a portion of the Series C-2 preferred stock to be issued to the Enterprise Escrow Participants for any reasons due to United States federal income tax laws, as determined by PayEase and Mozido, such stock will be placed in the Deferral Escrow Fund. The Series C Preferred Stock in the Deferral Escrow Fund will not be used to compensate Mozido for the indemnification obligations of PayEase under the Merger Agreement.

Conditions precedent

The respective obligations of various parties to the Merger Agreement to effect the Mergers, (or part of which) or otherwise to consummate and effect the Merger Agreement and the transactions contemplated thereunder shall be subject to the satisfaction or waiver (if applicable), at or prior to the Effective Time, of the conditions as stated in the Merger Agreement which are summarized below:

A. *The respective obligations of PayEase, Mozido, First Sub and Second Sub to effect the Merger Agreement shall be subject to the satisfaction of the following conditions:*

- (1) The merger of PayEase and First Sub is not restrained or prohibited by any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent);
- (2) PayEase has obtained approval from sufficient PayEase’s shareholders in accordance with applicable laws of the State of Delaware and its certificate of incorporation to adopt the Merger Agreement and approve the merger of PayEase and First Sub (which shall be the majority of the outstanding shares of PayEase’s preferred stock (voting together as a single class), majority of the outstanding shares of PayEase’s Series D preferred stock, Series E preferred stock and Series F preferred stock (voting together as a single class), and majority of the outstanding shares of PayEase’s common stock and preferred stock (voting together as a single class)); and

- (3) Mozido has obtained approval from sufficient Mozido's shareholders in accordance with applicable laws of the State of Delaware to authorise, adopt and approve the Mergers and the amendment to or amendment and restatement of the certificate of incorporation of Mozido.

B. The obligations of Mozido, First Sub and Second Sub to effect the Merger Agreement shall be subject to the satisfaction of the following conditions (any of which can be waived by Mozido, First Sub and Second Sub):

- (1) The representations and warranties of PayEase in the Merger Agreement (disregarding, for this purpose, all exceptions in those representations and warranties relating to materiality, material adverse effect or any similar standard or qualification) shall be true and correct on and as of the date of the Merger Agreement and as of the Effective Time, except where a failure to be so true and correct would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the PayEase Group;
- (2) PayEase shall have performed and complied in all material respects with all covenants and obligations under the Merger Agreement required to be performed by PayEase as of the Closing;
- (3) Necessary approvals and consents from, among others, governmental authorities, PayEase's board of directors and any parties as stated in the Merger Agreement are being obtained;
- (4) PayEase delivered payoff letters with respect to any and all amounts outstanding under (i) a certain outstanding bank loan and a certain promissory note of the PayEase Group; and (ii) the Convertible Bond issued by PayEase to the extent that any such amounts are not converted into PayEase's common stock and preferred stock;
- (5) There is no material adverse event or condition in respect of the PayEase Group since the date of the Merger Agreement;
- (6) The receipt by Mozido of various documents required under the Merger Agreement, such as a written resignation from each of the officers and directors of PayEase effective as of the Effective Time; a certificate of good standing of PayEase; a certificate confirming certain tax issues; employment letters/agreements and/or consulting agreements/non-competition agreements signed by certain key employees of PayEase; duly and validly executed copy of all agreements and other documents in respect of certain required internal reorganisation of the PayEase Group; termination of certain agreements to which the PayEase Group is a party; and other closing documents/materials such as books and records, company chops of the PayEase Group, etc;

- (7) The holders of no greater than 2% of the outstanding PayEase's common stock and preferred stock shall have exercised the right to appraisal, dissenters' or similar rights under applicable law;
- (8) Mozido shall have reasonably determined that all of the Stock Consideration may be issued pursuant to available federal and state securities law exemptions in the United States;
- (9) There is no action, suit, claim, order, injunction or proceeding of any nature pending, or overtly threatened, against Mozido, First Sub, Second Sub or PayEase, their respective properties or any of their respective officers or directors arising out of, or in any way connected with, the merger of PayEase and First Sub or the other transactions contemplated by the terms of the Merger Agreement; and
- (10) The Company shall have obtained all necessary consents from any governmental authority/other person in order to vote for/provide written consent with respect to, and consummate the transactions contemplated under the Merger Agreement provided certain documents to Mozido including, among others, the board and shareholder resolutions of each of the Company and Capinfo HK approving the Merger Agreement and the transactions contemplated thereunder and approvals of Beijing State-owned Assets Management Co., Ltd., State-owned Assets Supervision and Administration Commission of Beijing Municipality and Beijing Municipal Commission of Development and Reform with respect of the Disposal and the Acquisition pursuant to the Merger Agreement and entered into an agreement with Mozido pursuant to which the Company and/or Capinfo HK agrees to execute/deliver/file certain documents with governmental authorities from and after Closing in respect of the transactions contemplated under the Merger Agreement. In addition, Capinfo HK shall have voted for, or provided written consent with respect to, all of the PayEase' shares owned by Capinfo HK in favour of the adoption and approval of the merger of PayEase and First Sub and adoption of the Merger Agreement.

The above condition (10) has not been satisfied. The Company understands from the management of PayEase that it is at the request of Mozido to have the Closing be subject to the approval of the Company. The Company is in the process of considering the proposal under the Merger Agreement and will make a recommendation to the Shareholders afterward. A further announcement will be made by the Company in due course.

If Mozido subsequently chooses to waive the condition (10) (the decision to waive can be made in its sole discretion), the Merger Agreement (including the Disposal and the Acquisition) will still proceed to Closing if all other conditions are satisfied or waived (where applicable) even if the Company proposes to vote against the Merger Agreement as a stockholder of PayEase.

C. Obligations of PayEase to effect the Merger Agreement shall be subject to the satisfaction of the following conditions (any of which may be waived, by PayEase):

- (1) The representations and warranties of Mozido, First Sub and Second Sub in the Merger Agreement (disregarding, for this purpose, all exceptions in those representations and warranties relating to materiality, material adverse effect or any similar standard or qualification) shall be true and correct on and as of the date of the Merger Agreement and as of the Effective Time except where a failure to be so true and correct would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Mozido Group;
- (2) Mozido, First Sub and Second Sub shall have performed and complied in all material respects with all covenants and obligations under the Merger Agreement required to be performed by them as of the Closing;
- (3) There is no material adverse event or condition in respect of Mozido since the date of the Merger Agreement;
- (4) Receipt of certain closing certificates by PayEase from Mozido, including a solvency certificate;
- (5) Series C-1 preferred stock of Mozido will have the rights, preferences, privileges and restrictions as set out in the Merger Agreement;
- (6) Mozido shall have irrevocably confirmed in writing to the Securityholder Representative that it has sufficient cash on hand to pay the Cash Consideration and the amendment and restatement of the certificate of incorporation of Mozido shall have been filed with the secretary of the State of Delaware and have become effective; and
- (7) Mozido has not notified PayEase that Mozido may take a certain tax reporting position in respect of a certain United States tax issue.

In the event that all conditions precedents under the Merger Agreement have not been fulfilled or waived (where applicable) by 15 March 2015, Mozido or PayEase will have the right to terminate the Merger Agreement subject to certain provisions of the Merger Agreement.

Apart from the above situation, the Merger Agreement has provided other situations where the agreement can be terminated by PayEase or Mozido (depending on the situations) such as by unanimous agreement between PayEase and Mozido, when there is a court order or statute, rule of regulation preventing the consummation of the Merger Agreement, where PayEase fails to obtain sufficient stockholder vote after a stockholder meeting has been held, a material breach of an obligation, representation, warranty, covenant under the Merger Agreement, etc.

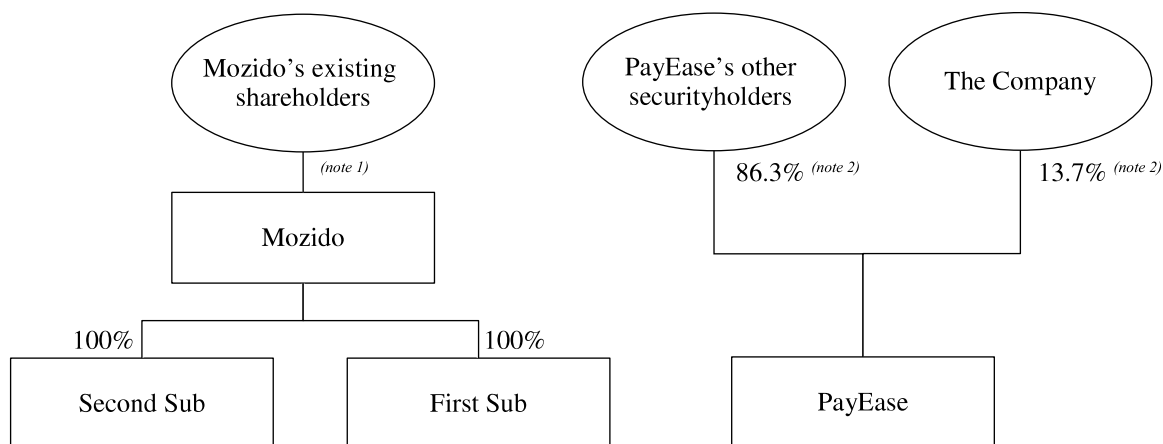
Closing

Closing will take place on the date that is three business days after the satisfaction or waiver (where applicable) of the conditions precedent set out in the Merger Agreement.

Upon Closing, the Group will cease to hold any direct interest in PayEase. First Sub will merge with and into PayEase, and PayEase will merge with and into Second Sub and the Company will own 1,228,998 shares of Series C-1 preferred stock and 5,343,428 shares of Series C-2 preferred stock of Mozido (based on the Company's existing interest in PayEase and assuming (i) the number of the Fully Diluted Shares as at the Effective Time is 417,096,917 shares; (ii) conversion in full of the Convertible Bond prior to the Effective Time; and (iii) no adjustments are made to the Consideration), subject to the escrow arrangements as described in this announcement above.

The diagrams below illustrate the shareholding in Mozido and PayEase before and after the Mergers:

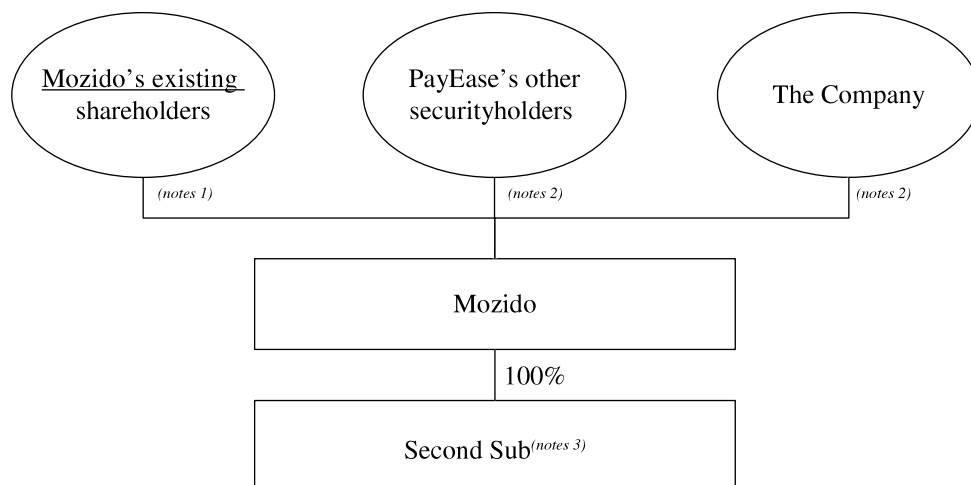
As at the date of this announcement:



Notes

- ¹ such interests comprise common stock, Series A preferred stock and Series B preferred stock of Mozido, and any other classes or series of common or preferred stock of Mozido issued in accordance with the Merger Agreement.
- ² assuming exercise and conversion in full of all outstanding options of PayEase and the Convertible Bond.

Upon Closing (subject to the various escrow arrangements):



Notes

- ¹ such interests comprise common stock, Series A preferred stock and Series B preferred stock of Mozido, and any other classes or series of common or preferred stock of Mozido issued in accordance with the Merger Agreement.
- ² such interests in Mozido will comprise the Series C Preferred Stock convertible into Mozido's common stock
- ³ the surviving entity after the merger of First Sub with and into PayEase followed by the merger of PayEase with and into Second Sub

The announcement sets out a summary of the key terms of the Merger Agreement and the Put Agreement and the shareholders of the Company are encouraged to review the Merger Agreement and the Put Agreement in their entirety. A copy of the Merger Agreement and the Put Agreement will be made available for shareholders' inspection, and the related arrangement will be set out in the Circular to be despatched by the Company in due course.

INFORMATION ON PAYEASE

PayEase is a company incorporated in the United States principally engaged in the provision of electronic payment services includes payment via mobile phone and internet in the PRC.

As at the date of this announcement, PayEase is owned as to approximately 13.7% by the Company (taking into account all outstanding shares of common stock and preferred stock of PayEase as at the date of this announcement and assuming exercise and conversion in full of the outstanding options and the Convertible Bond). To the best of the Director's knowledge, information and belief having made all reasonable enquiries, save for a senior consultant of the Company, who is a board member of PayEase and owns 800,000 shares of common stock of PayEase, representing approximately 0.2% of the equity interests of PayEase, the remaining 86.1% shareholders of PayEase and their respective

ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. Such senior consultant is not a connected person of the Company for the purposes of the Listing Rules.

Set out below is the unaudited financial information of PayEase prepared in accordance with the generally accepted accounting principles in the PRC for the two years ended 31 December 2012 and 2013 and the six months ended 30 June 2014:

	For the year ended 31 December 2012		For the year ended 31 December 2013		For the six months ended 30 June 2014	
	<i>Approximately RMB'000</i>	<i>Equivalent to approximately HK\$'000</i>	<i>Approximately RMB'000</i>	<i>Equivalent to approximately HK\$'000</i>	<i>Approximately RMB'000</i>	<i>Equivalent to approximately HK\$'000</i>
Net profit before taxation	<u>5,786</u>	<u>7,348</u>	<u>5,993</u>	<u>7,611</u>	<u>11,585</u>	<u>14,713</u>
Net profit after taxation	<u>3,834</u>	<u>4,869</u>	<u>3,321</u>	<u>4,218</u>	<u>9,453</u>	<u>12,005</u>

The unaudited net assets value of PayEase as at 30 June 2014 was approximately RMB63.2 million (equivalent to approximately HK\$80.3 million).

There was zero carrying value in respect of the Group's equity interests in PayEase in the Group's financial statements as at 30 June 2014.

INFORMATION ON MOZIDO

Mozido is a company incorporated in the United States principally engaged in provision of an integrated platform of cloud-based and white-label mobile payment, shopping and marketing solutions for retail, financial service, consumer packaged goods and telecom companies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mozido and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

There are no consolidated financial statements prepared before the six months ended 30 June 2014. Set out below is the unaudited consolidated financial information of the Mozido Group for the six months ended 30 June 2014:

	For the six months ended 30 June 2014	
	<i>Approximately US\$'000</i>	<i>Equivalent to approximately HK\$'000</i>
Comprehensive net loss before taxation	<u>(10,678)</u>	<u>(83,288)</u>
Comprehensive net loss after taxation	<u>(10,678)</u>	<u>(83,288)</u>

The unaudited consolidated net assets of the Mozido Group as at 30 June 2014 were approximately US\$60.4 million (equivalent to approximately HK\$471.1 million). Of this amount, US\$27.3 million represents an intercompany balance due from Mozido, LLC. Mozido Group did not have any taxation charge during the six months ended 30 June 2014.

As set out in the audited financial statements of Mozido, LLC for the year ended 31 December 2013, on 27 November 2013, Mozido, LLC has undertaken a corporate reorganisation by entering into an asset contribution agreement (the “ACA”) with Mozido which was incorporated on 5 November 2013. Mozido, LLC then transferred all its assets, except certain licenses and certain working capital liabilities to Mozido under the ACA in exchange for US\$15 million (equivalent to approximately HK\$117 million) and all outstanding common stock of Mozido. Following this exchange, Mozido became a wholly-owned subsidiary of Mozido, LLC. Mozido took over all previous business operation of Mozido, LLC.

Set out below is the audited consolidated financial information of Mozido, LLC prepared in accordance with the generally accepted accounting principles in the United States of America for the two years ended 31 December 2012 and 2013:

	For the year ended 31 December 2012		For the year ended 31 December 2013	
	<i>Approximately US\$'000</i>	<i>Equivalent to approximately HK\$'000</i>	<i>Approximately US\$'000</i>	<i>Equivalent to approximately HK\$'000</i>
Comprehensive net loss before taxation	<u>(34,741)</u>	<u>(270,979)</u>	<u>(45,166)</u>	<u>(352,294)</u>
Comprehensive net loss after taxation	<u>(34,741)</u>	<u>(270,979)</u>	<u>(45,166)</u>	<u>(352,294)</u>

For the year ended 31 December 2013, Mozido, LLC (company level) recorded an interest expense of approximately US\$2.9 million (equivalent to approximately HK\$22.6 million) but the liabilities of Mozido, LLC have not been transferred to Mozido under the reorganisation in 2013. Mozido, LLC did not have any taxation charge during the two years ended 31 December 2012 and 2013.

OTHER PARTIES TO THE MERGER AGREEMENT

The other parties to the Merger Agreement include (1) First Sub and Second Sub which are wholly-owned subsidiaries of Mozido; (2) the escrow agent for the purposes of the various escrow arrangements under the Merger Agreement as described above in this announcement; (3) the Payments Administrator which will be responsible for the distribution of the consideration payable under the Merger Agreement; and (4) the Securityholder Representative, whose appointment will be approved by the sufficient stockholder vote and will act as agent and attorney-in-fact of all the securityholders of PayEase to be obtained by PayEase for the purposes of the Merger Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, First Sub, Second Sub, the escrow agent, the Payments Administrator and the Securityholder Representative, and if they are corporate entities, their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

REASONS FOR THE MERGER AGREEMENT

The Group is principally engaged in the provision of information technologies and services supply including system integration, software development, IT planning and consultancy, IT operation and maintenance, etc.

Reference is made to the announcement of the Company dated 5 January 2006. On 30 December 2005, the Company entered into the assets transfer agreement (the “Assets Transfer Agreement”) with PayEase and PayEase (Beijing) Technology Ltd (“PayEase PRC”, a wholly-owned subsidiary of PayEase) pursuant to which the Company agreed to sell its online payment assets to PayEase and PayEase PRC for a cash consideration of US\$2.5 million (equivalent to approximately HK\$19.5 million). Moreover, pursuant to the terms of the Assets Transfer Agreement, the Company entered into an exclusive technical services agreement with PayEase on the same day pursuant to which PayEase PRC is entitled to an exclusive right to provide certain technical services to the Company in regard to the continuous provision of all services to be provided by the Company to its customers. In order to secure such cooperation relationship with the Company, PayEase and PayEase PRC entered into an equity participation agreement with the Company and Capinfo HK pursuant to which PayEase issued new shares to Capinfo HK for nil consideration which represented 25% of PayEase’s then equity capital. The Group’s equity interests in PayEase have subsequently been diluted to approximately 13.7% as at the date of this announcement (taking into account all outstanding shares of common stock and preferred stock of PayEase as at the date of this announcement and assuming exercise and conversion in full of the outstanding options and the Convertible Bond) as a result of new shares issued by PayEase subsequent to the equity participation agreement.

The investment in PayEase is obtained at no cost to the Company. The Company has not received any dividend/distribution from PayEase. Upon Closing, the Group will cease to hold any direct interest in PayEase. First Sub will merge with and into PayEase, and then PayEase will merge with and into Second Sub. The Company will receive a part of the Cash Consideration and continue to own an indirect interest in the business of PayEase through ownership of a portion of the Stock Consideration.

The Company understands from PayEase that following the Mergers, the Mozido Group aims to become a global company that is capable of providing front to back end payment solutions to merchants across the world. The board of directors of PayEase considers that the Mergers provide a stronger and enlarged platform to allow the combined entity to pursue new businesses jointly as well as for PayEase to expand the geographical coverage for its payment service business which enhances the return of PayEase’s shareholders.

The investment in PayEase is accounted for as an available-for-sale investment in the Group’s financial statements which has been measured at historical cost less impairment and had zero carrying value as at 30 June 2014. Before taking into account the Series C Preferred Stock and the Put Option that the Company will obtain as part of the Consideration, based on the cash consideration of approximately US\$18.5 million (equivalent to approximately HK\$144.3 million) (before any adjustment and assuming that the Company receives all of its share of the Consideration from the escrow accounts) that the Company will receive upon Closing and an estimated total transaction cost and expenses of approximately US\$1.9 million (equivalent to approximately HK\$14.8 million) (which is a preliminary estimate and subject to final confirmation) which may be incurred by the Company in connection with the Disposal, a gain before taxation of approximately US\$16.6 million (equivalent to approximately HK\$129.5 million) may be recognized by the Group upon Closing. The amount of gain on the Disposal will increase by the aggregate fair value of the Series C-1 preferred stock, the Series

C-2 preferred stock and the Put Option received by the Group at the Closing Date. For illustrative purposes only, if the fair value of the Series C Preferred Stock equals the value ascribed to them under the Merger Agreement as agreed between PayEase and Mozido, the amount of gain on the Disposal may increase to US\$100.8 million (equivalent to approximately HK\$786.2 million) before taking into consideration the fair value of the Put Option. Any actual gain on the Disposal shall be determined based on the total of the cash consideration and the fair value of the Series C Preferred Stock and the Put Option received, which may differ substantially from the above range which is only stated in this announcement for illustrative purposes. Shareholders should note that the amount of the aggregate consideration is determined based on the stock price of each share of the Series C-1 preferred stock and the Series C-2 preferred stock of Mozido which is agreed between PayEase and Mozido after their negotiations and is not intended to and does not represent the fair value of the Consideration that the Group will receive under the Mergers (if they complete in accordance with the Merger Agreement) or the intrinsic value which a third party may determine. The financial impact of the Merger Agreement and the transactions contemplated thereunder on the net asset value of the Group and any gain or loss that the Group may record upon Closing is significantly based on (i) the fair values of the Series C-1 preferred stock, the Series C-2 preferred stock of Mozido and the Put Option to be estimated for accounting purposes at the Closing Date which in turn will be determined based on, among others, the subsequent financial performance and business prospect of Mozido at the Closing Date, as well as (ii) the relevant resultant taxes and direct transaction costs to be incurred by the Group. Such fair value of the Series C Preferred Stock and the Put Option may only be determined at the time of Closing. **The above estimated gain is only included in this announcement for illustrative purposes and does not represent that the Group will record a gain as a result of the Disposal and the Acquisition, or if a gain is recorded, will be of the amount as stated above.**

If the Merger Agreement and the transactions contemplated thereunder cannot be completed prior to the date of publication of the Company's annual results announcement for the year ending 31 December 2014, the Group will not record any gain on the Disposal in its consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2014. However, the Company will then need to assess the fair value of its investment in PayEase which may lead to an increase in the carrying value of the Group's investment in PayEase with the increase be recorded as other comprehensive income in the shareholders' equity of the Group as at 31 December 2014.

The Group intends to use the net sale proceeds received pursuant to the Merger Agreement for general working capital of the Group.

As mentioned above, the Company is not a party to the Merger Agreement. Subject to the provision of further information by PayEase to the Company, including, among others, the latest audited financial information of the PayEase Group, the Board is in the process of considering the merit and impact of the Merger Agreement. The Company will make further announcement(s) once the Board has formed a view on the Merger Agreement (including the Disposal and the Acquisition) from the Company's perspective and whether the Disposal and the Acquisition are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to approval by the Shareholders.

Upon Completion, the Group will own Series C-1 preferred stock and Series C-2 preferred stock of Mozido as part of the Consideration which is regarded as an acquisition for the purpose of the Listing Rules. As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to approval by the Shareholders.

Under the Merger Agreement, Mozido will issue the Series C Preferred Stock to the Company where the underlying Put Option is exercisable at the discretion of the Company within 30 days following its receipt of notice of the completion of a Next Round Financing by Mozido (provided that the Next Round Financing is completed on or prior to the two-year anniversary of Completion). On the issuance of the Series C Preferred Stock to the Company, only the premium of the Put Option will be taken into consideration for calculating the applicable percentage ratios (as calculated in accordance with Chapter 14 of the Listing Rules) in relation to the issuance of the Series C Preferred Stock to the Company. No premium is payable by the Company in respect of the Put Option. The Company will comply with the relevant requirements of the Listing Rules upon exercise of the Put Option.

As set out in the preceding paragraphs, the Board is considering the merit of the Disposal and the Acquisition and the fairness and reasonableness of the terms of the Merger Agreement. The Company will make further announcement(s) once the Board has formed a view on the Merger Agreement (including the Disposal and the Acquisition) from the Company's perspective and whether the Disposal and the Acquisition are in the interests of the Company and the Shareholders as a whole.

GENERAL

Once the Board has formed a view on the Merger Agreement, a further announcement will be issued by the Company in respect of the timing of despatching the Circular containing details regarding, among others, information of the Merger Agreement.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange has been suspended from 9:00 a.m. on 24 October 2014 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the H Shares on the Stock Exchange with effect from 9:00 a.m. on 19 November 2014.

WARNING: The Merger Agreement is subject to certain conditions, therefore, it may or may not be completed. Accordingly, the Shareholders and the potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	(i) the Group’s ownership of the Series C Preferred Stock as part of the Consideration upon Closing which will be convertible, at the option of the holder thereof, at any time into Mozido’s common stock; and (ii) the possible conversion of such Series C Preferred Stock into common stock of Mozido in accordance with the terms thereof
“Board”	the board of Directors
“Capinfo HK”	Capinfo (Hong Kong) Company Limited, a wholly-owned subsidiary of the Company
“Cash Consideration”	a part of the Consideration, being US\$135 million (equivalent to approximately HK\$1,053 million) in the form of cash, subject to certain adjustments in accordance with the Merger Agreement
“Cash Consideration Per Share”	the quotient obtained by dividing (i) the Cash Consideration by (ii) the Fully Diluted Shares, rounded to the nearest cent
“Circular”	the circular containing details regarding, among others, details of the Merger Agreement to be despatched to the Shareholders
“Circular 37”	the Circular Concerning Foreign Exchange Administration for Domestic Residents Conducting Overseas Financing and Round-trip Investments via Special Purpose Companies issued by the SAFE on 14 July 2014 (Huifa [2014] No. 37)
“Circular 698”	the Circular on Strengthening the Administration of Enterprise Income Tax on Income Derived from the Transfer of Equity of Non-tax-resident Enterprises issued by the State Administration of Taxation of the PRC on 10 December 2009 (Guoshuihan [2009] No. 698) and related regulations

“Circular 698 Indemnity Escrow Amount”	an amount in cash equal to 10% of the sum of (i) the aggregate pro rata cash portion of all Enterprise Escrow Participants of the Cash Consideration (before any adjustments to the Consideration), and (ii) the aggregate pro rata stock portion of all Enterprise Escrow Participants of the Stock Consideration (other than the Stock Consideration deposited into the Deferral Escrow Fund); provided that if the Circular 698 Indemnity Escrow Amount exceeds US\$32,500,000 (equivalent to approximately HK\$253.5 million), then the excess shall consist of shares of Mozido’s Series C-1 preferred stock (valued based on US\$12.81 (equivalent to approximately HK\$99.9) per share)
“Closing”	closing of the Merger Agreement
“Closing Date”	the date upon which the Closing occurs
“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 H share(s) of the Company are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the aggregate consideration for the Mergers, being the aggregate of the Cash Consideration, the Series C-1 Stock Consideration and the Series C-2 Stock Consideration
“Convertible Bond”	certain convertible promissory note dated 1 May 2014 issued by PayEase to Acustart Venture Financial Holding Limited in the amount of US\$500,000 as amended
“Deferral Escrow Series C-1 Stock Amount”	the Series C-1 Stock Consideration for all Enterprise Escrow Participants (other than the Series C-1 Stock Consideration deposited into the General Indemnity Escrow Fund, the Specific Indemnity Escrow Fund or the Circular 698 Indemnity Escrow Fund)
“Deferral Escrow Series C-2 Stock Amount”	the Series C-2 Stock Consideration for all Enterprise Escrow Participants (other than the Series C-2 Stock Consideration deposited into the General Indemnity Escrow Fund and a portion of the Series C-2 Stock Consideration to be issued to Enterprise Escrow Participants for United States federal income tax reasons)
“Delaware”	one of the states of the United States

“Directors”	the directors of the Company
“Disposal”	the disposal of the Company’s entire investment interest in PayEase pursuant to the Merger Agreement
“Effective Time”	the time of the filing of a certificate of merger in relation to the merger of PayEase and First Sub with the Secretary of the State of Delaware in accordance with the applicable provisions of the laws of the State of Delaware
“Enterprise Escrow Participant”	mean any Escrow Participant that does not establish, on or prior to the 10th business day prior to the Closing Date, its status as an individual for purposes of Circular 698 reporting
“Escrow Participant”	all stockholders and optionholders of PayEase as of immediately prior to the Effective Time
“First Sub”	Payment Acquisition Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Mozido
“Fully Diluted Shares”	the sum of the (i) issued and outstanding shares of PayEase’s common stock; (ii) issued and outstanding shares of PayEase’s preferred stock on an as-converted basis; and (iii) shares of PayEase’s common stock and PayEase’s preferred stock issuable upon the exercise of the outstanding PayEase options, in each case, as of immediately prior to the Effective Time
“General Indemnity Escrow Fund”	an aggregate amount equal to US\$75,000,000 (equivalent to approximately HK\$585 million), which shall comprise of (i) US\$13,500,000 of cash (equivalent to approximately HK\$105.3 million), (ii) a number of shares of Mozido’s Series C-1 preferred stock in an amount equal to US\$11,500,000 (equivalent to approximately HK\$89.7 million) (valued based on US\$12.81 (equivalent to approximately HK\$99.9) per share) and (iii) a number of shares of Mozido’s Series C-2 preferred stock in an amount equal to US\$50,000,000 (equivalent to approximately HK\$390 million) (valued based on US\$12.81 (equivalent to approximately HK\$99.9) per share), provided that the foregoing references to the US\$75,000,000 (equivalent to approximately HK\$585 million) and US\$13,500,000 (equivalent to approximately HK\$105.3 million) shall be reduced by the estimated cash amount of PayEase as determined pursuant to the Merger Agreement

“governmental authority”	any court, administrative agency or commission or other federal, state, county, local or other foreign governmental or regulatory authority, instrumentality, agency or commission
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign shares having a nominal value of RMB0.10 each in the share capital of the Company, which are listed on the main board of the Stock Exchange
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merger Agreement”	the agreement dated 21 October 2014 (United States time) entered into between PayEase, Mozido, two of its subsidiaries and other parties including the escrow agent, the Payments Administrator and a person representing the holder of securities in PayEase for the purpose of the Merger Agreement
“Merger Consideration Per Share”	the Series C-1 Stock Consideration Per Share plus the Series C-2 Stock Consideration Per Share plus the Cash Consideration Per Share
“Mergers”	the statutory mergers of First Sub with and into PayEase and then PayEase with and into Second Sub under the Merger Agreement in accordance with the applicable laws in the United States
“Mozido”	Mozido, Inc, a Delaware corporation
“Mozido Group”	Mozido and its subsidiaries
“Mozido Indemnified Parties”	Mozido and its officers, directors, and affiliates including Second Sub (after merging with First Sub and PayEase), PayEase’s subsidiaries and other companies controlled by PayEase via contractual arrangements

“Next Round Financing”	the first round of preferred stock financing of Mozido after Closing (other than the issuance of Mozido’s Series B preferred stock and Series C Preferred Stock), whether in one transaction or a series of related transactions, in which Mozido receives gross proceeds of US\$250,000,000 (equivalent to approximately HK\$1,950 million), or more
“Option Consideration”	sum of (i) the Series C-1 Stock Consideration Per Share multiplied by the Option Consideration Multiple; (ii) the Series C-2 Stock Consideration Per Share multiplied by the Option Consideration Multiple; and (iii) the Cash Consideration Per Share multiplied by the Option Consideration Multiple
“Option Consideration Multiple”	being the multiple of (i) the Merger Consideration Per Share multiplied by the number of shares of PayEase’s common stock and/or PayEase’s preferred stock subject to such PayEase options held by such holder as of immediately prior to the Effective Time, less the aggregate exercise price of all such PayEase options, divided by (ii) the Merger Consideration Per Share
“PayEase”	PayEase Corp., a Delaware corporation which is owned as to approximately 13.7% by the Group (taking into account all outstanding shares of common stock and preferred stock of PayEase as at the date of this announcement and assuming exercise and conversion in full of the outstanding options and the Convertible Bond)
“PayEase Group”	PayEase, its subsidiaries and other companies controlled by PayEase via contractual arrangements
“Payments Administrator”	Acquiom Clearinghouse LLC, a Delaware limited liability company, or an institution selected by Mozido, serving as the payments administrator under the Merger Agreement, other than with respect to the Option Consideration
“PRC”	The People’s Republic of China
“Put Agreement”	the right of first refusal, co-sale and put agreement related to the Series C Preferred Stock and the common stock of Mozido issued upon conversion thereof

“Put Option”	options to be granted to the securityholders of PayEase under the Put Agreement where a holder of an option will have the right to sell Series C-1 preferred stock it receives under the Mergers back to Mozido subject to the terms and conditions under the Put Agreement and the related option agreement
“Qualified Public Offering”	a firm commitment underwritten offering pursuant to the United States Securities Act of 1933 of the common stock of Mozido, provided that the offering price per share is not less than US\$12.84 (equivalent to approximately HK\$100.15) and the aggregate gross offering proceeds to Mozido are not less than US\$200 million (equivalent to approximately HK\$1,560 million)
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC
“Second Sub”	Payment Acquisition Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Mozido
“Securityholder Representative”	Deborah Wang, being a director of PayEase, who will serve as the representative of PayEase’s shareholders and optionholders
“Series C Preferred Stock”	the Series C-1 preferred stock and the Series C-2 preferred stock of Mozido
“Series C-1 Stock Consideration”	a part of the Consideration, being US\$115 million (equivalent to approximately HK\$897 million) paid by the allotment and issue of approximately 8,977,361 shares of Series C-1 preferred stock of Mozido at an issue price of US\$12.81 (equivalent to approximately HK\$99.9) each
“Series C-1 Stock Consideration Per Share”	the quotient obtained by dividing (i) the Series C-1 Stock Consideration by (ii) the Fully Diluted Shares, rounded to four decimal places
“Series C-2 Stock Consideration”	a part of the Consideration, being US\$500 million (equivalent to approximately HK\$3,900 million) paid by the allotment and issue of approximately 39,032,006 shares of Series C-2 preferred stock of Mozido at an issue price of US\$12.81 each
“Series C-2 Stock Consideration Per Share”	the quotient obtained by dividing (i) the Series C-2 Stock Consideration by (ii) the Fully Diluted Shares, rounded to four decimal places

“Shares”	H Shares and the domestic shares of the Company
“Shareholders”	the shareholders of the Company, including holders of H Shares and holders of the domestic shares of the Company
“Specific Indemnity Escrow Amount”	an aggregate amount equal to US\$20,000,000 (equivalent to approximately HK\$156 million), which shall consist of (i) US\$10,000,000 (equivalent to approximately HK\$78 million) of cash and (ii) a number of shares of Mozido’s Series C-1 preferred stock in an amount equal to US\$10,000,000 (equivalent to approximately HK\$78 million) (valued based on US\$12.81 (equivalent to approximately HK\$99.9) per share)
“Stock Consideration”	the Series C-1 Stock Consideration and the Series C-2 Stock Consideration
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America
“US\$”	United States Dollar, the lawful currency of the United States
“U.S. Person”	has the same meaning ascribed thereto under Regulation S under the United States Securities Act of 1933

This announcement contains translation between HK\$ and US\$ at HK\$7.8 = US\$1 and HK\$ and RMB at RMB1 = HK\$1.27. The translation shall not be taken as representation that the HK\$ amount could actually be converted into US\$ or RMB at that rate, or at all.

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

Beijing, the PRC, 18 November 2014

As of the date hereof, the executive Director is Dr. Wang Xu; the non-executive Directors are Mr. Lu Lei, Mr. Wu Shengjiao, 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.

* *For identification purposes only*