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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)

**(I) RENEWAL CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO**

**PROVISION OF NETWORK SYSTEM AND
RELATED MAINTENANCE SERVICES; AND**

**(II) NEW CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO**

PROCUREMENT OF HARDWARE PRODUCTS AND RELATED SERVICES

THE RENEWAL CONTINUING CONNECTED TRANSACTIONS

On 29 December 2009, Capinfo Technology, a wholly-owned subsidiary of the Company, and Capnet entered into the Existing Network System Agreement pursuant to which Capinfo Technology had provided Network System and Related Maintenance Services to Capnet. As the Existing Network System Agreement was for a term of three years and expired on 31 December 2012, the Board is pleased to announce that Capinfo Technology and Capnet entered into the New Network System Agreement on 18 January 2013 to renew the Existing Network System Agreement on substantially the same terms for a further approximately three years which will take effect from 18 January 2013.

THE NEW CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that Capinfo Technology and Capnet entered into the Procurement Framework Agreement on 18 January 2013 pursuant to which Capinfo Technology will procure Hardware Products and Related Services from Capnet on terms set out thereunder, which will take effect from 18 January 2013 for a term of approximately three years.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BSAM, being the controlling shareholder of the Company, is interested in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. As Capnet is held as to 95% by BSAM, Capnet is deemed to be a connected person of the Company pursuant to the Listing Rules. Accordingly, (i) the provision of Network System and Related Maintenance Services by Capinfo Technology to Capnet; and (ii) the procurement of Hardware Products and Related Services by Capinfo Technology from Capnet, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

(I) RENEWAL CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 29 December 2009 in relation to the entering into of the Existing Network System Agreement between Capinfo Technology and Capnet pursuant to which Capinfo Technology had provided Network System and Related Maintenance Services to Capnet. As the Existing Network System Agreement was for a term of three years and expired on 31 December 2012, the Board is pleased to announce that Capinfo Technology and Capnet entered into the New Network System Agreement on 18 January 2013 to renew the Existing Network System Agreement on substantially the same terms for a further approximately three years which will take effect from 18 January 2013.

Summary of the terms of the New Network System Agreement

Date

18 January 2013

Parties

- (1) Capinfo Technology; and
- (2) Capnet.

Capinfo Technology is principally engaged in software development and operation and maintenance of network system services. Capnet is principally engaged in the provision of value-added telecommunications services, network system integration and the selling of computer equipment.

Duration

The New Network System Agreement shall have a term of approximately 3 years effective from 18 January 2013 to 31 December 2015 unless terminated by either party to the New Network System Agreement according to the termination provisions of the New Network System Agreement. The New Network System Agreement further provides that the term of the New Network System Agreement can be extended subject to further negotiations between the parties thereto as well as the compliance with the then requirements of the Listing Rules.

Provision of services

Pursuant to the terms of the New Network System Agreement, Capinfo Technology will provide Network System and Related Maintenance Services to Capnet for approximately 3 years and will ensure the normal functioning of the Network System.

Pricing basis

Pursuant to the terms of the New Network System Agreement, Capnet is obligated to pay Capinfo Technology RMB525,000 per month for its provision of Network System and Related Maintenance Services to Capnet. The rate chargeable to Capnet is on normal commercial terms and is determined on an arm's length basis based on a mark-up on top of the Group's operating costs of the Network System and with reference to the current market price of network system services. The Board (including the independent non-executive Directors) confirms that the mark-up charged to Capnet is no more favourable than those offered to the Group's independent third party customers.

Termination

If any of parties to the New Network System Agreement commits a serious breach of any terms of the New Network System Agreement together with the failure of such party to remedy such breach within a reasonable period of time as advised by the other party through a formal written notice, the other party is entitled to terminate the New Network System Agreement.

Proposed annual caps in respect of the Renewal Continuing Connected Transactions

Proposed annual caps in respect of the Renewal Continuing Connected Transactions for the three financial years ending 31 December 2015 are shown as below:

	For the year ending 31 December		
	2013	2014	2015
Proposed annual caps in respect of the Renewal Continuing Connected Transactions	RMB6.3 million (equivalent to approximately HK\$7.8 million)	RMB6.3 million (equivalent to approximately HK\$7.8 million)	RMB6.3 million (equivalent to approximately HK\$7.8 million)

The proposed annual caps in respect of the Renewal Continuing Connected Transactions are determined based on RMB525,000 (equivalent to approximately HK\$651,000) per month to be paid by Capnet times 12 months which are expected to be consistent throughout each of the three financial years ending 31 December 2015.

(II) NEW CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that Capinfo Technology and Capnet entered into the Procurement Framework Agreement on 18 January 2013 pursuant to which Capinfo Technology will procure Hardware Products and Related Services from Capnet on terms set out thereunder, which will take effect from 18 January 2013 for a term of approximately three years.

Summary of the terms of the Procurement Framework Agreement

Date

18 January 2013

Parties

- (1) Capinfo Technology; and
- (2) Capnet

Duration

The Procurement Framework Agreement shall have a term of approximately 3 years effective from 18 January 2013 to 31 December 2015 unless terminated by either party to the Procurement Framework Agreement according to the termination provisions thereunder.

Provision of services

Pursuant to the terms of the Procurement Framework Agreement, Capinfo Technology will procure Hardware Products and Related Services from Capnet on terms set out thereunder for approximately 3 years.

Terms of the Product Procurement Agreements

Pursuant to the Procurement Framework Agreement, Capinfo Technology and Capnet shall, from time to time during the agreement term, enter into separate Product Procurement Agreements in respect of Capinfo Technology's procurement of Hardware Products and Related Services from Capnet provided that such Product Procurement Agreements shall be subject to the terms of the Procurement Framework Agreement and, among others, their respective durations shall not exceed that of Procurement Framework Agreement.

Pricing basis

Pursuant to the Procurement Framework Agreement, the pricing and payment terms of the Hardware Products and Related Services shall be negotiated on an arm's length basis between the parties to the Procurement Framework Agreement and be determined based on normal commercial terms with reference to prevailing market prices that are fair and reasonable and in any event shall be comparable to the prices offered by Capnet to other independent third parties.

Termination

Either party to the Procurement Framework Agreement may terminate the Procurement Framework Agreement at any time by giving three months of prior written notice to the other party.

Proposed annual caps in respect of the New Continuing Connected Transactions

Proposed annual caps in respect of the New Continuing Connected Transactions for the three financial years ending 31 December 2015 are shown as below:

	For the year ending 31 December		
	2013	2014	2015
Proposed annual caps in respect of the New Continuing Connected Transactions	RMB4.7 million (equivalent to approximately HK\$5.8 million)	RMB6.1 million (equivalent to approximately HK\$7.6 million)	RMB7.8 million (equivalent to approximately HK\$9.7 million)

The proposed annual caps in respect of the New Continuing Connected Transactions are determined with reference to the actual expansion needs of the Group's business for the three financial years ending 31 December 2015.

REASONS FOR ENTERING THE NEW NETWORK SYSTEM AGREEMENT AND THE PROCUREMENT FRAMEWORK AGREEMENT

The Group is a IT and service supplier, which is principally engaged in software development, IT planning and consulting and IT operation and maintenance and services. The Board (including the independent non-executive Directors) is of the view that the terms of the New Network System Agreement and the Procurement Framework Agreement (including the Annual Caps) are fair and reasonable and on normal commercial terms, and the entering into of the New Network System Agreement and the Procurement Framework Agreement are in the interests of the Company and the Shareholders as a whole. The Directors confirmed that, save for Mr. Xu Zhe (Chairman), Ms. Zhang Kaihua and Mr. Lu Lei (Directors), who are Directors holding offices at BSAM, none of them had any material interest in the New Network System Agreement and the Procurement Framework Agreement so none of the remaining Directors had abstained from voting on the Board resolution on approving the New Network System Agreement and the Procurement Framework Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BSAM, being the controlling shareholder of the Company, is interested in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. As Capnet is held as to 95% by BSAM, Capnet is deemed to be a connected person of the Company pursuant to the Listing Rules. Accordingly, (i) the provision of Network System and Related Maintenance Services by Capinfo Technology to Capnet; and (ii) the procurement of Hardware Products and Related Services by Capinfo Technology from Capnet, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

DEFINITIONS

- “Annual Caps” : the proposed annual caps for the Renewal Continuing Connected Transactions and the New Continuing Connected Transactions respectively
- “Board” : the board of the Directors
- “BSAM” : 北京市國有資產經營有限責任公司 (Beijing State-Owned Assets Management Corporation Limited*), a company established in the PRC and is wholly-owned by the Beijing Municipal Government, being the controlling shareholder of the Company
- “Capinfo Technology” : 首都信息科技發展有限公司 (Capinfo Technology Development Company, Limited*), a company established in the PRC with limited liability which is a wholly-owned subsidiary of the Company
- “Capnet” : 北京首信網創網絡信息服務有限責任公司 (Capnet Company Limited*), a company established in the PRC with limited liability which is owned by BSAM as to 95%
- “Company” : 首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company established in the PRC, the overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company are listed on the Main Board of the Stock Exchange
- “connected person(s)” : has the same meaning as ascribed to it under the Listing Rules
- “controlling shareholder” : has the same meaning as ascribed to it under the Listing Rules
- “Director(s)” : the director(s) of the Company
- “Existing Network System Agreement” : the agreement dated 29 December 2009 entered into between Capinfo Technology and Capnet pursuant to which Capinfo Technology had provided Network System and Related Maintenance Services to Capnet
- “Group” : the Company and its subsidiaries

“Hardware Products and Related Services”	:	equipment required for the performance of the construction, operation and maintenance services of network systems, such as routers, switches, etc.
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	:	The Rules Governing the Listing of Securities on the Stock Exchange
“Network System”	:	an information system built by the Company for Capnet under the terms of the New Network System Agreement or the Existing Network System Agreement
“New Continuing Connected Transactions”	:	the transactions contemplated under the Procurement Framework Agreement
“New Network System Agreement”	:	the agreement dated 18 January 2013 entered into between Capinfo Technology and Capnet in respect of Capinfo Technology’s provision of Network System and Related Maintenance Services to Capnet
“PRC”	:	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Procurement Framework Agreement”	:	the agreement dated 18 January 2013 entered into between Capinfo Technology and Capnet in respect of Capinfo Technology’s procurement of Hardware Products and Related Services from Capnet
“Product Procurement Agreement(s)”	:	any additional operational level agreements or form of agreements which may be constituted by the acceptance of price quotations, sales orders or other written documents in relation to the procurement of Hardware Products and Related Services by Capinfo Technology from Capnet, the terms of which are subject to the terms of the Procurement Framework Agreement

“Related Maintenance Services”	:	Network System related maintenance services as stipulated under the New Network System Agreement
“Renewal Continuing Connected Transactions”	:	the transactions contemplated under the New Network System Agreement
“Shareholder(s)”	:	the holder(s) of the share(s) of RMB0.10 each in the share capital of the Company
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“HK\$”	:	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	:	Renminbi, the lawful currency of the PRC
“%”	:	per cent

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

Beijing, the PRC, 18 January 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. Lu Xiaobing, and Ms. Hu Sha and the independent non-executive directors are Mr. Chen Jing, Ms. Zhou Liye, Mr. Zeng Xianggao and Mr. Gong Zhiqiang.

Unless otherwise specified in this announcement, amounts denominated in RMB has been converted, for illustrative purpose only, into HK\$ at exchange rate of RMB1.00 = HK\$1.24. Such exchange rate is for the purpose of illustration only and do not constitute a representation that any amount has been, could have been or may be converted at the above exchange rate and any other exchange rates or at all.

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

* *For identification purpose only*