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# **CAPINFO**

## **CAPINFO COMPANY LIMITED\***

### **首都信息發展股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1075)**

## **CONTINUING CONNECTED TRANSACTIONS TECHNIQUE SERVICES FRAMEWORK AGREEMENT**

On 29 December 2020, Capinfo Cloud Technology, a subsidiary of the Company, entered into the Technique Services Framework Agreement with Capnet, pursuant to which Capnet agreed to provide internet access services to Capinfo Cloud Technology.

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 a connected person of the Company by virtue of being an associate of BSAM. Accordingly, the transactions contemplated under the Technique Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capnet Annual Caps are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement, annual review requirements and are exempted from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

On 29 December 2020, Capinfo Cloud Technology, a subsidiary of the Company, entered into the Technique Services Framework Agreement with Capnet, pursuant to which Capnet agreed to provide internet access services to Capinfo Cloud Technology.

The principal terms of the Technique Services Framework Agreement are as follows:

\* *For identification purpose only*

## Date

29 December 2020

## Parties

(1) Capinfo Cloud Technology; and

(2) Capnet

(collectively, the “Parties”)

## Subject Matter

Pursuant to the Technique Services Framework Agreement, Capnet agreed to provide internet access services to Capinfo Cloud Technology.

For each particular service arrangement, Capinfo Cloud Technology and Capnet may enter into separate agreement to set out the details on the services to be provided by Capnet to Capinfo Cloud Technology.

## Term

Commencing from 1 January 2021 to 31 December 2023.

## ANNUAL CAPS

Capnet Annual Caps for the period from 1 January 2021 to 31 December 2023 are determined based on the historical internet access services fees paid by Capinfo Cloud Technology to Capnet, taking into account the future business development and growth of Capinfo Cloud Technology.

The historical internet access services fees paid by Capinfo Cloud Technology to Capnet are as follows:

	<b>For the year ended 31 December 2017 RMB'000</b>	<b>For the year ended 31 December 2018 RMB'000</b>	<b>For the year ended 31 December 2019 RMB'000</b>	<b>For the period from 1 January 2020 to 29 December 2020 RMB'000</b>
Historical internet access services fees paid by Capinfo Cloud Technology to Capnet	N/A	N/A	1,800	N/A

Capnet Annual Caps for the period from 1 January 2021 to 31 December 2023 are as follows:

	<b>For the year ended 31 December 2021 <i>RMB'000</i></b>	<b>For the year ended 31 December 2022 <i>RMB'000</i></b>	<b>For the year ended 31 December 2023 <i>RMB'000</i></b>
Capnet Annual Caps	6,600	9,000	9,000

### **Pricing Policy**

As for the internet access services to be provided by Capnet to Capinfo Cloud Technology, the Parties agree that, when determining the quotation, the following should be taken into account: (i) the preliminary quotation based on the overall costs (the estimate of which is mainly based on costs on manpower, software, hardware and equipment that are necessary for the provision of the services) plus a gross profit margin, (ii) the average bidding price of similar services in the open market, (iii) the average price offered by Capnet to independent third party for similar services, (iv) necessary tender and selection procedures in accordance with relevant laws, regulations and company policies, (iv) arm's length negotiation between the Parties, and (v) compliance with relevant laws, regulations and policies.

### **Internal Control**

Each individual transaction in relation to the services to be provided by Capnet to Capinfo Cloud Technology under the Technique Services Framework Agreement shall be reviewed and approved by the officer in-charge of the procurement department prior to the entering into of the relevant transaction to ensure that the terms are set in compliance with the pricing policy of Capinfo Cloud Technology. Following the entering into of the continuing connected transactions, the financial management department and Board's office will monitor the transactions to ensure that the transactions are conducted in accordance with the relevant pricing policies and the annual caps are not exceeded. The auditors and independent non-executive Directors of the Company will also conduct annual review of the continuing connected transactions entered into by Capinfo Cloud Technology on whether the continuing connected transactions have been conducted in compliance with the pricing policies and whether the relevant annual caps have been exceeded.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE TECHNIQUE SERVICES FRAMEWORK AGREEMENT**

The principal business activities of Capinfo Cloud Technology consist of the provision of electronic government cloud services and corporation cloud services, which requires the procurement of internet access services.

As Capinfo Cloud Technology plans to continue to purchase internet access services from Capnet, the Board believes that by entering into the Technique Services Framework Agreement, Capinfo Cloud Technology is able to secure necessary internet access services for a three-year period based on a fair and reasonable pricing policy, which is beneficial to the Company.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Technique Services Framework Agreement are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Group and the Shareholders as a whole.

By virtue of his capacity as an employee of a subsidiary of BSAM, Mr. Hu Yong, a non-executive Director, is regarded to have a material interest in the Technique Services Framework Agreement and the transactions contemplated thereunder, and had abstained from voting on the Board resolutions approving the Technique Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Technique Services Framework Agreement and the transactions contemplated thereunder.

## **GENERAL INFORMATION**

### **Information on the Company**

The Company is a joint stock limited company incorporated in the PRC on 23 January 1998 with limited liability and its business mainly includes software development and service, system integration, data processing service and information professional service, etc. As at the date of this announcement, BSAM holds approximately 63.31% of the issued share capital of the Company.

### **Information on Capinfo Cloud Technology**

Capinfo Cloud Technology is a company incorporated in the PRC with limited liability and is a subsidiary of the Company. The principal business activities of Capinfo Cloud Technology consist of, among others, the provision of electronic government cloud services and corporation cloud services.

### **Information on Capnet**

Capnet is a company incorporated in the PRC with limited liability which is owned by BSAM as to 95%, and is principally engaged in the provision of value-added telecommunications services, network system integration and the selling of computer equipment.

### **Information on BSAM**

BSAM is a company established in the PRC and is wholly-owned by the Beijing Municipal Government of the PRC. BSAM, as the implementer and operator of major projects in Beijing, focuses its business operations in financial services, high-tech and modern manufacturing, culture and creativity, urban functionality area development, environmental protection and new energies.

## 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 a connected person of the Company by virtue of being an associate of BSAM. Accordingly, the transactions contemplated under the Technique Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capnet Annual Caps are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement, annual review requirements and are exempted from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BSAM”	北京市國有資產經營有限責任公司 (Beijing State-Owned Assets Management Corporation Limited*), a company established in the PRC and is wholly-owned by the Beijing Municipal Government, being the Controlling Shareholder of the Company
“Capinfo Cloud Technology”	Capinfo Cloud Technology Co., Ltd.* (首信雲技術有限公司), a company incorporated in the PRC with limited liability, a 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 incorporated in the PRC with limited liability and which is owned by BSAM as to 95%
“Capnet Annual Caps”	the annual caps in respect of the transactions in relation to the services to be provided by Capnet to Capinfo Cloud Technology contemplated under the Technique Services Framework Agreement for each of the three years ending 31 December 2023

“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”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and all its subsidiaries
“Independent Shareholders”	Shareholders other than Shareholders who have material interest in the Technique Services Framework Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technique Services Framework Agreement”	the technique services framework agreement entered into between Capinfo Cloud Technology and Capnet on 29 December 2020, pursuant to which Capnet agreed to provide internet access services to Capinfo Cloud Technology for the period from 1 January 2021 to 31 December 2023
“%”	Percent

By Order of the Board  
**CAPINFO COMPANY LIMITED\***  
**LIN Yankun**  
*Chairman*

Beijing, the People's Republic of China, 29 December 2020

*As of the date of this announcement, the executive directors of the Company are Ms. Lin Yankun, Mr. Yu Donghui and Mr. Zong Zhaoxing; the non-executive directors of the Company are Mr. Zhou Weihua, Mr. Shan Yuhu, Mr. Ma Linxiang, Mr. Feng Jianxun and Mr. Hu Yong; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Li He and Mr. Yang Xiaohui.*