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**CAPINFO COMPANY LIMITED\***

**首都信息發展股份有限公司**

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

**(Stock Code: 1075)**

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

On 9 September 2020, the Company (for itself and on behalf of the Group) entered into the Technique Services Framework Agreement with BSAM (for itself and on behalf of the BSAM Group), pursuant to which (i) the Group agreed to provide services on software development, network system establishment and service, network design, website intensification, system integration, technical operation and maintenance, technical consultancy, cloud services, cloud products, wireless products and related information technology services and products to BSAM Group; and (ii) BSAM Group agreed to provide services on electronic certification services, electronic certification products and information security services, and related security products, network security system development, operation and maintenance and other technical outsourcing services to the Group.

As at the date of this announcement, BSAM, being the Controlling Shareholder, 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. 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 BSAM Group 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.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Group 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.

\* *For identification purpose only*

## **INTRODUCTION**

On 9 September 2020, the Company (for itself and on behalf of the Group) entered into the Technique Services Framework Agreement with BSAM (for itself and on behalf of the BSAM Group), pursuant to which (i) the Group agreed to provide services on software development, network system establishment and service, network design, website intensification, system integration, technical operation and maintenance, technical consultancy, cloud services, cloud products, wireless products and related information technology services and products to BSAM Group; and (ii) BSAM Group agreed to provide services on electronic certification services, electronic certification products and information security services, and related security products, network security system development, operation and maintenance and other technical outsourcing services to the Group.

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

### **Date**

9 September 2020

### **Parties**

The Company (for and on behalf of the Group); and

BSAM (for and on behalf of the BSAM Group), the controlling shareholder of the Company (collectively, the “**Parties**”)

### **Subject Matter**

Pursuant to the Technique Services Framework Agreement, the Group agreed to provide services on software development, network system establishment and service, network design, website intensification, system integration, technical operation and maintenance, technical consultancy, cloud services, cloud products, wireless products and related information technology services and products to BSAM Group; and BSAM Group agreed to provide services on electronic certification services, electronic certification products and information security services, and related security products, network security system development, operation and maintenance and other technical outsourcing services to the Group.

For each particular service arrangement, the relevant Group entity or the relevant BSAM Group entity may enter into separate agreement to set out the details on the services and products to be provided between the Parties.

### **Term**

Commencing from 9 September 2020 to 31 December 2022.

## ANNUAL CAPS

### The BSAM Group Annual Caps

The BSAM Group Annual Caps for the period from 9 September 2020 to 31 December 2022 are determined based on the historical services fees paid by the BSAM Group to the Group.

The services fees paid by the BSAM Group to the Group are as follows:

	<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the period from 1 January 2020 to 9 September 2020</b>
	<i>RMB0'000</i>	<i>RMB0'000</i>	<i>RMB0'000</i>	<i>RMB0'000</i>
Historical service fees paid by the BSAM Group to the Group	2,178.54	1,321.88	1,726.29	627.17

The BSAM Group Annual Caps for the period from 9 September 2020 to 31 December 2022 are as follows:

	<b>For the period from 9 September 2020 to 31 December 2020</b>	<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
	<i>RMB0'000</i>	<i>RMB0'000</i>	<i>RMB0'000</i>
BSAM Group Annual Caps	3,000	4,000	4,000

### The Group Annual Caps

The Group Annual Caps for the period from 9 September 2020 to 31 December 2022 are determined based on the historical services fees paid by the Group to BSAM Group.

The historical services fees paid by the Group to BSAM Group are as follows:

	<b>For the year ended 31 December 2017 RMB0'000</b>	<b>For the year ended 31 December 2018 RMB0'000</b>	<b>For the year ended 31 December 2019 RMB0'000</b>	<b>For the period from 1 January 2020 to 9 September 2020 RMB0'000</b>
Historical service fees paid by the Group to BSAM Group	313.76	514.55	272.43	198.62

The Group Annual Caps for the period from 9 September 2020 to 31 December 2022 are as follows:

	<b>For the period from 9 September 2020 to 31 December 2020 RMB0'000</b>	<b>For the year ending 31 December 2021 RMB0'000</b>	<b>For the year ending 31 December 2022 RMB0'000</b>
The Group Annual Caps	1,200	1,600	1,600

## **Pricing Policy**

### ***Services and products to be provided by the Group to the BSAM Group***

As for the services and products to be provided by the Group to the BSAM Group, the department to provide services and products firstly estimates the overall costs based on costs of human input, software and hardware equipment and etc. and then proposes a preliminary quotation, based on the estimated overall costs being added up with a gross profit margin, which is determined (i) with reference to the average bidding price of similar services and products in the open market, such as China Government Procurement Network (中國政府採購網) (<http://www.ccgp.gov.cn/>) and the average price offered by the Group for similar services and products, (ii) by performing necessary tender and selection procedures in accordance with relevant laws, regulations and other policies requirements, and (iii) on an arm's length negotiations with the BSAM Group, so as to ensure the price is reasonable and competitive for the Group's services and products.

To ensure the quotation is comparable to the prices offered by other suppliers of services and products in the market, the Group will determine its price by comparison with (i) the average bidding price to the extent it can collect from the open market, such as China Government Procurement Network (中國政府採購網) (<http://www.ccgp.gov.cn/>) for similar services and products, (ii) by

performing necessary tender and selection procedures in accordance with relevant law, regulations and other policies requirement, and (iii) its average quotation for comparable services and products provided by the Group to independent third parties.

The management of the Group will adjust its pricing policy from time to time in light of the changing market environment and taking into account of the status of development of the Company so as to ensure that its pricing policy is competitive and generates reasonable profits to the Group and comply with relevant laws, regulations and policy documents.

### ***Services and products to be provided by the BSAM Group to the Group***

As for the service and products to be provided by the BSAM Group to the Group, the procurement department of the Company is responsible for the management of the procurement process. When the procurement department receives procurement requests from other business departments of the Company, it will invite at least three suppliers for quotation. Such quotation should include information such as details of products/services, proposed products/services price, delivery terms and payment terms. After comparing the quotations submitted by suppliers, the officers of the procurement department will report and make recommendation to the officer in-charge of the procurement department. The officer in-charge of the procurement department will select the supplier based on the information gathered and recommendation made by its subordinates.

### **Internal Control**

Each quotation for the service and products to be provided by the Group to the BSAM Group under the Technique Services Framework Agreement shall go through the internal approval system of the Group, under which it passes to the planning department, the finance department, other relevant departments and the management of the Company for review and approval. The responsible departments of the Company ensure that the final quotation is fair and reasonable and brings profits to the Group. Each individual transaction in relation to the service and products to be provided by the BSAM Group to the Group 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 the relevant transaction to ensure that the terms are set in compliance with the Company's pricing policy. 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 the Group on whether the continuing connected transactions have been conducted in compliance of the pricing policies and whether the relevant annual caps have been exceeded.

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

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

With the extensive and in-depth application of internet, cloud computing, and big data technologies in enterprise informatization, the number of information technology services and product transactions between the Group and the BSAM Group has increased. The Board believes that by entering into the Technique Services Framework Agreement, which will in turn make positive contribution to the Group's operating revenue.

The Directors are of the view that the services to be provided by the BSAM Group to the Group will continue to help the Group to maintain and enhance its network security system, and improve the related level of technology and services.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Technique Services Framework Agreement, the Group Annual Caps and the BSAM Group Annual Caps are fair and reasonable and are 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 established in the PRC on 23 January 1998 with limited liability, which is principally engaged in the provision of establishment of network systems, network design, consultancy and related technical services and computer, related accessories and equipment sales business and independent development of computer software. As at the date of this announcement, BSAM holds approximately 63.31% of the issued share capital of the Company.

## **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, 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. Accordingly, the transactions contemplated under the Technique Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

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As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Group 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:

“BSAM Group Annual Caps”	the annual caps in respect of the transactions in relation to the services to be provided by the Group to BSAM Group contemplated under the Technique Services Framework Agreement for each of the three years ending 31 December 2022
“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
“BSAM Group”	BSAM and its subsidiaries

“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 its subsidiaries
“Group Annual Caps”	the annual caps in respect of the transactions in relation to the services to be provided by the BSAM Group to the Group contemplated under the Technique Services Framework Agreement for each of the three years ending 31 December 2022
“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 the Company (for itself and on behalf of the Group) and BSAM (for itself and on behalf of the BSAM Group) on 9 September 2020, pursuant to which the Group and the BSAM Group agreed to provide services to each other for the period from 9 September 2020 to 31 December 2022



“%”

Percent

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

Beijing, the People's Republic of China, 9 September 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.*

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