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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Capinfo Company Limited\*, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**MAJOR AND CONNECTED TRANSACTION**  
**ENTERING INTO SUPPLEMENTAL AGREEMENT**

**Independent Financial Advisor to the  
Independent Board Committee  
and Independent Shareholders**



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A letter from the Board is set out on pages 5 to 15 of this circular. A letter from Independent Financial Advisor containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 34 of this circular and a letter from the Independent Board Committee is set out on page 16 of this circular.

The notice of the EGM to be held at Conference Room, 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the PRC on Monday, 10 October 2022 at 10:30 a.m. together with the proxy form for the appointment of proxy to attend the EGM were published on the websites of the Stock Exchange and the Company on 19 September 2022.

Whether or not you would attend the EGM, please fill in the proxy form according to relevant instructions and return it as soon as possible, and not less than 24 hours before the fixed time of holding the EGM, i.e. before 9 October 2022 at 10:30 a.m. (Hong Kong time) or any adjournment thereof, in any event. The filled and returned proxy form will have no effect on your vote in person in the EGM or any other postponed meetings. Completion and delivery of the proxy form will not preclude you from attending and voting in person should you so wish.

19 September 2022

\* For identification purpose only

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Beijing Equity Exchange”	北京產權交易所有限公司 (China Beijing Equity Exchange*), a comprehensive equity trading institution approved by the People’s Government of Beijing Municipality and owned as to 50.29% by BSAM
“Beijing Guotong”	北京市國通資產管理有限責任公司 (Beijing Guotong Asset Management Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of BSAM
“Beijing Industrial Investment”	北京工業發展投資管理有限公司 (Beijing Industrial Developing Investment Management Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of BSAM
“Beijing Science Development”	北京科技園建設(集團)股份有限公司 (Beijing Science Park Development (Group) Co., Ltd.*), a company established in the PRC with limited liability and owned as to 54.45% by BSAM
“Board”	the board of directors of the Company
“BSAM”	北京市國有資產經營有限責任公司 (Beijing State-Owned Assets Management Corporation Limited*), a company established in the PRC with limited liability and wholly-owned by the Beijing Municipal Government, the Controlling Shareholder of the Company
“Company”	首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company established in the PRC, the overseas foreign share(s) of RMB0.10 each in the share capital of which 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
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic share(s) of RMB0.10 each in the share capital of the Company

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened on 10 October 2022 for the purpose of considering, inter alia, and if thought fit, approving the Supplemental Agreement and the transactions contemplated thereunder
“General Partner”	the general partner of the Partnership
“Group”	the Company and its subsidiaries
“Guorong Chuangyin”	北京國融創引投資管理有限公司 (Beijing Guorong Chuangyin Investment Management Co., Ltd.*), a company established in the PRC with limited liability and owned as to 75% by Beijing Industrial Investment and thus a subsidiary of BSAM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Supplemental Agreement and the transactions contemplated thereunder
“Independent Financial Advisor” or “Red Solar”	Red Solar Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to entering into the Supplemental Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Shareholders who have material interest in the Supplemental Agreement and the transactions contemplated thereunder
“Jizhi Future”	北京集智未來人工智能產業創新基地有限公司 (Beijing Jizhi Future Artificial Intelligence Industry Innovation Base Co., Ltd.*), formerly known as 北京集成電路設計園有限責任公司 (Beijing IC Design Park Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of BSAM
“Latest Practicable Date”	13 September 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication

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## DEFINITIONS

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“Limited Partner(s)”	the limited partner(s) of the Partnership
“Limited Partnership Agreement”	the limited partnership agreement dated 25 March 2019 entered into by and among the Company, Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and Jizhi Future
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Beijing Industrial Investment, the manager of the Partnership
“National Stadium”	國家體育場有限責任公司 (National Stadium*), a company established in the PRC with limited liability and owned as to 53.23% by BSAM
“Participation Agreement”	the participation agreement dated 25 March 2019 entered into by and among the Company, Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and Jizhi Future
“Partner(s)”	General Partner and Limited Partner(s), or any one of them
“Partnership”	北京京國盛投資基金(有限合夥)(Beijing Jingguosheng Investment Fund (Limited Partnership)*), a limited liability partnership formed in the PRC
“PRC” or “China”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisors”	the members of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company

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## DEFINITIONS

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“Supplemental Agreement”	the supplemental agreement to the Limited Partnership Agreement dated 29 July 2022 entered into by and among the Company, Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and Jizhi Future
“Transaction”	the entering into of the Supplemental Agreement and the transactions contemplated thereunder
“%”	per cent.

*In this circular, the English names of the PRC entities or enterprises are translations of their Chinese names. In the event of any inconsistency, the Chinese names shall prevail.*

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Yu Donghui (Chairman)  
Mr. Zhang Yiqian (General Manager)  
Mr. Zong Zhaoxing

*Non-executive Directors:*

Mr. Zhou Weihua  
Mr. Shan Yuhu  
Mr. Feng Jianxun  
Ms. Yan Yi  
Ms. Liang Yi

*Independent Non-executive Directors:*

Mr. Gong Zhiqiang  
Mr. Cheung, Wai Hung Boswell  
Mr. Yang Xiaohui  
Mr. Su Zhongxing

*Registered Address:*

No. 11 Xi San Huan Zhong Road,  
Haidian District,  
Beijing 100036  
The PRC

*Principal Place of Business  
in the PRC:*

5th Floor, Longfu Mansion,  
No. 95 Longfusi Street,  
Beijing 100010  
The PRC

*Principal Place of Business in Hong  
Kong:*

25th Floor, Neich Tower,  
128 Gloucester Road,  
Wanchai,  
Hong Kong

Hong Kong, 19 September 2022

*To the Shareholders*

Dear Sir or Madam,

### MAJOR AND CONNECTED TRANSACTION ENTERING INTO SUPPLEMENTAL AGREEMENT

#### INTRODUCTION

We refer to the announcement issued by the Company on 29 July 2022 in relation to entering into of the Supplemental Agreement. The purpose of this circular is to provide you with further details of the Supplemental Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from the Independent Financial Advisor to Independent Board Committee and Independent Shareholders in relation to the Transaction and other information required under the Listing Rules.

\* For identification purpose only

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## LETTER FROM THE BOARD

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Reference is made to the announcement of the Company dated 25 March 2019 in relation to the entering into of the Participation Agreement and the Limited Partnership Agreement by and among the Company, Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and Jizhi Future on 25 March 2019, pursuant to which, the Partnership was formed for a duration of nine years commencing from 12 September 2018, which may be extended for no more than one year by the Manager. For the establishment of mainstream funds in the market, the typical duration of an equity investment fund is seven to nine years. In order to ensure the successful filing and compliance of the new sub-fund to be invested by the Partnership, it is proposed that the duration of the Partnership be extended from the original duration of nine years for another eight years (i.e. ending on 11 September 2035) and the investment period be extended from the original period of five years for another five years (i.e. ending on 11 September 2028), and the terms of the Limited Partnership Agreement be amended accordingly.

On 29 July 2022, the Company entered into the Supplemental Agreement with Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and Jizhi Future, pursuant to which the parties agreed to revise, among others, the duration and investment period of the Partnership.

### **SUPPLEMENTAL AGREEMENT**

The principal terms of the Supplemental Agreement are as follows:

#### **Date**

29 July 2022

#### **Parties**

- (1) General Partner: Guorong Chuangyin
- (2) Limited Partners:
  - BSAM, the Controlling Shareholder of the Company;
  - the Company;
  - Beijing Equity Exchange, a connected person of the Company;
  - Beijing Science Development, a connected person of the Company;
  - Beijing Guotong, a connected person of the Company;
  - National Stadium, a connected person of the Company; and
  - Jizhi Future, a connected person of the Company.



## LETTER FROM THE BOARD

### Subject matter of the Supplemental Agreement

Compared to the Limited Partnership Agreement, the Supplemental Agreement has been revised as follows:

Original terms of the Limited Partnership Agreement	Supplemental Agreement to the Limited Partnership Agreement
<p>Clause 2.8.1</p> <p>Unless dissolved earlier in accordance with Clause 12.1, the Partnership shall have a duration of nine (9) years from the Commencement Date, which may be extended by the Manager for not more than one (1) year in accordance with the operational needs of the Partnership (the foregoing periods being collectively referred to as the “<b>Duration</b>”). If the duration of the Partnership does not coincide with the operation period, the Manager may change such operation period in due course to keep the operation period coincide with the Duration.</p>	<p>Clause 2.8.1</p> <p>Unless dissolved earlier in accordance with Clause 12.1, the Partnership shall have a duration of <del>nine (9)</del> <b>seventeen (17)</b> years from the date of commencement, which may be extended by the Manager for not more than one (1) year in accordance with the operational needs of the Partnership (the foregoing periods being collectively referred to as the “<b>Duration</b>”). If the duration of the Partnership does not coincide with the operation period, the Manager may change such operation period in due course to keep the operation period coincide with the Duration.</p>
<p>Clause 2.8.2</p> <p>The “<b>Investment Period</b>” of the Partnership shall commence on the Commencement Date and end on the earliest of: 1) the date falling five (5) years from the date of legal registration of the Partnership with the industrial and commercial administration authority; or 2) the date of early termination of the Investment Period in accordance with the provisions of this Agreement. The remaining Duration after the expiration of the investment period shall be the “<b>Payback Period</b>” of the Partnership. The Manager may determine and adjust the Investment Period and the Payback Period according to the operational needs of the Partnership.</p>	<p>Clause 2.8.2</p> <p>The “<b>Investment Period</b>” of the Partnership shall commence on the Commencement Date and end on the earliest of: 1) <del>the date falling five (5) years from the date of legal registration of the Partnership with the industrial and commercial administration authority</del> <b>the date falling ten (10) years from the Commencement Date</b> or; 2) the date of early termination of the Investment Period in accordance with the provisions of this Agreement. The remaining Duration after the expiration of the investment period shall be the “<b>Payback Period</b>” of the Partnership. The Manager may determine and adjust the Investment Period and the Payback Period according to the operational needs of the Partnership.</p>

### REASONS FOR AND BENEFITS OF THE TRANSACTION

According to The Instructions for Filing of Private Investment Fund\* (《私募投資基金備案須知》) and The Notice on Announcement of Case of Private Fund Filing\* (《關於發佈私募基金備案案例公示的通告》) issued by The Asset Management Association of China (中國證券投資基金協會), “maturity

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## LETTER FROM THE BOARD

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mismatch” is stipulated as a wrongful act which private fund managers should not commit. Where a private equity fund or venture capital fund involves investment in other closed-end asset management products (including private equity funds), attention should be paid to whether the duration of the fund covers the duration of the asset management products invested, that is, the maturity date of the upper-level private equity fund (parent fund) should not be earlier than the maturity date of the lower-level private equity fund (sub-fund).

As at the Latest Practicable Date, the Partnership is currently investing in several projects, among which (i) since September 2019, the Partnership has invested in Beijing Kerui Xingyu Management Consulting Enterprise (Limited Partnership)\*(北京科睿星御管理諮詢企業(有限合夥)), which mainly supports the development and operation of the technology park and industrial park of the core area of the Yangtze River Delta of Beijing Science Development, and the duration of which will end in September 2022; (ii) since November 2021, the Partnership has invested in Beijing Guofa Aviation Engine Industry Investment Fund Center (Limited Partnership)\*(北京國發航空發動機產業投資基金中心(有限合夥)), which is mainly engaged in investment in aero-engine and gas turbine industry chain, high-quality military-civil fusion projects, involving new materials, high-end manufacturing, electronic system control and many other high-precision fields to enhance central-local cooperation and facilitate the industrial development of Beijing, and the duration of which will end in November 2026; and (iii) since December 2021, the Partnership has invested in Beijing Green Technology Innovation Suihebei Industry Equity Investment Fund Partnership (Limited Partnership)\*(北京綠色科創穗禾北工股權投資基金合夥企業(有限合夥)), which mainly focuses on investing in high-quality subject in green and low-carbon industries to support the development of innovative enterprises in science and technology and facilitate the implementation of the core development strategy of “carbon neutrality” in China and Beijing, and the duration of which will end in December 2027.

In addition, the Partnership intends to invest in Beijing Rongxin Juli Technology Equity Investment Fund\*(北京融鑫聚力科技股權投資基金) in the third quarter of this year. The fund mainly focuses on the establishment of technology innovation center in Beijing and the development of principal business of BSAM, explores and cultivates “technologically advanced” enterprises in Beijing, focuses on new energy, next-generation information technology, integrated circuits, medicine and health and other frontier fields that are in line with the policy orientation and development aspiration of Beijing. The duration of the fund will end in the third quarter of 2029.

As stipulated in the Limited Partnership Agreement, the duration of the Partnership will be ending on 11 September 2027, which may be extended by the Manager to 11 September 2028, and the remaining duration of the Partnership is approximately five years.

For the establishment of mainstream funds in the market, the typical duration of an equity investment fund is seven to nine years. In order to ensure the successful filing and compliance of the new sub-fund to be invested by the Partnership, it is proposed that the duration of the Partnership be extended from the original duration of nine years for another eight years (i.e. ending on 11 September 2035) and the investment period be extended from the original period of five years for another five years (i.e. ending on 11 September 2028), and the terms of the Limited Partnership Agreement be amended accordingly. Therefore, through extending the duration of the Partnership, the newly established sub-fund to be invested by the Partnership will be able to complete the filing requirements in accordance and with the aforesaid rules and commence business in a compliant manner.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors who have considered the advice from the Independent Financial Advisor) are of the view that the terms of the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

Ms. Yan Yi, being an employee of BSAM, had abstained from voting on the board resolutions approving the Supplemental Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Supplemental Agreement.

### **FINANCIAL EFFECT OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT**

By entering into the Supplemental Agreement, the Company continues to hold 4% equity interest in the Partnership. As the Transaction will not result in change of shareholdings in the Partnership by the Company, no gain or loss will be recognized by the Company.

#### **(a) Earnings**

The remaining balance of the Group's capital contribution to the Partnership will be accounted for as other non-current financial assets of the Group and the calculation of value is according to the PRC accounting standards. Any gain or loss will be recognised in the financial statement under the PRC accounting standard, which, in turn, may have an impact to the earnings of the Group.

#### **(b) Assets and liabilities**

Except for the transaction costs and future performance of the Partnership, there is no gain or loss associated with entering into the Supplemental Agreement and the transactions contemplated thereunder.

There are no material changes in the total assets and liabilities of the Group immediately after the entering into the Supplemental Agreement.

#### **(c) Working capital**

The Directors are of the opinion that, taking into account the financial resources available to the Group, including the internally generated funds and the presently available bank facilities, and taking into account the impact of the transactions contemplated under the Supplemental Agreement, the Group will have sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE LISTING RULES

At the time of the entering into of the Participation Agreement and Limited Partnership Agreement, the transactions contemplated thereunder constituted a major transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. The transactions as contemplated under the Participation Agreement and the Limited Partnership Agreement were approved by the Independent Shareholders on 21 June 2019 in accordance with the relevant requirements of the Listing Rules.

Pursuant to Rule 14.36 and the note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms of the agreement in relation to major transaction/connected transaction, the issuer must, where applicable, re-comply with the relevant requirements of the Listing Rules. Given that entering into of the Supplemental Agreement constitutes a material variation of terms of the Limited Partnership Agreement, an EGM will be convened for the purpose of, among others, considering, and if thought fit, approving the Supplemental Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Yang Xiaohui and Mr. Su Zhongxing, the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder. Red Solar Capital Limited has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in relation to Supplemental Agreement and the transactions contemplated thereunder.

### INFORMATION ABOUT THE PARTIES

#### **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, inter alia, software development and services, system integration, data processing services, information professional services and etc.

#### **General Partner**

#### ***Guorong Chuangyin***

Guorong Chuangyin is a company established in the PRC with limited liability and is owned as to 75% by Beijing Industrial Investment and thus a subsidiary of BSAM. Guorong Chuangyin is mainly engaged in investment management and asset management.

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## LETTER FROM THE BOARD

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### **Limited Partners**

#### ***BSAM***

BSAM is a company established in the PRC with limited liability 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.

#### ***Beijing Science Development***

Beijing Science Development is a company established in the PRC with limited liability and is owned as to 54.45% by BSAM. Beijing Science Development is principally engaged in the development and operation of residential and commercial real estates that characterized by technical real estate.

#### ***Beijing Equity Exchange***

Beijing Equity Exchange is a comprehensive equity trading institution approved by the People's Government of Beijing Municipality and is owned as to 50.29% by BSAM. Beijing Equity Exchange provides services including policy consulting, information release, project recommendation, investment guidance, merger and acquisition planning, project financing, stock and asset management and authentication of equity exchange and actively promoting the asset restructure of enterprises with variety ownerships, circulation of non-state-owned assets and bilateral merger and acquisition.

#### ***Beijing Guotong***

Beijing Guotong is a company established in the PRC with limited liability and is wholly-owned by BSAM. With authorization from the Beijing Municipal People's Government and filing with the China Banking Regulatory Commission (中國銀行業監督管理委員會), Beijing Guotong is the only local asset management company (AMC) in Beijing that can conduct bulk acquisition and disposal of non-performing financial assets. Beijing Guotong mainly focuses on nonperforming assets business, and provides investment management and asset management services.

#### ***National Stadium***

National Stadium is a company established in the PRC with limited liability and is owned as to 53.23% by BSAM. National Stadium is principally engaged in the investment, financing, construction, management, operation and post-game utilization of the Bird's Nest.

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## LETTER FROM THE BOARD

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### *Jizhi Future*

Jizhi Future is a company incorporated in the PRC with limited liability and is wholly-owned by BSAM. Jizhi Future is principally engaged in the provision of diversified services such as technical services, training, financial support and office rental to enterprises which engaged in the business of integrated circuits.

### **Partnership**

北京京國盛投資基金(有限合夥) (Beijing Jingguosheng Investment Fund (Limited Partnership)\*) is a limited liability partnership established in the PRC on 23 August 2018. The business scope of the Partnership includes investment management and consultancy in non-security business and equity investment and management. As at the Latest Practicable Date, the General Partner of the Partnership is Guorong Chuangyin and the Limited Partners are BSAM, the Company, Beijing Equity Exchange, Beijing Science Development, Beijing Guotong, National Stadium and Jizhi Future, which hold 0.13%, 73.87%, 4.00%, 4.00%, 13.33%, 2.67%, 1.33% and 0.67% interests in the Partnership, respectively.

As at the Latest Practicable Date, information on the projects invested and to be invested by the Partnership are as follows:

## LETTER FROM THE BOARD

Name of project	Date of investment	Expected date of exit (duration)	Estimated date to receive distributions (end of investment period)	Cumulative invested amount (RMB/700)	Estimated amount to be invested (RMB/700)	Total project size (RMB/700)	Proportion	Way of exit	Nature of fund	Background of project	Project appreciation rate over initial investment (as of 31 December 2021) <sup>Note 2</sup>
Beijing Kenri Xingyu Management Consulting Enterprise (Limited Partnership)	September 2019	September 2022	After September 2022	5,000.00	0.00	10,000.00	50.00%	Project liquidation and share repurchase by substantial shareholders	Special purpose project	The project mainly supports the development and operation of the technology park and industrial park of the core area of the Yangtze River Delta of Beijing Science Development.	23.36%
Beijing Guofa Aviation Engine Industry Investment Fund Center (Limited Partnership)	November 2021	November 2026	After November 2023	20,000.00	0.00	634,320.00	3.15%	Fund liquidation and agreement on share transfer	Private equity fund	The fund is mainly engaged in investment in aero-engine and gas turbine industry chain, high-quality military-civil fusion projects, involving new materials, high-end manufacturing, electronic system control and many other high-precision fields to enhance central-local cooperation and facilitate the industrial development of Beijing.	58.70%
Beijing Green Technology Innovation Suihebei Industry Equity Investment Fund Partnership (Limited Partnership)	December 2021	December 2027	After December 2024	14,500.00	14,500.00	58,200.00	49.83%	Fund liquidation and agreement on share transfer	Private equity fund	The fund mainly focuses on investing in high-quality subject in green and low-carbon industries to support the development of innovative enterprises in science and technology and facilitate the implementation of the core development strategy of "carbon neutrality" in China and Beijing.	0.23%
Beijing Rongxin Juli Technology Equity Investment Fund (Limited Partnership) <sup>Note 1</sup>	Third quarter of 2022	Third quarter of 2029	Third quarter of 2026	8,000.00	12,000.00	50,000.00	40.00%	Fund liquidation and agreement on share transfer	Private equity fund	The fund mainly focuses on the establishment of technology innovation center in Beijing and the development of principal business of BSAM, explores and cultivates "technologically advanced" enterprises in Beijing, focuses on new energy, next-generation information technology, integrated circuits, medicine and health and other frontier fields that are in line with the policy orientation and development aspiration of Beijing.	-

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## LETTER FROM THE BOARD

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*Note 1:* It was established on 28 July 2022.

*Note 2:* The investment performance of the Partnership is expressed as the rate of appreciation of the equity value of the investment project over the initial investment amount as of 31 December 2021. Appreciation rate over initial investment = (value of project owner's equity corresponding to the share held by the Partnership + accumulated dividends from the project) / initial investment amount x 100%

As of 31 December 2021, the total owner's equity of the Partnership was approximately RMB407,350,568.88, of which capital invested by the owner was approximately RMB395,473,300.00 and retained earnings was approximately RMB11,877,268.88.

### **EGM**

The EGM is scheduled to be held at Conference Room, 5th Floor, Longfu Mansion, No. 95 Longfusi Street, Dongcheng District, Beijing, the PRC at 10:30 a.m. on 10 October 2022 for the purpose of considering and, if thought fit, approving the Supplemental Agreement and the transactions contemplated thereunder.

A notice convening the EGM, together with the proxy form for use at the EGM, is enclosed with this circular and has been despatched to the Shareholders on Monday, 19 September 2022 and uploaded on the websites of the Stock Exchange and the Company.

Whether you intend to attend the EGM or not, you are requested to complete and return the accompanying proxy form in accordance with the instructions set out therein to the Company's principal place of business in the PRC at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the PRC (in the case of proxy form of holder of Domestic Shares) or to the Company's H shares registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in the case of proxy form of holders of H Shares) as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM (i.e. not later than 9 October 2022 at 10:30 a.m. (Hong Kong time)) or any adjournment thereof (as the case may be). Please note that 8 October 2022 and 9 October 2022 are not working days in Hong Kong and Hong Kong Registrars Limited's offices will not be open on these days for physical delivery of the proxy form. Completion and return of the proxy forms will not preclude you from attending and voting in person at the EGM should you so wish.

In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed for registration of transfer of Shares from Wednesday, 5 October 2022 to Monday, 10 October 2022 (both days inclusive) and during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 5 October 2022 shall be entitled to attend and vote at the EGM. In order for the Shareholders to be qualified for attending and voting at the EGM, all transfer documents, accompanied by the relevant Share certificates, must be lodged with the Company's H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable for H shares) or the office of the Company at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the PRC (applicable for Domestic Shares) no later than 4:30 p.m. on Monday, 3 October 2022 for registration.



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## LETTER FROM THE BOARD

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### VOTING AT THE EGM

As at the Latest Practicable Date, BSAM, being the Controlling Shareholder of the Company, is interested in 1,834,541,756 Domestic Shares, representing approximately 63.31% of the issued share capital of the Company. BSAM is a party to the Supplemental Agreement, BSAM thus has a material interest in the relevant transactions as contemplated under the Supplemental Agreement. Therefore, BSAM will be required to abstain from voting on the resolutions in relation to the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

Voting on the resolution at the EGM will be taken by poll.

### RECOMMENDATION

The Independent Board Committee having taken into account the advice of the Independent Financial Advisor, considers that the terms of the Supplemental Agreement and the transactions contemplated thereunder although not conducted in the ordinary and usual course of business of the company, are on normal commercial terms or better, fair and reasonable and the Transaction is in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution in relation to the Supplemental Agreement and the transactions contemplated thereunder proposed at the EGM. The text of the letter from the Independent Board Committee is set out on page 16 of this circular.

The Board (including the members of the Independent Board Committee) considers that the terms of the Supplemental Agreement and the transactions contemplated thereunder although not conducted in the ordinary and usual course of business of the Company, are on normal commercial terms or better, fair and reasonable and the Transaction is in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution in relation to the Supplemental Agreement and the transactions contemplated thereunder proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices of this circular.

By Order of the Board  
**CAPINFO COMPANY LIMITED\***  
**YU Donghui**  
*Chairman*

\* *For identification purposes only*

**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)**

19 September 2022

*To the Independent Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION AND CONNECTED TRANSACTION  
ENTERING INTO SUPPLEMENTAL AGREEMENT**

We refer to the circular issued by the Company to the Shareholders dated 19 September 2022 (the “Circular”) which this letter forms a part of. Terms defined in the Circular shall have the same meanings as those used in this letter unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the entering into the Supplemental Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders in respect of the Transaction. Red Solar has been appointed as the Independent Financial Advisor in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Independent Financial Advisor” as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Advisor as set out in their letter of advice, we consider that terms of the Supplemental Agreement and the transactions contemplated thereunder although not conducted in the ordinary and usual course of business of the Company, are on normal commercial terms or better, fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution approving the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully

For and on behalf of the Independent Board Committee of  
**Capinfo Company Limited**

**Mr. Gong Zhiqiang**  
*Independent Non-  
Executive Director*

**Mr. Cheung, Wai  
Hung Boswell**  
*Independent Non-  
Executive Director*

**Mr. Yang Xiaohui**  
*Independent Non-  
Executive Director*

**Mr. Su Zhongxing**  
*Independent Non-  
Executive Director*

\* For identification purpose only

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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*The following is the full text of the letter of advice from Red Solar Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Transaction for the purpose of inclusion in this Circular.*



Unit 402B, 4/F  
China Insurance Group Building  
No.141 Des Voeux Road Central  
Central, Hong Kong

19 September 2022

*To: The Independent Board Committee and the Independent Shareholders of  
Capinfo Company Limited*

Dear Sirs,

### MAJOR AND CONNECTED TRANSACTION ENTERING INTO SUPPLEMENTAL AGREEMENT

#### INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Supplemental Agreement and the transactions contemplated thereunder (i.e., the Transaction), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 19 September 2022 (the “**Circular**”), of which this letter of advice forms a part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meanings as defined in the Circular.

References are made to the (i) announcement of the Company dated 25 March 2019 (the “**2019 Announcement**”) in relation to the entering into of the Participation Agreement and the Limited Partnership Agreement by and among the Company, Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and Jizhi Future on 25 March 2019, pursuant to which, the Partnership was formed for a duration of nine years commencing from 12 September 2018, which may be extended for no more than one year by the Manager; and (ii) announcement of the Company dated 29 July 2022 (the “**2022 Announcement**”) and the Circular in relation to, among other things, the entering into of the Supplemental Agreement. For the establishment of mainstream funds in the market, the typical duration of an equity investment fund is seven to nine years. In order to ensure the successful filing and compliance of the new sub-fund to be invested by the Partnership, it is proposed that the duration of the Partnership be extended from the original duration of nine years for another eight years (i.e. ending on 11 September 2035) and the investment period be extended from the original period of five years for another five years (i.e. ending on 11 September 2028), and the terms of the Limited Partnership Agreement be amended accordingly. Hence, on 29 July 2022, the Company entered into the Supplemental Agreement with Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and Jizhi Future, pursuant to which the parties agreed to revise, among others, the duration and investment period of the Partnership.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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### **Listing Rules implications**

At the time of the entering into of the Participation Agreement and Limited Partnership Agreement, the transactions contemplated thereunder constituted a major transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. The transactions as contemplated under the Participation Agreement and the Limited Partnership Agreement were approved by the Independent Shareholders on 21 June 2019 in accordance with the relevant requirements of the Listing Rules.

Pursuant to Rule 14.36 and the note to Rule 14A.35 of the Listing Rules, if there is any material variation of its terms of the agreement in relation to major transaction/connected transaction, the issuer must, where applicable, re-comply with the relevant requirements of the Listing Rules. Given that entering into of the Supplemental Agreement constitutes a material variation of terms of the Limited Partnership Agreement, an EGM will be convened for the purpose of, among others, considering, and if thought fit, approving the Supplemental Agreement and the transactions contemplated thereunder.

Save as Ms. Yan Yi, being an employee of BSAM, who had abstained from voting on the board resolutions approving the Supplemental Agreement and the transactions contemplated thereunder, none of the Directors has any material interest in the Supplemental Agreement.

### **EGM**

As at the Latest Practicable Date, BSAM, being the Controlling Shareholder of the Company, is interested in 1,834,541,756 Domestic Shares, representing approximately 63.31% of the issued share capital of the Company. BSAM is a party to the Supplemental Agreement, BSAM thus has a material interest in the relevant transactions as contemplated under the Supplemental Agreement. Therefore, BSAM will be required to abstain from voting on the resolutions in relation to the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Transaction, and therefore no other Shareholder is required to abstain from voting at the EGM in respect of the resolutions approving the aforesaid matters.

### **THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Yang Xiaohui and Mr. Su Zhongxing, the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder.

We, Red Solar Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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### OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the Transaction, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the Transaction, or a close associate or core connected person of any of them and us, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the Transaction pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the 2022 Announcement and the Circular). We have reviewed the documents including but not limited to (i) the 2019 Announcement and the circular of the Company dated 31 May 2019 (the “**2019 Circular**”) in relation to, among other things, the entering into of the Participation Agreement and Limited Partnership Agreement; (ii) the Supplemental Agreement; (iii) the 2022 Announcement and the Circular and the Letter from the Board contained therein; (iv) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); (v) the interim results announcement of the Company for the six months ended 30 June 2022 (the “**2022 Interim Results Announcement**”); and (vi) the relevant supporting documents provided by the Company, including but not limited to historical documents and records, to formulate our opinion and recommendation. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. The Company will inform the Shareholders should there be any material change of information in the Circular up to the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. Where applicable, we have also conducted independent desktop search and confirmed that there was no material difference between our search result and the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility of the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Transaction, we have considered the following principal factors and reasons:

#### 1. Background of and reasons for the Transaction

##### (a) Background information of the Group

The Company is a joint stock limited company incorporated in the PRC with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 1075). The Group is principally engaged in, inter alia, software development and services, system integration, data processing services, information professional services and etc.

The following table sets out key financial information of the Group for each of the two years ended 31 December 2021 (the “FY2020” and “FY2021”, respectively) as extracted from the 2021 Annual Report, and for the six months ended 30 June 2021 and 2022, respectively (the “6M2021” and “6M2022”, respectively), as extracted from the 2022 Interim Results Announcement:

	For the 6M2022	For the 6M2021	For the FY2021	For the FY2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Approximately)	(Approximately)	(Approximately)	(Approximately)
	(unaudited)	(unaudited)	(audited)	(audited)
Total operating income	475,874	427,369	1,426,774	1,410,565
Operating profit	47,462	45,206	48,000	156,155
Net profit	39,334	36,602	29,858	137,275

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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	As at 30 June 2022 RMB'000 (Approximately) (unaudited)	As at 31 December 2021 RMB'000 (Approximately) (audited)	As at 31 December 2020 RMB'000 (Approximately) (audited)
Total assets	2,298,323	2,378,502	2,503,124
Total liabilities	1,078,454	1,189,749	1,259,321
Net assets	1,219,869	1,188,753	1,243,802

### *Discussion on the Group's performance between FY2020 and FY2021*

The Group's total operating income increased by approximately RMB16.2 million, or approximately 1.15%, from approximately RMB1,410.6 million for the FY2020 to approximately RMB1,426.8 million for the FY2021. Moreover, as set out in the 2021 Annual Report, the Group's gross profit for the FY2021 amounted to approximately RMB509.6 million, representing an increase of approximately 3.21% when comparing with that of the FY2020.

According to the 2021 Annual Report, the management of the Company primarily attributed the steady growths in the Group's total operating income and gross profit to the booming digital economy in the PRC in recent years where information technology and data have been key elements of development. The Group also managed to make a number of progresses during the FY2021, including but not limited to (i) obtaining certificates for its various products such as "Capinfo Connect", "CAPINFO EA4.0", "Internet of Things management infrastructure platform" and "blockchain infrastructure support platform", among which "Capinfo Connect" has been applied in more than 40 units in Beijing, covering over 30,000 people; (ii) winning the bid for the qualification of Beijing municipal government cloud service provider and the municipal SASAC supervision platform project; (iii) actively carrying out research and development of new generation of cloud-based provident fund products, developing the enterprise cloud market, and expanding service areas such as medical insurance cloud and judicial cloud; (iv) investing in the construction of new medical insurance information platform, accomplishing the switch over of 18.4 million participants' hospital settlement business; and (v) propelling the construction of digital Longfusi and entering the new market of digital transformation of enterprises. Please refer to the section headed "management discussion and analysis" in the 2021 Annual Report for further discussions on the Group's performance in the FY2021.

The Group's operating profit decreased by approximately RMB108.2 million, or approximately 69.27%, from approximately RMB156.2 million for the FY2020 to approximately RMB48.0 million for the FY2021. Meanwhile, the Group's net profit decreased by approximately RMB107.4 million, or approximately 78.22%, from approximately RMB137.3 million for the FY2020 to approximately RMB29.9 million for the FY2021. Both the aforesaid decreases were primarily attributable to the Group's

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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impairment loss on goodwill recorded in the FY2021, which amounted to approximately RMB107.8 million. As set out in the 2021 Annual Report, excluding such impairment loss on goodwill of the Group, the profit attributable to owners of the Company for the FY2021 would have been amounted to approximately RMB126.2 million, which would be close to that for the FY2020 of approximately RMB127.5 million.

The Group's total assets and net assets generally remained stable between 31 December 2020 and 2021.

### *Discussion on the Group's performance between 6M2021 and 6M2022*

The Group's total operating income increased by approximately RMB48.5 million, or approximately 11.3%, from approximately RMB427.4 million for the 6M2021 to approximately RMB475.9 million for the 6M2022. In addition, the Group's operating profit increased from approximately RMB45.2 million to approximately RMB47.5 million, and the Group's net profit increased from approximately RMB36.6 million to approximately RMB39.3 million, for the 6M2021 and 6M2022, respectively.

As set out in the 2022 Interim Results Announcement, during 6M2022, with a focus on its annual operating targets and key tasks, the Group integrated Party building with operation, comprehensively adjusted the organisational structure, continuously increased research and development investment, and made effort on developing core products with market competitiveness, and successfully completed the service assurance tasks for the Winter Olympics and Paralympic Games and the 13th National Congress of the Chinese Communist Party in Beijing, and maintained stable operation of major systems, such as the government network, government cloud, medical insurance, provident fund, and 12345 hotline.

The Group's total assets and net assets generally remained stable between 31 December 2021 and 30 June 2022.

### *Prospects*

As reflected in the 2021 Annual Report, the management of the Company would make proactive efforts to serve and adapt to the new development pattern under the surging digital economy in the PRC, and leverage on the Group's strengths to innovate under the new stage, new situation and new requirements of the "14th Five-Year" and the main theme of the Digital China strategy. The Company would focus on, among others, technology research and development, operation model innovation, business cooperation, product innovation, business integration and corporate governance capabilities improvement. The Group's such intention generally remained unchanged for the second half of 2022, as reflected in the 2022 Interim Results Announcement.



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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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*(b) Reasons for and benefits of the Transaction*

As set out in the Letter from the Board, it came to the awareness of the Company that according to The Instructions for Filing of Private Investment Fund\* (《私募投資基金備案須知》<sup>&</sup>) (the “**Instructions**”) and The Notice on Announcement of Case of Private Fund Filing\* (《關於發佈私募基金備案案例公示的通知》<sup>#</sup>) (the “**Notice**”), there should be no “maturity mismatch” or other violation on the part of managers of private equity fund. Where a private equity fund or venture capital fund involves investment in other closed-end asset management products (including private equity funds), attention should be paid to whether the duration of the fund covers the duration of the asset management products invested, that is, the maturity date of the upper-level private equity fund (parent fund) should not be earlier than the maturity date of the lower-level private equity fund (sub-fund).

As stipulated in the Limited Partnership Agreement, the duration of the Partnership will be ending on 11 September 2027, which may be extended by the Manager to 11 September 2028. As at the Latest Practicable Date, the remaining duration of the Partnership is only approximately five years without any extension.

For the establishment of mainstream funds in the market, the typical duration of an equity investment fund is seven to nine years. In order to ensure the successful filing and compliance of the new sub-fund to be invested by the Partnership, it is proposed that the duration of the Partnership be extended from the original duration of nine years for another eight years (i.e. ending on 11 September 2035) and the investment period be extended from the original period of five years for another five years (i.e. ending on 11 September 2028), and the terms of the Limited Partnership Agreement be amended accordingly.

Therefore, the Directors are of the view that, through extending the duration of the Partnership, the newly established sub-fund to be invested by the Partnership will be able to complete the filing requirements in accordance with the aforesaid rules and commence business in a compliant manner.

To assess the fairness and reasonableness of the aforesaid view of the Directors and also those of the Transaction, we have conducted our independent analysis on the reasons for and benefits of the Transaction as follows.

*Avoiding mismatch between durations of the Partnership and sub-funds*

The Instructions and the Notice and its attachment were published by the Asset Management Association of China (the “**Association**”). According to the website of the Association<sup>%</sup> and our desktop search, the Association was incorporated in 2012 under The Law of the PRC on Securities Investment Fund and Regulation on Registration and Administration of Social Organizations of the PRC as a self-disciplinary organisation of

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&: Source: [https://www.amac.org.cn/businessservices\\_2025/privatefundbusiness/xggz/smjjdjba/202001/W020200101059923236955.pdf](https://www.amac.org.cn/businessservices_2025/privatefundbusiness/xggz/smjjdjba/202001/W020200101059923236955.pdf)

#: Source: [https://www.amac.org.cn/businessservices\\_2025/privatefundbusiness/gzdt/202204/t20220419\\_13432.html](https://www.amac.org.cn/businessservices_2025/privatefundbusiness/gzdt/202204/t20220419_13432.html)

%; <https://www.amac.org.cn/>

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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the securities investment fund industry in the PRC, supervised by the China Securities Regulatory Commission and Ministry of Civil Affairs of the PRC. The Association aims to, among other things, formulate and enforce industry standards and self-disciplinary rules in respect of the securities investment fund industry in the PRC, supervise the operations of its members and impose punishments upon violations of industry standards and self-disciplinary rules. Based on the background of the Association and its supervisory bodies, we considered it reasonable for the Partnership to follow the rules and guidelines published by the Association.

We have then studied the Instructions, the Notice and its attachment and noted that mismatch between durations of funds and sub-funds was stipulated as a misconduct which private fund managers should not commit. In particular, it was set out that the duration of a fund should fully cover the durations of all sub-funds or investment products that it has invested into.

In this regard, we have enquired with the Company and obtained a list of sub-funds that the Partnership has invested into, or intended to invest into, up to the Latest Practicable Date and their particulars and details. We noted that the Partnership has invested into three sub-funds (the “**Existing Sub-funds**”) and intended to invest into another sub-fund (the “**Potential Sub-fund**”) up to the Latest Practicable Date. The Partnership’s investments into the three Existing Sub-funds were made in September 2019, November 2021 and December 2021, respectively, and their expected times of investment exit (i.e. maturity) are September 2022, November 2026 and December 2027, respectively. We noted that the original duration of the Partnership, being the period from 12 September 2018 to 11 September 2027, cannot fully cover the duration of one of the Existing Sub-funds (the one the investment exit of which was expected to be in December 2027) without extension by the Partnership’s manager. On the other hand, the Partnership intended to invest into the Potential Sub-fund in the third quarter of this year, and the investment exit of it was expected to be in the third quarter of 2029. We noted that even if the Partnership’s manager opts to extend the duration of the Partnership to 11 September 2028, pursuant to the existing Limited Partnership Agreement, the extended duration of the Partnership still cannot fully cover the expected duration of the Potential Sub-fund.

Furthermore, we have enquired with the Company and understood that the Partnership intended to continue to identify other quality sub-funds and/or asset management products worth investing into. We also noted that the target capital commitment of the Partnership is RMB7,500,000,000, and up to the Latest Practicable Date, the aggregate amount of investments made or expected to be made by the Partnership was only approximately RMB740,000,000, being less than 10% of the target capital commitment of the Partnership. Considering the above, we believe that it is likely that the Partnership would invest into other sub-funds and/or investment products in the future. However, we noted that, on one hand, the Partnership would expire in approximately five years from the Latest Practicable Date based on its original duration without extension by the Partnership’s manager, and on the other, it is common that the durations of funds and sub-funds in the market would exceed five years. It can be

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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demonstrated by the expected duration of five and six years, respectively, of two of the Existing Sub-funds and the expected duration of seven years of the Potential Sub-fund. Taking into account (i) the rules regarding matching duration of funds and sub-funds published by the Association; (ii) the Partnership's intention to continue to invest into other sub-funds in the future; and (iii) that it is common that the durations of funds and sub-funds in the market would exceed five years, being approximately the original remaining term of the Partnership without extension by the Partnership's manager, we considered it reasonable and justifiable for the Partnership to propose an extension in its duration.

We have also considered the reasonableness of the proposed length of extension in the Partnership's duration pursuant to the Supplemental Agreement. Please refer to the paragraphs headed "Discussion on the proposed length of extension in the duration of the Partnership pursuant to the Supplemental Agreement" below for detailed discussion.

*The investments made by the Partnership aligned with the Company's expectation and interest*

Reference was made to the 2019 Circular. As set out in the paragraphs headed "Reasons for and benefits of the Transaction" in the letter from the Board contained in the 2019 Circular, through investing into the Partnership, the Board believed it to be in alignment with the Group's investment strategy for long term return, and expected the Company to be able to capture more investment opportunities, diversify the Group's investment portfolio, and deploy liquid cash of the Group to enhance its overall profitability.

In this regard, we have studied the target industries and natures of business involved in the Existing Sub-funds and Potential Sub-fund. We noted that the target industries and businesses of the aforesaid were principally based in the PRC and include, respectively, (i) development and operation of technology and industrial parks in the core area in the Yangtze River Delta of the PRC; (ii) aero-engine and gas turbine industry chain, high-quality military-civil fusion projects, involving advanced materials, advanced manufacturing and electronic system control; (iii) green and low-carbon footprint industries to support the development of innovative enterprises in science and technology; and (iv) establishment of technology innovation center in Beijing to support the development of "technologically advanced" enterprises with focuses on new energy, next-generation information technology, integrated circuits, medicine and health and other fields. Considering that the aforesaid target industries and businesses generally involved advanced technologies and innovations, including information, data and electronic technologies which were among the operational focuses of the Group, we concurred with the view of the Board that the Company's investment into the Partnership could create synergy effect for the Group such as establishing business relationship with and investing in large high-tech IT companies which the Group may otherwise not be able to invest in due to limited amount of funding available for investment, as well as broadening the customer base of the Group for its products and

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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services, and we had no reason to doubt that it would continue to create synergy effect for the Group when the Partnership invests in other high-technology related sub-funds or products in the future.

In addition, based on the natures of target industries and businesses involved in the Existing Sub-funds and Potential Sub-fund and their wide variety in the fields of advance technologies, we agreed that investment into the Partnership could bring long term return for the Group and diversify its investment portfolio.

*Continued participation in the Partnership represented an appropriate way to deploy liquid cash of the Group*

We have further considered the prevailing liquidity position of the Group, and noted that the Group recorded monetary fund amounting to approximately RMB1.1 billion as at 31 December 2021, the date on which the latest audited financial information of the Group was made. We have also enquired with the management of the Company and were given the understanding that the Group still considered its working capital to be sufficient for its daily operations after taking into account the Company's capital commitment under the Partnership. Considering the prevailing liquidity position of the Group and the expectation of the Company's management in this regard, we also agreed that the Company's investment into the Partnership represented an appropriate way to deploy liquid cash of the Group and to enhance its overall profitability.

### *Conclusion*

Considering that (i) it is reasonable and justifiable for the Partnership to propose an extension in its duration; (ii) the Company's investment into the Partnership could create synergy effect for the Group, and we had no reason to doubt that it would continue to be so; (iii) the Company's investment into the Partnership could bring long term return for the Group and diversify its investment portfolio; and (iv) the Group had a satisfactory prevailing liquidity position and the Company's investment into the Partnership represented an appropriate way to deploy liquid cash of the Group and to enhance its overall profitability, we were of the view that the entering into of the Supplemental Agreement is fair and reasonable for and in the interests of the Company and Shareholders as a whole.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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### 2. Principal terms of the Supplemental Agreement

The principal terms of the Supplemental Agreement are set out below:

Date: 29 July 2022

Parties: 1. General Partner: Guorong Chuangyin

2. Limited Partners:

- BSAM, the Controlling Shareholder of the Company;
- the Company;
- Beijing Equity Exchange, a connected person of the Company;
- Beijing Science Development, a connected person of the Company;
- Beijing Guotong, a connected person of the Company;
- National Stadium, a connected person of the Company; and
- Jizhi Future, a connected person of the Company.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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*Subject matter of the Supplemental Agreement:*

Compared to the Limited Partnership Agreement, the Supplemental Agreement has been revised as follows:

<b>Original terms of the Limited Partnership Agreement</b>	<b>Supplemental Agreement to the Limited Partnership Agreement</b>
<p>Clause 2.8.1</p> <p>Unless dissolved earlier in accordance with Clause 12.1, the Partnership shall have a duration of nine (9) years from the Commencement Date, which may be extended by the Manager for not more than one (1) year in accordance with the operational needs of the Partnership (the foregoing periods being collectively referred to as the “Duration”). If the duration of the Partnership does not coincide with the operation period, the Manager may change such operation period in due course to keep the operation period coincide with the Duration.</p>	<p>Clause 2.8.1</p> <p>Unless dissolved earlier in accordance with Clause 12.1, the Partnership shall have a duration of <del>nine (9)</del> <u>seventeen (17)</u> years from the date of commencement, which may be extended by the Manager for not more than one (1) year in accordance with the operational needs of the Partnership (the foregoing periods being collectively referred to as the “Duration”). If the duration of the Partnership does not coincide with the operation period, the Manager may change such operation period in due course to keep the operation period coincide with the Duration.</p>
<p>Clause 2.8.2</p> <p>The “Investment Period” of the Partnership shall commence on the Commencement Date and end on the earliest of: 1) the date falling five (5) years from the date of legal registration of the Partnership with the industrial and commercial administration authority; or 2) the date of early termination of the Investment Period in accordance with the provisions of this Agreement. The remaining Duration after the expiration of the investment period shall be the “Payback Period” of the Partnership. The Manager may determine and adjust the Investment Period and the Payback Period according to the operational needs of the Partnership.</p>	<p>Clause 2.8.2</p> <p>The “Investment Period” of the Partnership shall commence on the Commencement Date and end on the earliest of: 1) <del>the date falling five (5) years from the date of legal registration of the Partnership with the industrial and commercial administration authority</del> <u>the date falling ten (10) years from the Commencement Date</u> or; 2) the date of early termination of the Investment Period in accordance with the provisions of this Agreement. The remaining Duration after the expiration of the investment period shall be the “Payback Period” of the Partnership. The Manager may determine and adjust the Investment Period and the Payback Period according to the operational needs of the Partnership.</p>

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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### 3. Discussion on the proposed length of extension in the duration of the Partnership pursuant to the Supplemental Agreement

Pursuant to the Supplemental Agreement, the Partnership proposed to extend its duration for another eight years, covering the period from 12 September 2018 to 11 September 2035, which may be extended to no more than one year by the Partnership's manager, and the investment period of the Partnership for another five years, covering the period from 12 September 2018 to 11 September 2028.

#### *Comparable analysis*

In analysing the fairness and reasonableness of the aforesaid proposed length of extension in the Partnership's duration, we have attempted to conduct a comparable analysis and searched, for this purpose, for comparable transactions of other listed issuers under the following criteria: (i) the transaction should involve the listed issuer, as a limited partner, forming a fund or limited partnership with other parties for the purpose of investment; and (ii) the transaction should be announced on the website of the Stock Exchange from 1 March 2022, being approximately five months immediately prior to the date of the Supplemental Agreement to ensure that it reflects the prevailing market conditions, to 29 July 2022, being the date of the Supplemental Agreement. Other than the aforesaid criteria, we did not impose any other restriction in our search for comparable transactions to ensure that the search result would be as comprehensive as possible. Based on the aforesaid criteria, we have been able to identify a total of 16 comparable transactions (the "**Comparable Transactions**"), which to our best endeavour and belief is an exhaustive list of comparable transactions and which we considered sufficient for the purpose of comparing with the Transaction.

The following table illustrates details of the Comparable Transactions.

Date of announcement	Name of listed issuer	Stock code	Nature of transaction	Role of the listed issuer and/or its subsidiary(ies)	Nature of the target industries or businesses of the partnership	Term/Duration of the fund/limited partnership
29 July 2022	Changhong Jiahua Holdings Limited	3991	Establishment of a partnership	Limited partner	New energy, semiconductors, information technology application innovative industries, smart home and smart manufacturing	Ten (10) years, which may be extended if the partners unanimously agree
27 July 2022	Qilu Expressway Company Limited	1576	Capital injection into a partnership	Limited partner	Infrastructure construction and public service facilities construction, highway and transportation infrastructure construction projects and conversion of new and old kinetic energy conversion projects	Not specified

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**LETTER FROM INDEPENDENT FINANCIAL ADVISOR**

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<b>Date of announcement</b>	<b>Name of listed issuer</b>	<b>Stock code</b>	<b>Nature of transaction</b>	<b>Role of the listed issuer and/or its subsidiary(ies)</b>	<b>Nature of the target industries or businesses of the partnership</b>	<b>Term/Duration of the fund/limited partnership</b>
27 July 2022	BOCOM International Holdings Company Limited	3329	Formation of partnership	General partner and limited partner	Project investment, primarily in an automobile technology company	Five (5) years, which may be extended for one year twice
26 July 2022	BOCOM International Holdings Company Limited	3329	Formation of partnership	General partner and limited partner	Integrated circuits, new energy, intelligent manufacturing, biomedicine, and other technological innovation industries	Seven (7) years, which may be further extended if consented by the partners at the partners' meeting
22 June 2022	BOCOM International Holdings Company Limited	3329	Subscription of limited partnership interest	Limited partner	Provision of loans to any Chinese state-owned companies	Until the portfolio investments are fully divested
30 May 2022	China Shuifa Singyes Energy Holdings Limited	750	Formation of limited partnership	Limited partner	Photovoltaic power generation projects	Five (5) years, subject to any extension as agreed by the partners
25 May 2022	China Resources Power Holdings Company Limited	836	Formation of partnership fund	Limited partner	New energy high-end equipment manufacturing industries, new energy development, energy technology innovation, energy infrastructure construction, energy operation and maintenance services, low-carbon industry	Ten (10) years, which may be extended by the resolution of the partners' meeting
24 May 2022	7Road Holdings Limited	797	Entering into of partnership agreement and subscription of interest in the limited partnership	Limited partner	Investment in a PRC manufacturer of large-scale semiconductor silicon chips	Five (5) years, which may be extended subject to further agreement between the partners
13 May 2022	China Huirong Financial Holdings Limited	1290	Formation of limited partnership	Limited partner	Advanced manufacturing	Until terminated in accordance with the terms of the partnership agreement
29 April 2022	China Power International Development Limited	2380	Establishment of a partnership fund	General partner and limited partner	The new energy sector	Five (5) years, which may be shortened or extended pursuant to the terms of the partnership agreement



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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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Date of announcement	Name of listed issuer	Stock code	Nature of transaction	Role of the listed issuer and/or its subsidiary(ies)	Nature of the target industries or businesses of the partnership	Term/Duration of the fund/limited partnership
18 April 2022	China Merchants Securities Co., Ltd.	6099	Formation of partnership	Limited partner	Technology, internet, consumer, healthcare services and education	Six (6) years, which can be extended by one year
8 April 2022	Forgame Holdings Limited	484	Subscription in limited partnership fund	Limited partner	Investment in listed or unlisted equities	Ten (10) years
31 March 2022	China Everbright Limited	165	Entering into of limited partnership agreement	General partner and limited partner	Semiconductor and electronic information (upstream and downstream industry chain), high-end equipment manufacturing, automotive semiconductor, satellite internet, new energy, and medical and healthcare	Five (5) years, may be further extended upon agreement reached in a meeting of the partners
24 March 2022	China Risun Group Limited	1907	Establishment of limited partnership	Limited partner	Coal industry	Ten (10) years, which may be shortened or extended with unanimous consent of all partners
14 March 2022	Zhongguancun Science-Tech Leasing Co., Ltd.	1601	Entering into of fund partnership agreement	Limited partner	advanced manufacturing (which encompasses robotics, industry 4.0, chips, aerospace, new materials, unmanned driving, etc.), new generation information technology (which encompasses cloud services, network security, big data, etc.), and life technology (which encompasses medical robots, medical devices, diagnosis and treatment, health services) in the PRC	Five (5) years, which may be extended for no more than one year, and may be extended by not more than two times
11 March 2022	GF Securities Co., Ltd.	1776	Formation of partnership fund	General partner and limited partner	new energy field and new energy-related industrial chains	Fifteen (15) years

**Maximum** 15

**Minimum** 5

As illustrated by the table above, the specified durations of the funds or limited partnerships under the Comparable Transactions ranged from five to 15 years, and the fund or limited partnership under three of the Comparable Transactions would continue to exist until termination. Although no clear correlation could be observed between the durations of

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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partnerships and natures of target industries or businesses of the Comparable Transactions, we noted that among the five Comparable Transactions under which the specified duration of partnership exceeded ten (10) years, the partnerships in three of them targeted at the new energy sector and/or information technology industries, such as semiconductor businesses. We also noted that (i) the partnership under one of the Comparable Transactions having unspecified duration targeted at advanced manufacturing; and (ii) the partnership under another Comparable Transaction having a specified duration of seven (7) years targeted at integrated circuits, new energy and intelligent manufacturing industries. Based on our observation above, we were of the view that partnerships targeting at new, innovative, advanced technology or manufacturing industries or industries requiring substantial amount of initial fixed investment exhibit a tendency to have relatively longer durations, as they might need more time to complete both the investment cycle and return cycle due to the nature of their investment target.

The proposed extended duration of the Partnership of 17 years is slightly above the range of partnership durations under the Comparable Transactions. Nonetheless, we noted that the durations of the funds or limited partnerships under the Comparable Transactions were generally subject to any extension upon agreement of the partners without limitation in length of extension, save and except for the aforesaid transactions of BOCOM International Holdings Company Limited (stock code: 3329) (the one the announcement of which was dated 27 July 2022), China Merchants Securities Co., Ltd. (stock code: 6099) and Zhongguancun Science-Tech Leasing Co., Ltd. (stock code: 1601). In this sense, we considered that the range of specified durations of the funds or limited partnerships under the Comparable Transactions does not represent a hard cap of duration of funds and limited partnerships in the market.

In addition, we have considered the nature of target industries and businesses of the Partnership which, based on its historical investments, involved advanced manufacturing, advanced information technology, new energy and fixed investment in science, technology and industrial parks, among other things. We were of the view that the target industries and businesses of the Partnership were in line with those of the partnerships which have relatively longer duration among the Comparable Transactions, as discussed in the previous paragraphs. We also agreed that the investment targets of the Partnership indeed generally exhibit characteristics of longer investment and return cycles in the market. Therefore, we considered it reasonable that the Partnership proposes a relative long duration.

In respect of the proposed extension in the investment period of the Partnership, we have considered that, in aggregate and up to the Latest Practicable Date, less than 10% of the target capital commitment of the Partnership has been invested or expected to be invested since the commencement of the the Participation Agreement and the Limited Partnership Agreement in September 2018. We have also considered that the Existing Sub-funds and Potential Sub-fund have investment periods of three (3), two (2), three (3) and four (4) years, respectively, before bringing investment returns, and agreed that future investments made by the Partnership may also have a significant investment period before generating return. We thus were of the view that a longer investment period may be necessary for the Partnership to fully apply and utilise its target capital commitment.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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In respect of the proposed extension in the payback period of the Partnership, we have taken note that the historical investments made by the Partnership generally exhibited a characteristic of relatively long investment or establishment period before return (i.e. operation of technology and industrial parks, advance manufacturing chains and advanced technology companies). We have also enquired with the Company and understood that the Partnership may continue to invest in projects having relatively long investment or establishment period before return in the future to generate on-going benefits. Based on the above and our observation on the durations of partnerships under the Comparable Transactions, and having considered that the historical investment targets of the Partnership and its expected investments in the future could generally exhibit relative long investment, product and return cycles, we also agreed that a longer payback period may be necessary for the Partnership to fully pursue investment returns.

Though the proposed extended duration of the Partnership of 17 years is slightly above the range of specified durations of the funds or limited partnerships under the Comparable Transactions, having considered all the above and the reasons for and benefits of the Transaction, we considered the terms and conditions of the Supplemental Agreement, particularly the proposed extended duration of the Partnership of 17 years, to be fair and reasonable and in the interests of the Company and Shareholders as a whole.

#### **4. Possible financial effects of the entering into of the Supplemental Agreement**

By entering into the Supplemental Agreement, the Company continues to hold 4% equity interest in the Partnership. As the Transaction will not result in change of shareholdings in the Partnership by the Company, no gain or loss will be recognized by the Company.

##### **(a) Earnings**

The remaining balance of the Group's capital contribution to the Partnership will be accounted for as other non-current financial assets of the Group and the calculation of value is according to the PRC accounting standards. Any gain or loss will be recognised in the financial statement under the PRC accounting standard, which, in turn, may have an impact to the earnings of the Group.

##### **(b) Assets and liabilities**

Except for the transaction costs and future performance of the Partnership, there is no gain or loss associated with entering into the Supplemental Agreement and the transactions contemplated thereunder.

There are no material changes in the total assets and liabilities of the Group immediately after the entering into of the Supplemental Agreement.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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(c) *Working capital*

The Directors are of the opinion that, taking into account the financial resources available to the Group, including the internally generated funds and the presently available bank facilities, and taking into account the impact of the transactions contemplated under the Supplemental Agreement, the Group will have sufficient working capital for its requirements for at least the next 12 months from the date of the Circular.

As set out in the Circular, the Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

### RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that the entering into of the Supplemental Agreement and the transactions contemplated thereunder, though not being in the ordinary and usual course of business of the Group, are (i) justifiable, fair and reasonable; (ii) in the interests of the Company and Shareholders as a whole; and (iii) the terms of the Supplemental Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Supplemental Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**RED SOLAR CAPITAL LIMITED**

**Leo Chan**  
*Managing Director*

*Mr. Leo Chan is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 16 years of experience in corporate finance industry.*

**1. FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group for the past three years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange at (<http://www.hkexnews.hk>) and the Company at ([www.capinfo.com.cn](http://www.capinfo.com.cn)).

- (a) the audited financial statements included in the annual report of the Company for the year ended 31 December 2019 (pages 101-266):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801016.pdf>

- (b) the audited financial statements included in the annual report of the Company for the year ended 31 December 2020 (pages 96-253):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042700483.pdf>

- (c) the audited financial statements included in the annual report of the Company for the year ended 31 December 2021 (pages 100-253).

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042701055.pdf>

**2. STATEMENT OF INDEBTEDNESS****Borrowings**

At the close of business on the Latest Practicable Date, for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no outstanding revolving bank borrowings.

As at the close of business on the Latest Practicable Date, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any outstanding term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, material hire purchase commitments, mortgages and charges, material contingent liabilities and guarantees.

**3. WORKING CAPITAL**

The Directors, after due and careful considerations, are of the opinion that, taking into account the expected completion of the Supplemental Agreement, the internal resources available and the existing available credit facilities to the Group, the Group will have sufficient working capital for its present requirement for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

#### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors have not been aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up to.

#### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in, inter alia, software development and services, system integration, data processing services, information professional services and etc.

The Group recorded an operating revenue of RMB1,426.77 million for the year ended 31 December 2021. In particular, other income of the Group amounted to RMB18.15 million for the year ended 31 December 2021, which was mainly attributable to property rental income. Investment revenue amounted to RMB33.57 million for the year ended 31 December 2021, which was mainly attributable to the investment revenue of RMB30.04 million from Beijing Certificate Authority Co., Ltd. and Beijing Culture & Sports Technology Co., Ltd., as well as revenue of RMB3.53 million recognized from purchase of structural bank deposits during the year. The impairment loss of assets amounted to RMB106.96 million, due to the impairment loss of goodwill of Rito Info Technology Co., Ltd.\* (廈門融通信息技術有限責任公司), and a provision for impairment of goodwill of RMB107.80 million was made during the year. A credit impairment loss amounted to RMB15.34 million was recorded for the year ended 31 December 2021.

As of 31 December 2021, the Group had total assets amounting to RMB2,378.50 million and equity attributable to shareholders of the parent company amounted to RMB1,142.22 million. For the year ended 31 December 2021, the Group had no pledged assets. Bank deposits, bank balance and cash of the Group amounted to RMB1,059.77 million, representing an increase of 24.91% as compared with the corresponding period of last year.

The new global industrial revolution is advancing around the world and the national digital economy is surging. The management of the Company will make proactive efforts to serve and adapt to the new development pattern, leverage on its strengths to innovate under the new stage, new situation and new requirements of the “14th Five-Year” and the main theme of the Digital China strategy. With the vision of “being a leading smart city and data industry operator”, the Company will focus on technology research and development and operation model innovation, promote business cooperation and win-win relationship, pursue for more robust drivers, higher efficiency and better quality, enhance product innovation, business integration, data-driven operation, industry ecological impact and corporate governance capabilities, “seek change in crisis, seek innovation in change”, and cultivate new momentum for the Company’s development.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors, Supervisors and chief executive of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, Supervisors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company, or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant of section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Long positions held in the issued A shares of Beijing Certificate Authority Co., Ltd., an associated corporation of the Company:

Name of Director	Number of shares	Nature of interests	Approximate percentage to the issued A shares
Mr. Zhang Yiqian	447,402	Beneficial owner	0.17%

### (b) Substantial Shareholders

Insofar as known to the Directors, as at the Latest Practicable Date, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part

XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Name of controlling shareholder	Number of shares	Nature of interests	Approximate percentage to the issued share capital
Beijing State-owned Assets Management Co., Ltd.	1,834,541,756 Domestic Shares	Beneficial owner	63.31%

Save as disclosed above, insofar as known to the Directors, as at the Latest Practicable Date, no other persons had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of any compensation (other than statutory compensation)).

### 4. COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or the controlling shareholders (as defined under the Listing Rules) of the Company nor any of their respective close associates had interests in a business, which compete or is likely to compete either directly or indirectly with the businesses of the Group which would be required to be disclosed under the Listing Rules.

### 5. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the businesses of the Group.



## 6. MATERIAL LITIGATION OR ARBITRATION

Saved as disclosed below, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was or may become a party to any other litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

On 24 August 2018, the Company published an announcement in relation to the suspect that the former shareholders of an acquired company, Rito Info Technology Co., Ltd.\* (廈門融通信息技術有限責任公司), had committed contract fraud. In order to protect the interest of the Company's shareholders, the Company reported the case to the Haidian Branch of the Beijing Public Security Bureau on 5 June 2018. On 6 August 2018, the Company received the Case Filing Notice issued by the Haidian Branch of the Beijing Public Security Bureau.

As of the Latest Practicable Date, the case is still under investigation.

## 7. QUALIFICATION OF EXPERT AND CONSENT

The qualifications of the expert who has given an opinion or advice in this circular is as follow:

<b>Name</b>	<b>Qualification</b>
Red Solar Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under SFO

As of the Latest Practicable Date, the expert mentioned above: (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. MATERIAL CONTRACTS

The following contract (not being contract entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and is or may be material:

- (a) the Supplemental Agreement.

Save as disclosed above, no material contracts (not being contract entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date.

## **9. MAJOR ACQUISITIONS**

After the date to which the latest published audited accounts of the Group have been made up, the Group has not acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Group.

## **10. GENERAL**

- (a) The joint company secretaries of the company are Mr. Lu Lei and Ms. Koo Ching Fan. Ms. Koo is serving at Fair Wind Secretarial Services Limited in Hong Kong and an associate member of each of the Hong Kong Chartered Governance Institute (formerly known as Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (formerly the Institute of Chartered Secretaries and Administrators), U.K. and a fellow member of the Association of Chartered Certified Accountants.
- (b) The registered address of the Company is situated at No. 11 Xi San Huan Zhong Road, Haidian District, Beijing 100036, the PRC.
- (c) The principal place of business of the Company in Hong Kong is located at 25th Floor, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong.
- (d) The principal place of business of the Company in the PRC is located at 5th Floor, Longfu Mansion, No. 95 Longfusi Street, Beijing, the PRC.
- (e) The Company's H share registrar and transfer office in Hong Kong is Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

## **11. DOCUMENTS ON DISPLAY**

A copy of each of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company at ([www.capinfo.com.cn](http://www.capinfo.com.cn)) for a period of 14 days from the date of this circular:

- (a) the Supplemental Agreement;
- (b) the letter from the Board dated 19 September 2022, the text of which is set out on pages 5 to 15 of this circular;

- (c) the letter of recommendation from the Independent Board Committee dated 19 September 2022, the text of which is set out on page 16 of this circular;
- (d) the letter of advice from Independent Financial Advisor dated 19 September 2022, the text of which is set out on pages 17 to 34 of this circular;
- (e) the written consent of Independent Financial Advisor, which was referred to in the section headed “Qualification of Expert and Consent” in this appendix; and
- (f) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “EGM”) of Capinfo Company Limited\* (the “Company”) will be held at Conference Room, 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the People’s Republic of China at 10:30 a.m. on Monday, 10 October 2022 to consider and, if thought fit, approve the following resolution. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 19 September 2022.

### ORDINARY RESOLUTION

1. **THAT** (a) the Supplemental Agreement dated 29 July 2022 and the transactions contemplated thereunder and in connection therewith and any other ancillary documents be and are hereby approved, confirmed and ratified; and (b) the management of the Company be and are hereby authorised for and on behalf of the Company to, amongst others, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and deeds, to do or authorise doing all such acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the Supplemental Agreement and any ancillary documentation and transactions thereof.

By order of the Board of Directors  
**CAPINFO COMPANY LIMITED\***  
**YU Donghui**  
*Chairman*

Beijing, the People’s Republic of China, 19 September 2022

\* For identification purpose only

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. The register of shareholders of the Company will be closed from Wednesday, 5 October 2022 to Monday, 10 October 2022 (both days inclusive), during which period no transfer of the Company's shares will be registered. In order to be entitled to attend and vote at the EGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (applicable for H Shares) or the office of the Company at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the People's Republic of China (applicable for Domestic Shares) not later than 4:30 p.m. on Monday, 3 October 2022.
2. Any shareholder of the Company entitled to attend and vote at the EGM mentioned above is entitled to appoint one or more proxies to attend and vote at the EGM on his/her/its behalf. A proxy need not be a shareholder of the Company.
3. A proxy form of the EGM is enclosed. In order to be valid, the proxy form must be under the hand of the appointor or his/her/its attorney duly authorized in writing or, in the case of a corporation, must be either under its common seal or under the hand of the director or attorney duly authorized.
4. The proxy form should be delivered to the Company's H shares registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in the case of H shares) or the office of the Company at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the People's Republic of China (in the case of Domestic Shares) not less than 24 hours before the time appointed for holding of the EGM (i.e. not later than 9 October 2022 at 10:30 a.m. (Hong Kong time)) or any adjournment thereof. Please note that 8 October 2022 and 9 October 2022 are not working days in Hong Kong and Hong Kong Registrars Limited's offices will not be open on these days for physical delivery of the proxy form.
5. In accordance with the requirement of the articles of association of the Company, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

*As at the date of this announcement, the executive directors of the Company are Mr. Yu Donghui, Mr. Zhang Yiqian and Mr. Zong Zhaoxing; the non-executive directors of the Company are Mr. Zhou Weihua, Mr. Shan Yuhu, Mr. Feng Jianxun, Ms. Yan Yi and Ms. Liang Yi; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Yang Xiaohui and Mr. Su Zhongxing.*