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CAPINFO COMPANY LIMITED*
首都信息發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1075)

CONTINUING CONNECTED TRANSACTIONS
(I) THE REVISED 2017 ANNUAL CAP; AND
(II) THE 2017 SUPPLEMENTAL AGREEMENT

Reference is made to the announcements (the “**Announcements**”) of the Company (i) dated 21 March 2011 in relation to the entering into of the Original Services Agreement with BJCA; (ii) dated 27 March 2014 in relation to the entering into the 2014 Services Agreement with BJCA; and (iii) dated 7 February 2017 in relation to the entering into the 2017 Services Agreement with BJCA.

Capinfo Technology, the subsidiary of the Company and Beijing Anxintianxing, the subsidiary of BJCA expect to enter into a software and hardware procurement contract (the “**Procurement Contract**”) on or after 30 August 2017, pursuant to which Beijing Anxintianxing agreed to provide security products listed in the Procurement Contract and related services to Capinfo Technology at a consideration of approximately RMB40 million. Due to the large amount of consideration under the Procurement Contract, the Board expects that the 2017 Annual Cap will not be sufficient, and further review and revision to such annual cap will be required.

On 30 August 2017, the Company and BJCA entered into a supplemental agreement to the 2017 Services Agreement (the “**2017 Supplemental Agreement**”) under which the Group agreed to provide service on network system establishment, system integration, network design, consultancy and related technical services and products to BJCA and its subsidiaries for a term commencing from 1 January 2017 to 31 December 2019 and the relevant service fees payable by BJCA and its subsidiaries to the Group will be determined on normal commercial terms with reference to the prevailing market rates.

BJCA is owned as to approximately 26.24% by the Company and approximately 26.24% by BSAM. Thus, BJCA is a subsidiary of BSAM. Since BJCA is a subsidiary of BSAM (the controlling shareholder of the Company), BJCA is a connected person of the Company and the

* *For identification purpose only*

transactions contemplated under the Existing Framework Agreement as supplemented by the 2017 Supplemental Agreement constitute continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Revised 2017 Annual Cap for the transactions involving the provision of network security system development and related technical services by BJCA to the Group are more than 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the BJCA Annual Caps for the transactions involving the provision of service on network system establishment, system integration, network design, consultancy and related technical services and products by our Group to BJCA and its subsidiaries are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement, annual review requirements and are exempted from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval from the Independent Shareholders in respect of the Revised 2017 Annual Cap at the forthcoming extraordinary general meeting. A circular containing, among others, details on the Revised 2017 Annual Cap, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders will be dispatched to shareholders on or before 20 September 2017. In view of BSAM's interests in the Revised 2017 Annual Cap for the transactions involving the provision of network security system development and related technical services by BJCA to the Group, BSAM and its associates will abstain from voting to approve the Revised 2017 Annual Cap at the extraordinary general meeting.

I. BACKGROUND INFORMATION

Reference is made to the announcements (the "**Announcements**") of the Company (i) dated 21 March 2011 in relation to the entering into of the Original Services Agreement with BJCA; (ii) dated 27 March 2014 in relation to the entering into the 2014 Services Agreement with BJCA; and (iii) dated 7 February 2017 in relation to the entering into the 2017 Services Agreement with BJCA.

Pursuant to the Existing Framework Agreement, BJCA agreed to provide network security system development and related technical services to the Group for a term commencing from 1 January 2017 to 31 December 2019 and the relevant service fees payable by the Group to BJCA will be determined on normal commercial terms with reference to the prevailing market rates. As disclosed in the Announcements, the Existing Annual Caps for the three years ending 31 December 2019 are determined based on (i) the historical service fees paid by the Group to

BJCA for the network security system development and related technical services; (ii) the projected expenditure for developing and maintaining the network security system of the Group for the three years ending 31 December 2019; and (iii) the overall service standard of BJCA. The Existing Annual Caps for the three years ending 31 December 2019 are as follows:

	For the year ending 31 December 2017 <i>RMB'000</i>	For the year ending 31 December 2018 <i>RMB'000</i>	For the year ending 31 December 2019 <i>RMB'000</i>
Existing Annual Caps	15,000	10,000	9,000

II. REVISION OF THE 2017 ANNUAL CAP

Capinfo Technology, the subsidiary of the Company and Beijing Anxintianxing, the subsidiary of BJCA expect to enter into a software and hardware procurement contract (the “**Procurement Contract**”) on or after 30 August 2017, pursuant to which Beijing Anxintianxing agreed to provide security products listed in the Procurement Contract and related services to Capinfo Technology at a consideration of approximately RMB40 million.

Due to the large amount of consideration under the Procurement Contract, the Board expects that the 2017 Annual Cap will not be sufficient, and further review and revision to such annual cap will be required. In response to the expected increase in 2017 annual cap, the annual cap for the transaction contemplated under the 2017 Services Agreement for the year ending 31 December 2017 is revised as RMB55 million (the “**Revised 2017 Annual Cap**”), calculated based on the existing 2017 annual cap (RMB15 million) plus the consideration under the Procurement Contract.

III. THE 2017 SUPPLEMENTAL AGREEMENT

Date: 30 August 2017

Parties: The Company and BJCA

Major terms:

On 30 August 2017, the Company and BJCA entered into a supplemental agreement to the 2017 Services Agreement (the “**2017 Supplemental Agreement**”) under which the Group agreed to provide service on network system establishment, system integration, network design, consultancy and related technical services and products to BJCA and its subsidiaries for a term commencing from 1 January 2017 to 31 December 2019 and the relevant service fees payable by BJCA and its subsidiaries to the Group will be determined on normal commercial terms with reference to the prevailing market rates.

The BJCA Annual Caps:

For the three years ending 31 December 2019, the Annual Caps of BJCA are determined based on (i) the historical service fees paid by BJCA and its subsidiaries to the Group for the provision of service on network system establishment, system integration, network design, consultancy and related technical service and products; (ii) the expected expenditure of BJCA on network technology services and products for the three years ending 31 December 2019; and (iii) the Group's consolidated service standards.

The historical service fees paid by BJCA and its subsidiaries to the Group for the period from 1 January 2015 to 30 August 2017 are as follows:

	For the year ended 31 December 2015 RMB	For the year ended 31 December 2016 RMB	From 1 January 2017 to 30 August 2017 RMB
Historical service fees	405,415.09	nil	166,500

The BJCA Annual Caps for the period from 31 August 2017 to 31 December 2019 are as follows:

	From 31 August 2017 to 31 December 2017 RMB	For the year ending 31 December 2018 RMB	For the year ending 31 December 2019 RMB
BJCA Annual Caps	5,833,500	6,000,000	6,000,000

Save as disclosed above, all terms and conditions under the 2017 Services Agreement remain unchanged.

Pricing Policy

The pricing and payment terms of service on network system establishment, system integration, network design, consultancy and related technical services and products shall be negotiated on an arm's length basis between the Group and BJCA and be determined based on normal commercial terms with reference to prevailing market prices that are fair and reasonable and in any event shall be no less favorable to the prices offered by the Group to its independent third parties.

IV. REASONS FOR AND BENEFITS OF (I) THE REVISED 2017 ANNUAL CAP; AND (II) ENTERING INTO THE 2017 SUPPLEMENTAL AGREEMENT

The principal activities of the Group consist of provision of establishment of network systems, network design, consultancy and related technical services and computer, related accessories and equipment sales business and independent development of computer software.

BJCA is a leading IT security solutions provider in the PRC which is principally engaged in the provision of certificate authority services, security integration, security consultancy, and operation and maintenance services.

Revised 2017 Annual Cap

Capinfo Technology recently won the bid for the campus network construction of e-government in administrative office area, the city's subsidiary center, Beijing. Therefore, it plans to purchase security products from Beijing Anxintianxing under the terms and conditions of Procurement Contract. Due to the large amount of the consideration under the Procurement Contract, the Board expects that the 2017 Annual Cap will not be sufficient, and further review and revision to such annual cap will be required. The Company is of the view that the 2017 Annual Cap will ensure the smooth progress of this internal network construction project.

The 2017 Supplemental Agreement

In accordance with the needs of general operations and business development, the Group entered into the 2017 Supplemental Agreement with BJCA, pursuant to which, the Group shall provide network technology services and products to BJCA. The Company is of view that the transactions under the 2017 Supplemental Agreement will continue to provide a stable revenue source for the Group.

Accordingly, the Directors (including the independent non-executive Directors but excluding Mr. Xu Zhe, chairman and non-executive Director of the Company and also senior management of BSAM, and Dr. Feng Hao Cheng, non-executive Director and also an employee of a subsidiary of BSAM, who had abstained from voting on the Board resolution in respect of (i) the Revised 2017 Annual Cap; and (ii) the 2017 Supplemental Agreement) consider that the Revised 2017 Annual Cap and the terms of the 2017 Supplemental Agreement are fair and reasonable and the Revised 2017 Annual Cap and the entering into the 2017 Supplemental Agreement are in the ordinary and usual course of business of the Group and are in the interests of the Group and the Shareholders as a whole.

V. INTERNAL CONTROL

The individual transaction between the Group and BJCA under the Existing Framework Agreement as supplemented by the 2017 Supplemental Agreement shall be reviewed and approved by procurement department prior to the entering into of the relevant transaction to

ensure that the terms are set in compliance with the Company's pricing policy. Following the entering into of the continuing connected transactions, the finance department and Board's office will monitor the transactions to ensure that the transactions are conducted in accordance with the relevant pricing policies and the annual caps are not exceeded. The auditors and independent non-executive Directors of the Company will also conduct annual review of the continuing connected transactions entered into by the Group on whether the continuing connected transactions have been conducted in compliance of the pricing policies and whether the relevant annual caps have been exceeded.

VI. INFORMATION ON THE PARTIES

Information on the Company

The Company is a joint stock limited company established in the PRC on 23 January 1998 with limited liability, which is principally engaged in the provision of establishment of network systems, network design, consultancy and related technical services and computer, related accessories and equipment sales business and independent development of computer software.

Information on BJCA

BJCA is a leading IT security solutions provider in the PRC which is principally engaged in the provision of certificate authority services, security integration, security consultancy, and operation and maintenance services.

VII. LISTING RULES IMPLICATIONS

BJCA is owned as to approximately 26.24% by the Company and approximately 26.24% by BSAM. Thus, BJCA is a subsidiary of BSAM. Since BJCA is a subsidiary of BSAM (the controlling shareholder of the Company), BJCA is a connected person of the Company and the transactions contemplated under the Existing Framework Agreement as supplemented by the 2017 Supplemental Agreement constitute continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Revised 2017 Annual Cap for the transactions involving the provision of network security system development and related technical services by BJCA to the Group are more than 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the BJCA Annual Caps for the transactions involving the provision of service on network system establishment, system integration, network design, consultancy and related technical services and products by our Group to BJCA and its subsidiaries are more than 0.1% but less than 5%,

such transactions are subject to the reporting, announcement, annual review requirements and are exempted from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as and except for Mr. Xu Zhe, chairman and non-executive Director of the Company and senior management of BSAM, and Dr. Feng Hao Cheng, non-executive Director and also an employee of a subsidiary of BSAM, none of the Directors have any material interest in (i) the Revised 2017 Annual Cap; and (ii) the 2017 Supplemental Agreement. Accordingly, Mr. Xu Zhe and Dr. Feng Hao Cheng had abstained from voting on the Board resolution approving (i) the Revised 2017 Annual Cap; and (ii) the 2017 Supplemental Agreement.

The Company will seek approval from the Independent Shareholders in respect of the Revised 2017 Annual Cap at the forthcoming extraordinary general meeting. A circular containing, among others, details on the Revised 2017 Annual Cap, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders will be dispatched to shareholders on or before 20 September 2017. In view of BSAM's interests in the Revised 2017 Annual Cap for the transactions involving the provision of network security system development and related technical services by BJCA to the Group, BSAM and its associates will abstain from voting to approve the Revised 2017 Annual Cap at the extraordinary general meeting.

V. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Beijing Anxintianxing”	北京安信天行科技有限公司 (Beijing Anxintianxing Science Co., Ltd.*), a company established in the PRC and is wholly-owned by BJCA
“BJCA”	北京數字認證股份有限公司(Beijing Certificate Authority Co., Ltd.*), a company established in the PRC and listed on the Growth Enterprise Market of Shenzhen Stock Exchange in December 2016 (Stock code: 300579)
“BJCA Annual Caps”	the annual caps in respect of the transaction contemplated under the 2017 Supplemental Agreement for each of the three years ending 31 December 2019
“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 and is wholly-owned by the Beijing Municipal Government, being the controlling shareholder of the Company
“Capinfo Technology”	Capinfo Technology Development Co., Ltd.* (首都信息科技發展有限公司), a company established in the PRC and is controlled by 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 listed foreign share(s) of RMB0.10 each in the share capital of the Company are listed on the Main Board of the Stock Exchange (Stock code: 1075)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Annual Caps”	the annual caps in respect of the transaction contemplated under the 2017 Services Agreement for each of the three years ending 31 December 2019
“Existing Framework Agreement”	the Original Services Agreement, the 2014 Services Agreement, and the 2017 Services Agreement
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee comprising all of the independent non-executive directors of the Company established to advise the Independent Shareholders
“Independent Shareholders”	shareholders of the Company other than BSAM and its associates
“Independent Third Parties”	independent third parties independent of the Company and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Original Services Agreement”	the agreement dated 21 March 2011 entered into between the Company and BJCA for the provision of network security system development and related technical services by BJCA to the Company
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region, 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
“2014 Services Agreement”	the agreement dated 27 March 2014 entered into between the Group and BJCA in relation to the renewal of the term under the Original Services Agreement
“2017 Services Agreement”	the agreement dated 7 February 2017 entered into between the Company and BJCA in relation to the renewal of the term under the Original Services Agreement (as renewed by the 2014 Services Agreement)
“%”	percent

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

Beijing, the PRC, 30 August 2017

As of the date hereof, the executive directors of the Company are Ms. Lin Yankun and Mr. Yu Donghui; the non-executive directors of the Company are Mr. Xu Zhe, Dr. Feng Hao Cheng, Mr. Cao Jun, Mr. Zhou Weihua, Mr. Shan Yuhu and Ms. An Lili, and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Li He and Mr. Yang Xiaohui.