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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)

**CONNECTED TRANSACTIONS
IN RELATION TO
(I) SYSTEM & HARDWARE CONTRACT;
(II) NETWORK EQUIPMENT CONTRACT;
AND (III) INTEGRATED SYSTEM CONTRACT**

The Company entered into the Integrated System Contract with Yingzhi on 8 April 2016 for the planning and construction service of integrated systems of Yingzhi and three hospitals owned by Yingzhi.

In addition, to facilitate the hardware/software installation and maintenance as part of the alternation of the Building, the Company entered into (i) the System & Hardware Contract with Beijing Shijing (as supplemented by the Supplemental Contract entered into among the Company, Beijing Shijing and Yingzhi) on 2 July 2015; and (ii) the Network Equipment Contract with Yingzhi on 23 September 2015.

As at the date of this announcement, BSAM, being the controlling Shareholder, is interested in approximately 63.31% of the issued share capital of the Company. Yingzhi is a company established in the PRC and is beneficially owned as to 48.39% by BSAM. Beijing Shijing is a company established in the PRC and is beneficially owned as to 100% by BSAM. Therefore, Yingzhi and Beijing Shijing are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the CT Contracts constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios for the System & Hardware Contract and the Network Equipment Contract, on an aggregated basis, were less than 5% and the aggregated considerations payable thereunder are less than HK\$3,000,000, the System & Hardware Contract and the Network Equipment Contract were fully exempted from the reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

* *For identification purposes only*

As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the CT Contracts, on an aggregated basis, are more than 0.1% but less than 5%, the transactions contemplated under the CT Contracts (on an aggregated basis) are subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

The Company entered into the Integrated System Contract with Yingzhi on 8 April 2016 for the planning and construction service of integrated systems of Yingzhi and three hospitals owned by Yingzhi.

In addition, to facilitate the hardware/software installation and maintenance as part of the alternation of the Building, the Company entered into (i) the System & Hardware Contract with Beijing Shijing (as supplemented by the Supplemental Contract entered into among the Company, Beijing Shijing and Yingzhi) on 2 July 2015; and (ii) the Network Equipment Contract with Yingzhi on 23 September 2015.

THE SYSTEM & HARDWARE CONTRACT (AS SUPPLEMENTED BY THE SUPPLEMENTAL CONTRACT)

Date

2 July 2015

Parties

The Company; Beijing Shijing; and Yingzhi

Beijing Shijing is a company established in the PRC and is beneficially owned as to 100% by BSAM, the controlling Shareholder of the Company. Therefore, Beijing Shijing is a connected person of the Company under Chapter 14A of the Listing Rules. Beijing Shijing is principally engaged in the provision of property alternation and renovation services.

Yingzhi is a company established in the PRC and is beneficially owned as to 48.39% by BSAM, the controlling Shareholder of the Company. Therefore, Yingzhi is a connected person of the Company under Chapter 14A of the Listing Rules. Yingzhi is principally engaged in health management services.

On 2 July 2015, the System & Hardware Contract was entered into between the Company and Beijing Shijing and the Supplemental Contract was entered into among the Company, Beijing Shijing and Yingzhi. Pursuant to the Supplemental Contract, the rights and obligations of Beijing Shijing under the Supplemental Contract was assigned to Yingzhi.

Subject matter

Pursuant to the System & Hardware Contract, the Company agreed to supply certain IT-related hardware and installation, testing and maintenance service of the integrated system (the “**Project**”) for the alteration of the Building which is undergoing an alteration for the purpose of providing medical and health care services. The aforesaid IT-related hardware include host integration server (HIS), redundant array of independent disk (RAID) and computers.

Consideration

The consideration payable by Yingzhi under the System & Hardware Contract is RMB930,000, which shall be payable in the following manners:

- (i) 60% of the consideration is payable in cash within 15 days upon signing of the System & Hardware Contract;
- (ii) 25% of the consideration is payable in cash within 15 days upon completion of the preliminary examination and acceptance of the Project;
- (iii) 10% of the consideration is payable in cash within 30 days upon completion of the final examination and acceptance of the Project; and
- (iv) 5% of the consideration is payable in cash after one year upon completion of the final examination and acceptance of the Project.

Beijing Shijing carried out a tender process for sourcing vendor for the Project. With reference to the prevailing market price for similar products and services and the estimated cost to be incurred under the Project, the Company determined the aforesaid consideration for submission of the tender under the aforesaid tender process. The Company was selected under the tender.

Other terms

The Company should complete the Project by 15 September 2015 and the final examination and acceptance of the Project should be completed by 15 October 2015. The warranty period shall last for 24 months from completion of the final examination and acceptance of the Project. The Company shall provide training to the staff of Yingzhi in relation to the Project.

THE NETWORK EQUIPMENT CONTRACT

Date

23 September 2015

Parties

The Company

Yingzhi

Subject matter

Pursuant to the Network Equipment Contract, the Company agreed to supply certain IT-related hardware for the alteration of the Building. The aforesaid IT-related hardware include port and optical module.

Consideration

The consideration payable by Yingzhi under the Network Equipment Contract is RMB68,026, which shall be payable in the following manners:

- (i) 30% of the consideration is payable in cash within 5 business days upon signing of the Network Equipment Contract;
- (ii) 50% of the consideration is payable in cash within 5 business days upon deliver and completion of the preliminary examination and acceptance of the hardware; and
- (iii) 20% of the consideration is payable in cash within 30 days upon completion of the final examination and acceptance of the hardware.

The above consideration was arrived at after arm's length negotiation between the Company and Yingzhi with reference to the prevailing market price for similar products to be supplied under the Network Equipment Contract.

Other terms

The Company shall provide one year after-sale services to Yingzhi from completion of the final examination and acceptance of the hardware.

THE INTEGRATED SYSTEM CONTRACT

Date

8 April 2016

Parties

The Company

Yingzhi

Subject matter

Pursuant to the Integrated System Contract, the Company agreed to (i) conduct informationization planning for Yingzhi; (ii) conduct informationization planning for three hospitals owned by Yingzhi; and (iii) supply and construct three sets of informationization integrated systems (including hardware and 12 sets of software) for Yingzhi and its three hospitals.

Consideration

The consideration payable by Yingzhi under the Integrated System Contract is RMB5,800,000, which shall be payable in the following manners:

- (i) 50% of the consideration is payable in cash within 15 days upon signing of the Integrated System Contract;
- (ii) 30% of the consideration is payable in cash within 15 days upon completion of the preliminary examination and acceptance of eight sets of software (out of 12 sets) under the Integrated System Contract; and
- (iii) 20% of the consideration is payable in cash within 15 days upon completion of the preliminary examination and acceptance of all 12 sets of software under the Integrated System Contract.

The above consideration was arrived at after arm's length negotiation between the Company and Yingzhi with reference to the prevailing market price for similar products and services and the estimated cost to be incurred for the provision of the services under the Integrated System Contract.

Other terms

The Company shall complete its work under the Integrated System Contract within three months from the date of conditions for implementation of the Company's work being satisfied.

The warranty period shall last for 12 months from completion of the final examination and acceptance of the Company's work under the Integrated System Contract.

The Company shall provide training to the staff of Yingzhi in relation to the informationization integrated systems.

REASONS FOR THE TRANSACTIONS

The Group are principally engaged in the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment and self-developed computer software.

The Directors consider that the transactions contemplated under each of the CT Contracts are conducted in the ordinary and usual course of business of the Group. Through the entering into of the CT Contracts, the Directors expect that the Company would increase its revenue.

The Board (including the independent non-executive Directors) is of the view that the terms of the CT Contracts are fair and reasonable and on normal commercial terms, and the entering into of the CT Contracts is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BSAM, being the controlling Shareholder, is interested in approximately 63.31% of the issued share capital of the Company. Yingzhi is a company established in the PRC and is beneficially owned as to 48.39% by BSAM. Beijing Shijing is a company established in the PRC and is beneficially owned as to 100% by BSAM. Therefore, Yingzhi and Beijing Shijing are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the CT Contracts constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios for the System & Hardware Contract and the Network Equipment Contract, on an aggregated basis, were less than 5% and the aggregated considerations payable thereunder are less than HK\$3,000,000, the System & Hardware Contract and the Network Equipment Contract were fully exempted from the reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the CT Contracts, on an aggregated basis, are more than 0.1% but less than 5%, the transactions contemplated under the CT Contracts (on an aggregated basis) are subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save and except for Mr. Xu Zhe and Dr. Feng Haocheng who is an employee of BSAM, none of the Directors have any material interest in the CT Contracts. Accordingly, Mr. Xu Zhe and Dr. Feng Haocheng had abstained from voting on the Board resolution on approving the CT Contracts.

DEFINITIONS

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

“Beijing Shijing”	北京石景新天置業有限公司 (Beijing Shijing Xintian Property Limited*), a company established in the PRC with limited liability
“Board”	the board of the 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
“Building”	石景雅居4號樓 (Building No. 4 if Shijing Yaju [*]), Beijing, the PRC
“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
“CT Contracts”	the System & Hardware Contract (as supplemented by the Supplemental Contract), the Network Equipment Contract and the Integrated System Contract
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Integrated System Contract”	the contract entered into between the Company and Yingzhi on 23 September 2015 in relation to the planning and construction of integrated systems of Yingzhi and three hospitals owned by Yingzhi
“IT”	information technology
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Network Equipment Contract”	the contract entered into between the Company and Yingzhi on 8 April 2016 in relation to the supply of certain IT-related hardware by the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Shares”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metres
“Supplemental Contract”	the supplemental contract entered into among the Company, Beijing Shijing and Yingzhi on 2 July 2015 to supplement the System & Hardware Contract
“System & Hardware Contract”	the contract entered into between the Company and Beijing Shijing on 2 July 2015 in relation to the Project
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yingzhi”	英智康復投資管理有限公司 (Yingzhi Recovery Investment Management Limited*), a company established in the PRC with limited liability

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

Beijing, the PRC, 8 April 2016

As of the date hereof, the executive directors of the Company is Mr. Lu Lei; the non-executive directors of the Company are Mr. Xu Zhe, Dr. Feng Haocheng, Mr. Cao Jun, Mr. Zhou Weihua, Mr. Shan Yuhu and Ms. An Lili, and the independent non-executive directors of the Company are Ms. Zhou Liye, Mr. Gong Zhiqiang and Mr. Cheung, Wai Hung Boswell.

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