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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

The Board is pleased to announce that on 24 August 2018, the Company and Capinfo Cloud Technology, a subsidiary of the Company entered into the Technology Development Agreement with BSAM, pursuant to which Capinfo Cloud Technology agreed to provide service on the establishment of integrated portal platform for the Company and BSAM.

As at the date of this announcement, BSAM, being the controlling shareholder, is interested in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions between Capinfo Cloud Technology and BSAM as contemplated under the Technology Development Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the transactions contemplated under the Technology Development Agreement when aggregated with those transactions between the Group and BSAM and its subsidiaries contemplated in the preceding 12-month period under Rule 14A.81 of the Listing Rules are more than 0.1% but less than 5%, the Technology Development Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 24 August 2018, the Company and Capinfo Cloud Technology, a subsidiary of the Company entered into the Technology Development Agreement with BSAM, pursuant to which Capinfo Cloud Technology agreed to provide service on the establishment of integrated portal platform for the Company and BSAM.

* *For identification purposes only*

TECHNOLOGY DEVELOPMENT AGREEMENT

The principal terms of the Technology Development Agreement are as follows:

Date

24 August 2018

Parties

- (1) the Company;
- (2) Capinfo Cloud Technology, a subsidiary of the Company; and
- (3) BSAM, the controlling shareholder of the Company

Subject

Capinfo Cloud Technology agreed to provide service on the establishment of integrated portal platform for the Company and BSAM.

Consideration and Payment Terms

The total consideration payable to Capinfo Cloud Technology under the Technology Development Agreement is RMB3,900,000 (equivalent to approximately HK\$4,485,000), among which RMB2,600,000 (equivalent to approximately HK\$2,990,000) is payable by BSAM (the “**BSAM Consideration**”) and RMB1,300,000 (equivalent to approximately HK\$1,495,000) is payable by the Company (the “**Company Consideration**”).

The total consideration will be payable in four instalments in the following manner by wire transfer:

- (1) BSAM shall pay 40% of the BSAM Consideration (i.e. RMB1,040,000, equivalent to approximately HK\$1,196,000) and the Company shall pay 40% of the Company Consideration (i.e. RMB520,000, equivalent to approximately HK\$598,000) within 20 days of signing of the Technology Development Agreement.
- (2) BSAM shall pay 30% of the BSAM Consideration (i.e. RMB780,000, equivalent to approximately HK\$897,000) and the Company shall pay 30% of the Company Consideration (i.e. RMB390,000, equivalent to approximately HK\$448,500) within 20 days after successful trial operation.

- (3) BSAM shall pay 20% of the BSAM Consideration (i.e. RMB520,000, equivalent to approximately HK\$598,000) and the Company shall pay 20% of the Company Consideration (i.e. RMB260,000, equivalent to approximately HK\$299,000) within 20 days after completion of acceptance of the service under the Technology Development Agreement.
- (4) BSAM shall pay the remaining 10% of the BSAM Consideration (i.e. RMB260,000, equivalent to approximately HK\$299,000) and the Company shall pay the remaining 10% of the Company Consideration (i.e. RMB130,000, equivalent to approximately HK\$149,500) within 20 days after the expiration date of maintenance period.

The consideration is based on arm's length negotiations and the overall value of the service involved under the Technology Development Agreement, having considered the average fees being charged to Independent Third Parties for similar service.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Capinfo Cloud Technology is a subsidiary of the Company and is principally engaged in cloud computing related business, which is a business segment of the Group. As part of the normal and ordinary course of business of the Group, the transactions between Capinfo Cloud Technology and BSAM as contemplated under the Technology Development Agreement will generate additional profit for the Group.

The Directors (including the independent non-executive Directors) are of the view that the Technology Development Agreement is entered (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better after arm's length negotiation; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Cao Huaizhi, being an employee of a subsidiary of BSAM and who is a Director, had abstained from voting on the board resolutions to approve the Technology Development Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Technology Development Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BSAM, being the controlling shareholder, is interested in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions between Capinfo Cloud Technology and BSAM as contemplated under the Technology Development Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the transactions contemplated under the Technology Development Agreement when aggregated with those transactions between the Group and BSAM and its subsidiaries contemplated in the preceding 12-month period under Rule 14A.81 of the Listing Rules are more than 0.1% but less than 5%, the Technology Development Agreement and the

transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE PARTIES

The Company

The Company is joint stock limited company established in the PRC on 23 January 1998 with limited liability, which is principally engaged in the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment.

Capinfo Cloud Technology

Capinfo Cloud Technology is a company established in the PRC with limited liability and is a subsidiary of the Company. The business scope of Capinfo Cloud Technology includes application software service, data process, software consultancy, products design, basic software service, computer system service, software development, technology service, technology transfer, technological development, technology promotion and technology consultancy.

BSAM

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

DEFINITIONS

“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 Cloud Technology”	Capinfo Cloud Technology Co., Ltd.* (首信雲技術有限公司), a limited company incorporated under the laws of 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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Shareholders”	Shareholders other than Shareholders who have material interest in the Technology Development Agreement and the transactions contemplated thereunder
“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
“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
“Technology Development Agreement”	a technology development agreement entered into by and among the Company, Capinfo Cloud Technology and BSAM, pursuant to which Capinfo Cloud Technology agreed to provide service on the establishment of integrated portal platform for the Company and BSAM
“%”	percent

* *The English name is a translation of its Chinese name and is included for identification purposes only.*

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.15. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Beijing, the People's Republic of China, 24 August 2018

As of the date of this announcement, the executive directors of the Company are Ms. Lin Yankun, Mr. Yu Donghui and Mr. Zong Zhaoxing; the non-executive directors of the Company are Mr. Zhou Weihua, Mr. Shan Yuhu, Mr. Cao Huaizhi, Mr. Ma Linxiang and Mr. Feng Jianxun; 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.