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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
HARDWARE PURCHASE AGREEMENTS

The Board is pleased to announce that on 30 November 2018, the Beijing Yanqing Branch of the Company entered into the Hardware Purchase Agreement I, the Hardware Purchase Agreement II, the Hardware Purchase Agreement III, the Hardware Purchase Agreement IV and the Hardware Purchase Agreement V with Capinfo Technology Development, a non wholly-owned subsidiary of the Company, pursuant to which Capinfo Technology Development agreed to provide hardware and related software and maintenance services to the Beijing Yanqing Branch of the Company at a total consideration of RMB15,101,875.

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. Capnet is owned as to 95.00% by BSAM, therefore it is an associate of BSAM and a connected person of the Company. Capinfo Technology Development is owned as to 74.00% by the Company and as to 26.00% by Capnet. Therefore, Capinfo Technology Development is a connected subsidiary and connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the Hardware Purchase Agreements constitute connected transactions under Chapter 14A of the Listing Rules.

As the products under the five hardware purchase agreements are of similar nature, the transactions contemplated thereunder shall be aggregated for the purpose of computing the relevant percentage ratios pursuant to the Listing Rules. As all the applicable percentage ratios on an aggregated basis in respect of the transactions contemplated under the Hardware Purchase Agreements are more than 0.1% but less than 5%, 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.

* *For identification purposes only*

INTRODUCTION

The Board is pleased to announce that on 30 November 2018, the Beijing Yanqing Branch of the Company entered into the Hardware Purchase Agreement I, the Hardware Purchase Agreement II, the Hardware Purchase Agreement III, the Hardware Purchase Agreement IV and the Hardware Purchase Agreement V with Capinfo Technology Development, a non wholly-owned subsidiary of the Company, pursuant to which Capinfo Technology Development agreed to provide hardware and related software and maintenance services to the Beijing Yanqing Branch of the Company at a total consideration of RMB15,101,875.

HARDWARE PURCHASE AGREEMENTS

The principal terms of each of the Hardware Purchase Agreements are as follows:

1. Hardware Purchase Agreement I

Date:	30 November 2018
Parties:	(1) the Beijing Yanqing Branch of the Company (as the Purchaser); and (2) Capinfo Technology Development, a non wholly-owned subsidiary of the Company (as the Seller)
Subject:	The Seller agreed to provide the Purchaser with certain hardware, such as fiber converters, switches, TV walls, network video recorder, box camera, graphic platform software and related software and maintenance services.
Consideration:	RMB3,708,478 (tax inclusive) The consideration is determined on arm's length negotiations and with reference to the prevailing market price of similar products and services.
Payment Terms:	The consideration is payable within 15 working days after passing of the final inspection of the products. The consideration shall be payable by the Purchaser in cash.

2. Hardware Purchase Agreement II

Date: 30 November 2018

Parties: (1) the Beijing Yanqing Branch of the Company (as the Purchaser); and
(2) Capinfo Technology Development, a non wholly-owned subsidiary of the Company (as the Seller)

Subject: The Seller agreed to provide the Purchaser with certain hardware, such as dome cameras, network video recorder, box camera, and related software and maintenance services.

Consideration: RMB3,903,031 (tax inclusive)

The consideration is determined on arm's length negotiations and with reference to the prevailing market price of similar products and services.

Payment Terms: The consideration is payable within 15 working days after passing of the final inspection of the products.

The consideration shall be payable by the Purchaser in cash.

3. Hardware Purchase Agreement III

Date: 30 November 2018

Parties: (1) the Beijing Yanqing Branch of the Company (as the Purchaser); and
(2) Capinfo Technology Development, a non wholly-owned subsidiary of the Company (as the Seller)

Subject: The Seller agreed to provide the Purchaser with certain hardware such as fiber converters, network video recorder, box camera and related software and maintenance services.

Consideration: RMB2,266,500 (tax inclusive)

The consideration is determined on arm’s length negotiations and with reference to the prevailing market price of similar products and services.

Payment Terms: The consideration is payable within 15 working days after passing of the final inspection of the products.

The consideration shall be payable by the Purchaser in cash.

4. Hardware Purchase Agreement IV

Date: 30 November 2018

Parties: (1) the Beijing Yanqing Branch of the Company (as the Purchaser); and
(2) Capinfo Technology Development, a non wholly-owned subsidiary of the Company (as the Seller)

Subject: The Seller agreed to provide the Purchaser with certain hardware, such as fiber converters, network video recorder, box camera and related software and maintenance services.

Consideration: RMB2,310,240 (tax inclusive)

The consideration is determined on arm’s length negotiations and with reference to the prevailing market price of similar products and services.

Payment Terms: The consideration is payable within 15 working days after passing of the final inspection of the products.

The consideration shall be payable by the Purchaser in cash.

5. Hardware Purchase Agreement V

Date: 30 November 2018

Parties: (1) the Beijing Yanqing Branch of the Company (as the Purchaser); and

(2) Capinfo Technology Development, a non wholly-owned subsidiary of the Company (as the Seller)

Subject: The Seller agreed to provide the Purchaser with certain hardware, such as fiber converters, network video recorder, box camera and related software and maintenance services.

Consideration: RMB2,913,626 (tax inclusive)

The consideration is determined on arm's length negotiations and with reference to the prevailing market price of similar products and services.

Payment Terms: The consideration is payable within 15 working days after passing of the final inspection of the products.

The consideration shall be payable by the Purchaser in cash.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Capinfo Technology Development is principally engaged in construction, operation and maintenance of major information application projects for government, software development, design and maintenance, agency and integration of network systems, and technology consulting service, support and training. The transactions as contemplated under the Hardware Purchase Agreements will meet the Company's requirements for hardware products to support its operation and further its business expansion. Taken into account the Company's requirement for hardware products and Capinfo Technology Development's experience in provision of the relevant products for government customers, the Board believes that entering into the Hardware Purchase Agreements with Capinfo Technology Development is an efficient way for the Company to source hardware products.

The Directors (including the independent non-executive Directors) are of the view that the Hardware Purchase Agreements are 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, and Mr. Yu Donghui, being the Chairman of Capinfo Technology Development and who is a Director, had abstained from voting on the board resolutions to approve the Hardware Purchase Agreements and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Hardware Purchase Agreements.

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. Capnet is owned as to 95.00% by BSAM, therefore it is an associate of BSAM and a connected person of the Company. Capinfo Technology Development is owned as to 74.00% by the Company and as to 26.00% by Capnet. Therefore, Capinfo Technology Development is a connected subsidiary and connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the Hardware Purchase Agreements constitute connected transactions under Chapter 14A of the Listing Rules.

As the products under the five hardware purchase agreements are of similar nature, the transactions contemplated thereunder shall be aggregated for the purpose of computing the relevant percentage ratios pursuant to the Listing Rules. As all the applicable percentage ratios on an aggregated basis in respect of the transactions contemplated under the Hardware Purchase Agreements are more than 0.1% but less than 5%, 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 Technology Development

Capinfo Technology Development is a company established in the PRC and is owned as to 74.00% by the Company and 26.00% by Capnet, which is owned as to 95.00% by BSAM. Capinfo Technology Development is principally engaged in construction, operation and maintenance of major information application projects for government, software development, design and maintenance, agency and integration of network systems, and technology consulting service, support and training.

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, the Controlling Shareholder of the Company
“Capinfo Technology Development”	Capinfo Technology Development Co., Ltd.* (首都信息科技發展有限公司), a limited company incorporated under the laws of the PRC and owned as to 74.00% by the Company and 26.00% by Capnet, which is owned as to 95.00% by BSAM
“Capnet”	北京首信網創網絡信息服務有限責任公司 (Capnet Company Limited*), a company established in the PRC with limited liability which is owned as to 95.00% by BSAM
“Company”	Capinfo Company Limited* (首都信息發展股份有限公司), 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
“connected subsidiary”	has the meaning ascribed thereto under the Listing Rules
“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
“Hardware Purchase Agreements”	collectively, the Hardware Purchase Agreement I, the Hardware Purchase Agreement II, the Hardware Purchase Agreement III, the Hardware Purchase Agreement IV and the Hardware Purchase Agreement V

“Hardware Purchase Agreement I”	the hardware purchase agreement entered into between the Beijing Yanqing Branch of the Company and Capinfo Technology Development on 30 November 2018 under which the consideration is RMB3,708,478
“Hardware Purchase Agreement II”	the hardware purchase agreement entered into between the Beijing Yanqing Branch of the Company and Capinfo Technology Development on 30 November 2018 under which the consideration is RMB3,903,031
“Hardware Purchase Agreement III”	the hardware purchase agreement entered into between the Beijing Yanqing Branch of the Company and Capinfo Technology Development on 30 November 2018 under which the consideration is RMB2,266,500
“Hardware Purchase Agreement IV”	the hardware purchase agreement entered into between the Beijing Yanqing Branch of the Company and Capinfo Technology Development on 30 November 2018 under which the consideration is RMB2,310,240
“Hardware Purchase Agreement V”	the hardware purchase agreement entered into between the Beijing Yanqing Branch of the Company and Capinfo Technology Development on 30 November 2018 under which the consideration is RMB2,913,626
“Independent Shareholders”	Shareholders other than Shareholders who have material interest in the Hardware Purchase Agreements 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)

“Share(s)”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

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

Beijing, the People’s Republic of China
30 November 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.