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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 JOINT ARRANGEMENT**

On 28 July 2017, the Company entered into the Project Cooperation Agreement with BJCA, Beijing Anxintianxing and other six independent third parties, pursuant to which the Company agreed to jointly cooperate on completion of the research and development of five tasks in relation to the project of “key technologies of service authentication and certification based on domestic cryptographic algorithm” with BJCA as the project leader and the Company, Beijing Anxintianxing and other six independent third parties as project participants. The Company will participate in three tasks under the Cooperation Project.

On 28 July 2017, the Company entered into the Task Cooperation Agreement 2 contemplated under the Project Cooperation Agreement with Project Participant 1 and Project Participant 6, pursuant to which the Company agreed to cooperate on the research and development of the Task 2.

On 28 July 2017, the Company entered into the Task Cooperation Agreement 4 contemplated under the Project Cooperation Agreement with Beijing Anxintianxing and Project Participant 3, pursuant to which the Company agreed to cooperate on the research and development of the Task 4.

On 28 July 2017, the Company entered into the Task Cooperation Agreement 5 contemplated under the Project Cooperation Agreement with BJCA, pursuant to which the Company agreed to cooperate on the research and development of the Task 5.

As BJCA is owned as to approximately 26.24% by BSAM, the controlling shareholder of the Company, and approximately 26.24% by the Company and Beijing Anxintianxing is a wholly-owned subsidiary of BJCA, BJCA and Beijing Anxintianxing are connected persons of the Company and the transactions contemplated under the Project Cooperation Agreement constitute connected transactions of the Company. As the applicable percentage ratios on an aggregated

\* *For identification purpose only*

basis under Rule 14A.81 of the Listing Rules are more than 0.1% but less than 5%, the transactions contemplated under the Project Cooperation Agreement and Task Cooperation Agreements are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## I. INTRODUCTION

On 28 July 2017, the Company entered into the project cooperation agreement in relation to the “key technologies of service authentication and certification based on domestic cryptographic algorithm” (the “**Project Cooperation Agreement**”) with BJCA, Beijing Anxintianxing and other six Independent Third Parties, pursuant to which the Company agreed to jointly cooperate on completion of the research and development of five tasks in relation to the project of “key technologies of service authentication and certification based on domestic cryptographic algorithm” (the “**Cooperation Project**”) with BJCA as the project leader and the Company, Beijing Anxintianxing and other six Independent Third Parties as project participants. The Company will participate in three tasks under the Cooperation Project.

On 28 July 2017, the Company entered into the task cooperation agreement in relation to the “research on information service security assessment system and evaluation standards” (the “**Task Cooperation Agreement 2**”) contemplated under the Project Cooperation Agreement with Project Participant 1 and Project Participant 6, pursuant to which the Company agreed to cooperate on the research and development of the task of “research on information service security assessment system and evaluation standards” (the “**Task 2**”).

On 28 July 2017, the Company entered into the task cooperation agreement in relation to the “research on technologies for certification of trustworthiness and functional integrity of information services” (the “**Task Cooperation Agreement 4**”) contemplated under the Project Cooperation Agreement with Beijing Anxintianxing and Project Participant 3, pursuant to which the Company agreed to cooperate on the research and development of the task of “research on technologies for certification of trustworthiness and functional integrity of information services” (the “**Task 4**”).

On 28 July 2017, the Company entered into the task cooperation agreement in relation to the “development and application demonstration of trusted management platform of information services” (the “**Task Cooperation Agreement 5**”, together with Task Cooperation Agreement 2 and Task Cooperation Agreement 4, collectively the “**Task Cooperation Agreements**”) contemplated under the Project Cooperation Agreement with BJCA, pursuant to which the Company agreed to cooperate on the research and development of the task of “development and application demonstration of trusted management platform of information services” (the “**Task 5**”).

## II. THE AGREEMENTS

Details of each of the Agreements are set out as below:

### 1. Project Cooperation Agreement

Date of Agreement: 28 July 2017

Parties:

- 1) BJCA (as project leader);
- 2) the Company (as a project participant);
- 3) Beijing Anxintianxing (as a project participant);
- 4) Project Participant 1 (as a project participant);
- 5) Project Participant 2 (as a project participant);
- 6) Project Participant 3 (as a project participant);
- 7) Project Participant 4 (as a project participant);
- 8) Project Participant 5 (as a project participant); and
- 9) Project Participant 6 (as a project participant)

Subject: all parties shall cooperate on completion of the research and development of five tasks under the project of “key technologies of service authentication and certification of basic domestic cryptographic algorithm” and on accomplishment of corresponding indexes.

Funds under the Agreement: The project will be granted RMB21.86 million by the central fiscal department. For the self-raised research funds, BJCA, the Company, Project Participant 2 and Beijing Anxintianxing will contribute RMB10 million, RMB12 million, RMB1 million and RMB2 million, respectively.

During project implementation, all parties shall take measures for protection of intellectual property rights of scientific and technological achievements in a prompt manner and determine the ownership thereof in accordance with relevant provisions on management of intellectual property rights of national science and technology programs.

For the intellectual property rights owned independently or jointly, all parties of the project shall be entitled to the right of first refusal with equal conditions.

Ownership of Project Assets: The assets such as equipment, trial-produced prototypes and its information and data which are purchased with the funds granted by the central fiscal department shall be subject to relevant requirements under the measures for management of national science and technology programs.

The providers and the users of self-raised research funds shall enter into separate agreements on the ownership of assets arising from the investment with the self-raised research funds.

**2. TASK COOPERATION AGREEMENT 2**

Date of Agreement: 28 July 2017

- Parties:
- 1) Project Participant 1 (as the task leader);
  - 2) the Company (as a task participant); and
  - 3) Project Participant 6 (as a task participant)

Content of Task: preparation of 4 drafts of information service security evaluation standards, of which 2 shall be set up or approved by the department in charge of national or industrial standards; relevant research report on information service security assessment system and evaluation standards; 1 information service security evaluation system; 1 software copyright. All parties shall conduct research and development of the Task 2 and accomplish corresponding indexes in accordance with this agreement. The Company is mainly responsible for construction of the authentication environment, participation in the development and test of system and assisting the leader in completing the project research.

Funds under the Agreement: The project will be granted RMB4.02 million by the central fiscal department. For the self-raised research funds, the Company will contribute RMB4 million.

Ownership of Intellectual Property Rights: Prior to the project implementation, all parties obtain the intellectual property rights and the corresponding interests shall vest in themselves respectively.

During project implementation, all parties shall take measures for protection of intellectual property rights of scientific and technological achievements in a prompt manner and determine the ownership thereof in accordance with relevant provisions on management of intellectual property rights of national science and technology programs.

For the intellectual property rights owned independently or jointly, all parties of the project shall be entitled to the right of first refusal with equal conditions.

Ownership of Project Assets: The assets such as equipment, trial-produced prototypes and its information and data which are purchased with the funds granted by the central fiscal department shall be subject to relevant requirements under the measures for management of national science and technology programs.

The providers and the users of self-raised research funds shall enter into separate agreements on the ownership of assets arising from the investment with the self-raised research funds.

### **3. TASK COOPERATION AGREEMENT 4**

Date of Agreement: 28 July 2017

Parties:

- 1) Project Participant 3 (as the task leader);
- 2) the Company (as a task participant); and
- 3) Beijing Anxintianxing (as a task participant)

Content of Task:	<p>completion of the prototype system for certification of the trustworthiness and functional integrity of information services based on domestic cryptographic algorithm and, at least, completion of certification of service attributes including physical location, integrity and confidentiality for cloud storage service and virtual host lease service; relevant research report on the technology for certification of the trustworthiness and functional integrity of information services; over 5 academic papers, application for 6 national patents of invention and 1 software copyright; All parties shall conduct research and development of the Task 4 and accomplish corresponding indexes in accordance with this agreement. The Company is mainly responsible for development and construction of the prototype system for certification, at least completion of certification of service, and assisting the leader in completing the project research.</p>
Funds under the Agreement:	<p>The project will be granted RMB4.45 million by the central fiscal department. For the self-raised research funds, the Company and Beijing Anxintianxing will contribute RMB4 million and RMB2 million, respectively.</p>
Ownership of Intellectual Property Rights:	<p>Prior to the project implementation, all parties obtain the intellectual property rights and the corresponding interests shall vest in themselves respectively.</p> <p>During project implementation, all parties shall take measures for protection of intellectual property rights of scientific and technological achievements in a prompt manner and determine the ownership thereof in accordance with relevant provisions on management of intellectual property rights of national science and technology programs.</p> <p>For the intellectual property rights owned independently or jointly, all parties of the project shall be entitled to the right of first refusal with equal conditions.</p>
Ownership of Project Assets:	<p>The assets such as equipment, trial-produced prototypes and its information and data which are purchased with the funds granted by the central fiscal department shall be subject to relevant requirements under the measures for management of national science and technology programs.</p>

The providers and the users of self-raised research funds shall enter into separate agreements on the ownership of assets arising from the investment with the self-raised research funds.

#### **4. TASK COOPERATION AGREEMENT 5**

Date of Agreement: 28 July 2017

Parties: 1) BJCA (as the task leader); and  
2) the Company (as a task participant)

Content of Task: development and deployment of the platform for trusted management platform of information services based on domestic cryptographic algorithm, formation of core technology standards with unified server management interface and completion of 1 standard set up or approved by the department in charge of national or industrial standards; relevant research report on the research and application demonstration of trusted management platform of information services; application for 2 national patents of invention; application for 1 software copyright. All parties shall conduct research and development of the Task 5 and accomplish corresponding indexes in accordance with this agreement. The Company is mainly responsible for presiding over the completion of the application demonstration of the task research achievements, provision of the environment for deployment of the platform and system design and development of subsystems and assisting the leader in completing the project research.

Funds under the Agreement: The project will be granted RMB4.30 million by the central fiscal department. For the self-raised research funds, the Company and BJCA will contribute RMB4 million and RMB5 million, respectively.

Ownership of Intellectual Property Rights: Prior to the project implementation, all parties obtain the intellectual property rights and the corresponding interests shall vest in themselves respectively.

During project implementation, all parties shall take measures for protection of intellectual property rights of scientific and technological achievements in a prompt manner and determine the ownership thereof in accordance with relevant provisions on management of intellectual property rights of national science and technology programs.

For the intellectual property rights owned independently or jointly, all parties of the project shall be entitled to the right of first refusal with equal conditions.

Ownership of Project Assets: The assets such as equipment, trial-produced prototypes and its information and data which are purchased with the funds granted by the central fiscal department shall be subject to relevant requirements under the measures for management of national science and technology programs.

The providers and the users of self-raised research funds shall enter into separate agreements on the ownership of assets arising from the investment with the self-raised research funds.

Due to the participation in Task 2, Task 4 and Task 5 under the Project Cooperation Agreement, the aggregate research funds to be paid by the Company during the term of the Task Cooperation Agreements amount to RMB12 million.

The Task Cooperation Agreement 1 and Task Cooperation Agreement 3 under the Project Cooperation Agreement are entered into between BJCA and other project participants and the principal terms thereof are similar to those under the Task Agreements. Other project participants are independent of the Company.

### **III. REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS**

The Group is 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.

As part of the normal and ordinary course of business of the Group, the Group has been providing network systems development, installation, design and related consultancy services and other information technology services to Independent Third Parties. The transactions contemplated under the Agreements will generate additional profit for the Group.



The Directors (including the independent non-executive Directors) are of the view that each of the Agreements was entered into (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. Xu Zhe, chairman and non-executive Director of the Company, is a member of senior management of BSAM, and Dr. Feng Hao Cheng, non-executive Director, is also an employee of BSAM. Accordingly, Mr. Xu Zhe and Dr. Feng Hao Cheng had abstained from voting on the Board resolutions approving the Agreements. Save as disclosed above, none of the Directors has any material interest in the Agreements.

#### **IV. INFORMATION ON THE PARTIES**

##### **Information on 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.

##### **Information on BJCA**

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

##### **Information on Beijing Anxintianxing**

Beijing Anxintianxing is a wholly-owned subsidiary of BJCA and is principally engaged in security system integration and software development.

##### **Information on Other Project Participants**

Project Participant 1 is a scientific research institution directly subordinate to the Ministry of Industry and Information Technology and is the most important support unit of the State in the field of information communication and the major support unit of the Ministry of Industry and Information Technology in the field of comprehensive policy.

Project Participant 2 is principally engaged in promotion of electronic information security technology, technological development, technology transfer, technology consulting, technical services; software development; research and experimental development of computer technology.

Project Participant 3 is principally engaged in research on cryptographic theory and security agreement, intelligent information processing, data security, communication and electromagnetism security, network and system technology, information system evaluation, etc.

Project Participant 4 is a public university in the PRC.

Project Participant 5 is a public university in the PRC.

Project Participant 6 is a public university in the PRC.

The aforementioned project participants are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

As BJCA is owned as to approximately 26.24% by BSAM, the controlling shareholder of the Company, and approximately 26.24% by the Company and Beijing Anxintianxing is a wholly-owned subsidiary of BJCA, BJCA and Beijing Anxintianxing are connected persons of the Company and the transactions contemplated under the Project Cooperation Agreement constitute connected transactions of the Company. As the applicable percentage ratios on an aggregated basis under Rule 14A.81 of the Listing Rules are more than 0.1% but less than 5%, the transactions contemplated under the Project Cooperation Agreement and Task Cooperation Agreements are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **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
“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

“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 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
“Project Cooperation Agreement”	the project cooperation agreement in relation to “key technologies of service authentication and certification based on domestic cryptographic algorithm” entered into among the Company, BJCA, Beijing Anxintianxing, Project Participant 1, Project Participant 2, Project Participant 3, Project Participant 4, Project Participant 5 and Project Participant 6 on 28 July 2017
“Project Participant 1”	中國信息通信研究院 (China Academy of Information and Communications Technology*), formerly known as the Academy of Posts and Telecommunications of the former Ministry of Posts and Telecommunications (initially established in 1957) and officially established in 1994
“Project Participant 2”	中國信息安全研究院有限公司 (China Information Security Research Institute Co., Ltd.*), a company established in the PRC

“Project Participant 3”	中國科學院信息工程研究所 (Institute of Information Engineering, Chinese Academy of Sciences), a research institution directly subordinate to the Chinese Academy of Sciences approved to be established in 2011
“Project Participant 4”	Beihang University
“Project Participant 5”	Xidian University
“Project Participant 6”	Chongqing University
“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
“Task Cooperation Agreements”	Task Cooperation Agreement 2, Task Cooperation Agreement 4 and Task Cooperation Agreement 5
“Task Cooperation Agreement 1”	the task cooperation agreement in relation to the “research on the taxonomic hierarchies and classification system for trusted management of information services” entered into among BJCA, Project Participant 3 and Project Participant 6
“Task Cooperation Agreement 2”	the task cooperation agreement in relation to the “research on information service security assessment system and evaluation standards” entered into among the Company, Project Participant 1 and Project Participant 6 on 28 July 2017
“Task Cooperation Agreement 3”	the task cooperation agreement in relation to the “research on information service entity management and identification system” entered into among BJCA, Project Participant 2, Project Participant 4 and Project Participant 5
“Task Cooperation Agreement 4”	the task cooperation agreement in relation to the “research on technologies for certification of trustworthiness and functional integrity of information services” entered into among the Company, Beijing Anxintianxing and Project Participant 3 on 28 July 2017

“Task Cooperation Agreement 5” the task cooperation agreement in relation to the “development and application demonstration of trusted management platform of information services” entered into between the Company and BJCA on 28 July 2017

“%” percent

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

Beijing, the PRC, 28 July 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.*