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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 2016, the Company entered into the CBEX Server Hosting Agreement, the Cloud Computing Support Platform Integration Service Agreement, the Information Recovery and Protection Service Agreement and the Website Enhancement Technical Support Agreement with Beijing Equity Exchange, pursuant to which the Company agreed to provide server hosting services and other information technology services to Beijing Equity Exchange. In 2016, the Company also entered into the Beijing Quanyitong Server Hosting Agreement with Beijing Quanyitong (a wholly-owned subsidiary of Beijing Equity Exchange), pursuant to which the Company agreed to provide server hosting services to Beijing Quanyitong.

As Beijing Equity Exchange is owned as to 48.70% by BSAM (the Company's controlling Shareholder) and Beijing Quanyitong is a wholly-owned subsidiary of Beijing Equity Exchange, Beijing Equity Exchange and Beijing Quanyitong are connected persons of the Company and the transactions contemplated under the Agreements constituted 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 Agreements are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

In 2016, the Company entered into the CBEX Server Hosting Agreement, the Cloud Computing Support Platform Integration Service Agreement, the Information Recovery and Protection Service Agreement and the Website Enhancement Technical Support Agreement with Beijing Equity Exchange, pursuant to which the Company agreed to provide server hosting services and other information technology services to Beijing Equity Exchange. In 2016, the Company also entered into the Beijing Quanyitong Server Hosting Agreement with Beijing Quanyitong (a wholly-owned subsidiary of Beijing Equity Exchange), pursuant to which the Company agreed to provide server hosting services to Beijing Quanyitong.

* *For identification purpose only*

THE AGREEMENTS

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

1. CBEX Server Hosting Agreement

Date of Agreement	:	12 January 2016
Parties	:	(1) the Company; and (2) Beijing Equity Exchange
Subject	:	The Company shall host the servers of Beijing Equity Exchange in its facilities.
Period of hosting	:	varies for each server racks, covering the period from June 2015 to December 2016
Initial consideration under the agreement	:	RMB2,465,950 The consideration is based on the number of server racks being hosted, the period of hosting for such server racks and the unit price for hosting. The unit price is based on unit price being charged to Independent Third Parties. If the number of server racks being hosted increases or decreases during the term, the amount of hosting fees will be adjusted according to the terms of the agreement.
Payment terms	:	Beijing Equity Exchange shall pay to the Company such hosting fees for the period up to 30 June 2016 in the aggregate amount of RMB1,378,450 within ten business days of the signing of the CBEX Server Hosting Agreement and shall pay the remaining fees for the second half of the year within ten business days after 30 June 2016.

2. Cloud Computing Support Platform Integration Service Agreement

Date of Agreement	:	1 April 2016
Parties	:	(1) the Company; and (2) Beijing Equity Exchange

Subject : the Company shall provide consultancy and integration services for the cloud computing support platform for Beijing Equity Exchange

Term : from 1 October 2015 to 31 May 2016

Consideration : RMB400,000

The consideration is arrived at after arm’s length negotiation and based on overall amount of consultancy and integration service involved under the agreement, having considered the average fees being charged to Independent Third Parties for similar projects.

Payment terms : Beijing Equity Exchange shall pay 80% of the total consideration within ten business days of the signing of the Cloud Computing Support Platform Integration Service Agreement and shall pay the remaining 20% within ten business days after the completion of the acceptance of Project.

3. Information Recovery and Protection Service Agreement

Date of Agreement : June 2016

Parties : (1) the Company; and
(2) Beijing Equity Exchange

Subject : the Company shall provide information protection, maintenance and disaster recovery service

Term : from 1 July 2016 to 30 June 2017

Consideration : RMB270,000

The consideration is arrived at after arm’s length consideration, having considered the average fees being charged to Independent Third Parties for similar projects.

Payment terms : Beijing Equity Exchange shall pay to the Company 80% of the total consideration within five business days of the signing of the Information Recovery and Protection Service Agreement and shall pay the remaining 20% within five business days after completion of the project and Beijing Equity Exchange having provided the acceptance report.

4. Beijing Quanyitong Server Hosting Agreement

Date of Agreement : 10 November 2016

Parties : (1) the Company; and
(2) Beijing Quanyitong

Subject : the Company shall host the servers of Beijing Quanyitong in its facilities

Period of hosting : From 28 April 2016 to 30 December 2016

Total consideration : RMB264,000

The consideration is based on the number of server racks being hosted, the period of hosting for such server racks and the unit price for hosting. The unit price is based on unit price being charged to Independent Third Parties.

Payment terms : Beijing Quanyitong shall pay to the Company the total consideration within ten business days of the signing of the Beijing Quanyitong Server Hosting Agreement.

5. Website Enhancement Technical Support Agreement

Date of Agreement : 21 December 2016

Parties : (1) the Company; and
(2) Beijing Equity Exchange

Subject : The Company shall provide services for the development, implementation and maintenance services of the business administration cloud platform.

Term : from 14 August 2016 to 13 August 2017

Consideration : RMB464,135

The consideration is arrived at after arm's length negotiation and based on the hardware required for the project and other relevant maintenance and service fees, having considered the average fees being charged to Independent Third Parties for similar projects.

Payment terms : Beijing Equity Exchange shall pay the total consideration within ten business days of the signing of the Website Enhancement Technical Support Agreement.

During the year ended 31 December 2016, the aggregate actual consideration paid by Beijing Equity Exchange and Beijing Quanyitong to the Company pursuant to the Agreements was approximately RMB3,813,900.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The principal activities of the Group consist of 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 server hosting services and other information technology services to Independent Third Parties as well as Beijing Equity Exchange and Beijing Quanyitong. 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.

INFORMATION ON 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.

Beijing Equity Exchange

Beijing Equity Exchange is a comprehensive equity trading institution approved by the People's Government of Beijing Municipality. Beijing Equity Exchange Group provides services including policy consulting, information release, project recommendation, investment guidance, merge and acquisition planning, project financing, stock and asset management and authentication of equity exchange and actively promoting the asset restructure of enterprises with variety ownerships, circulation of non-state-owned assets and bilateral merger and acquisition.

Beijing Quanyitong

Beijing Quanyitong is a wholly-owned subsidiary of Beijing Equity Exchange and is engaged in the provision of third party payment and settlement service platform. Beijing Quanyitong provides professional transaction fund deposit, custody, supervision and other account settlement services. It also provides investment and financing services to buyers and sellers during the transaction process.

LISTING RULES IMPLICATIONS

As Beijing Equity Exchange is owned as to 48.70% by BSAM (the Company's controlling Shareholder) and Beijing Quanyitong is a wholly-owned subsidiary of Beijing Equity Exchange, Beijing Equity Exchange and Beijing Quanyitong are connected persons of the Company and the transactions contemplated under the Agreements constituted 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 Agreements are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Agreements”	the CBEX Server Hosting Agreement, the Cloud Computing Support Platform Integration Service Agreement, the Information Recovery and Protection Service Agreement, Beijing Quanyitong Server Hosting Agreement and the Website Enhancement Technical Support Agreement
“Beijing Equity Exchange”	北京產權交易所有限公司 (China Beijing Equity Exchange Limited*), an equity trading institution approved by the People’s Government of Beijing Municipality
“Beijing Quanyitong”	北京權益通支付科技有限公司 (Beijing QYT Pay Sci-tech Co., Ltd*) a company established in the PRC and is wholly-owned by Beijing Equity Exchange
“Beijing Quanyitong Server Hosting Agreement”	a server hosting agreement entered into between the Company and Beijing Quanyitong on 10 November 2016
“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
“CBEX Server Hosting Agreement”	a server hosting agreement entered into between the Company and Beijing Equity Exchange on 12 January 2016
“Cloud Computing Support Platform Integration Service Agreement”	an integration service agreement in relation to the development of cloud computing platform entered into between the Company and Beijing Equity Exchange on 1 April 2016
“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
“Information Recovery and Protection Service Agreement”	a service agreement in relation to information recovery and protection entered into between the Company and Beijing Equity Exchange in June 2016
“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
“Shares”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Website Enhancement Technical Support Agreement”	a technical support agreement in relation to a website enhancement project entered into between the Company and Beijing Equity Exchange on 21 December 2016
“%”	percent

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

Beijing, the PRC, 31 May 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.