

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF TECHNIQUE SERVICES FRAMEWORK AGREEMENT**

As the term of the Technique Services Framework Agreement had expired on 31 December 2022 and in order to continue carrying the transactions with BSAM Group, the Company intends to renew the transactions contemplated under the Technique Services Framework Agreement with BSAM. Accordingly, on 18 January 2023 (after trading hours), the Company (for itself and on behalf of the Group) entered into the Renewal Agreement with BSAM (for itself and on behalf of the BSAM Group).

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 contemplated under the Renewal Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps for the service fees to be paid by BSAM Group to the Group under the Renewal Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement, annual review requirements and are exempted from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps of the service fees to be paid by the Group to BSAM Group under the Renewal Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement, annual review requirements and are exempted from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the Announcement in relation to the entering into of the Technique Services Framework Agreement with BSAM (for itself and on behalf of the BSAM Group) governing the (i) provision of network related service and products by the Group to BSAM Group and (ii) provision of electronic certification and information security related services and products by BSAM Group to the Group for the period from 9 September 2020 to 31 December 2022. As the term of the Technique Services Framework Agreement had expired on 31 December 2022 and in order to continue carrying on the transactions contemplated thereunder with BSAM Group, the Company intends to renew the Technique Services Framework Agreement.

THE RENEWAL AGREEMENT

On 18 January 2023 (after trading hours), the Company (for itself and on behalf of the Group) entered into the Renewal Agreement with BSAM (for itself and on behalf of the BSAM Group).

The principal terms of the Renewal Agreement are set out as follows:

Date

18 January 2023

Parties

- (1) The Company (for and on behalf of the Group); and
- (2) BSAM (for and on behalf of the BSAM Group), the controlling shareholder of the Company

Subject Matter

Pursuant to the Renewal Agreement, (i) the Group agreed to continue providing software development services, network system establishment and service, network design, website intensification, system integration, technical operation and maintenance, technical consultancy services, cloud services, cloud products, wireless products and related information technology services and products to BSAM Group; and (ii) BSAM Group agreed to continue providing electronic certification services, electronic certification products and information security services, and related security products, network security system development, operation and maintenance and other technical outsourcing services to the Group.

For each particular service to be procured under the Renewal Agreement, the relevant member of the Group or the relevant member of the BSAM Group may enter into separate agreement to set out the particulars on the services and products to be provided between the Parties.

Term

A term of three (3) years commencing from 1 January 2023 and ending on 31 December 2025.

ANNUAL CAPS

The annual caps under the Renewal Agreement for each of (i) the service fees to be paid by the Group to the BSAM Group; and (ii) service fees to be paid by the BSAM Group to the Group were determined based on the expected business needs of the Group and the BSAM Group and the historical transaction amounts under the Technique Services Framework Agreement.

Historical transaction amounts under the Technique Services Framework Agreement

The historical annual caps and the historical transaction amounts for the service fees (i) paid by the Group to the BSAM Group; and (ii) paid by the BSAM Group to the Group are set out as follow:

	For the year ended 31 December 2020 (RMB0'000)	For the year ended 31 December 2021 (RMB0'000)	For the six months ended 30 June 2022 (RMB0'000)
Historical annual caps for service fees paid by BSAM Group to the Group	3,000	4,000	4,000
Historical service fees paid by BSAM Group to the Group	1,510.57	1,512.31	685.00
Utilisation rate	50.35%	37.80%	N/A
Historical annual caps for the service fees paid by the Group to BSAM Group	1,200	1,600	1,600
Historical service fees paid by the Group to BSAM Group	1,071.06 <i>(Note)</i>	1,287.10	110.61
Utilisation rate	89.25%	80.44%	N/A

For the six months ended 30 June 2022, the service fees paid by the Group to BSAM Group has not reflected some service fees which was in the process of recognition due to accounting treatment and therefore the amount has substantially decreased. The management expected that the amount for the full year ended 31 December 2022 will resume to comparable level to year 2021 based on management account available on hand.

Note: As of 31 December 2020, the Group paid to the BSAM Group a historical service fees in the sum of RMB46,074,100, which included a service fees paid by the Group to Beijing Certificate Authority Co., Ltd.* (北京數字認證股份有限公司) and/or its subsidiaries under connected transactions, the details of which were announced in 2017 and completed in 2020. Accordingly, the annual cap for the year ended 31 December 2020 was not exceeded. Please refer to the announcement of the Company dated 30 August 2017 for further details.

Annual Caps under the Renewal Agreement

The annual caps for (i) the service fees to be paid by the Group to BSAM Group; and (ii) the service fees to be paid by BSAM Group to the Group under the Renewal Agreement for the each of the three years ending 31 December 2025 are set out as follows:

	For the year ending 31 December 2023 <i>(RMB0'000)</i>	For the year ending 31 December 2024 <i>(RMB0'000)</i>	For the year ending 31 December 2025 <i>(RMB0'000)</i>
Annual cap for the service fees to be paid by BSAM Group to the Group	3,500	3,500	3,500
Annual cap for the service fees to be paid by the Group to BSAM Group	3,000	3,000	3,000

PRICING POLICY

Services and products to be provided by the Group to BSAM Group

For the services and products to be provided by the Group to the BSAM Group, the relevant member of the Group which provides services and products would firstly estimate the overall costs based on costs of labour, software and hardware equipment and etc. and then proposes a preliminary quotation based on the estimated overall costs plus a gross profit margin, which is determined (i) with reference to the average bidding price of similar services and products in the open market, such as the China Government Procurement Network (中國政府採購網) (<http://www.ccgp.gov.cn/>) and the average price offered by the Group to independent third parties for the procurement of similar services and products, (ii) by performing necessary tender and selection procedures, (iii) in compliance with relevant laws, regulations and policies regarding pricing, and (iv) based on an arm's length negotiations with BSAM Group, so as to ensure the price is reasonable and competitive for the Group's services and products.

To ensure the quotation provided by the Group is comparable to the prices offered by other suppliers of similar services and products in the market, the Group will adjust its price with reference to (i) the average bidding price to the extent it can collect from the open market, such as China Government Procurement Network (中國政府採購網) (<http://www.ccgp.gov.cn/>) for similar services and products, and (ii) average quotation for comparable services and products provided by the Group to independent third parties.

The management of the Group will adjust pricing policy from time to time in light of the changing market environment and taking into account of the status of development of the Company so that its pricing is competitive, beneficial to the Group and in compliance with the applicable laws, regulations and policy documents.

Services and products to be provided by BSAM Group to the Group

For the service and products to be provided by BSAM Group to the Group, the procurement department of the Group is responsible for the management of the procurement process. When the procurement department receives procurement requests from other business departments of the Group, it will invite at least three suppliers for quotation. Such quotation should include information such as particulars of products/services, proposed products/services price, delivery and payment terms. After comparing the quotations submitted by suppliers, the officers of the procurement department of the Group will report and make recommendations to the head of the procurement department of the Group. The head of the procurement department of the Group will select the best suitable supplier based on information gathered and the recommendation made by its subordinate officers.

INTERNAL CONTROL POLICIES

Each quotation for the service and products to be provided by the Group to BSAM Group under the Renewal Agreement will go through the internal approval system of the Group, under which it passes through different departments for consideration, including the planning department, the finance management department and the management of the Company for review and approval. The management of the Company would ensure that the final quotation is fair and reasonable and beneficial to the Group as a whole.

Each individual transaction in relation to the service and products to be provided by BSAM Group to the Group under the Renewal Agreement shall be reviewed and approved by the head of the procurement department of the Group before execution to ensure that the terms and procedures are in compliance with the Company's pricing policy.

Following the entering into of the Renewal Agreement, the Company will regularly review the transactions to be entered into with BSAM Group to identify any transactions that maybe at risk of exceeding the annual caps and any measures to be introduced in response to such transactions. The finance management department of the Group is responsible for monitoring the transaction amounts of the continuing connected transactions quarterly, reporting to Board's office to ensure that the transactions are conducted in accordance with the respective pricing policies and the annual caps are not exceeded.

The purchasing department of the Group will (i) regularly compare with the price list of the Group to ensure the fees charged to BSAM Group is at least on the same bases and same rates for similar services and products provided to independent third parties by the Group; (ii) obtain quotation from BSAM Group for each purchase and compare the quotations of similar services and products from other independent suppliers to ensure the price competitiveness of services and products before placing order(s) with BSAM Group.

The auditors and independent non-executive Directors of the Company will also conduct annual review of the continuing connected transactions entered into by the Group on whether the continuing connected transactions have been conducted in compliance of the pricing policies and whether the relevant annual caps have been exceeded.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE RENEWAL AGREEMENT

The Group is principally engaged in, inter alia, software development and services, system integration, data processing services, information professional services and etc.

BSAM Group has maintained good cooperation relationship with the Group for a long time and with the extensive and in-depth application of internet, cloud computing, and big data technologies in enterprise informatization, the number of information technology services and product transactions between the Group and BSAM Group has increased. The Board believes that the entering into the Renewal Agreement will be beneficial to the Group's operation. The Board is also of the view that the services to be provided by BSAM Group to the Group will continue helping the Group to maintain and enhance its network security system, and improve the related level of technology and services.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Renewal Agreement, the annual caps for the service fees to be paid by the Group to BSAM Group and that to be paid by BSAM Group to the Group under the Renewal Agreement are fair and reasonable and are in the ordinary and usual course of business of the Group and are in the interests of the Group and the Shareholders as a whole.

By virtue of her capacity as an employee of BSAM, Ms. Yan Yi, is regarded to have a material interest in the Renewal Agreement and the transactions contemplated thereunder, and had abstained from voting on the Board resolutions approving the Renewal Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Renewal Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

Information on the Company

The Company is a joint stock limited company established in the PRC on 23 January 1998 with limited liability, which is principally engaged in, inter alia, software development and services, system integration, data processing services, information professional services and etc.

Information on BSAM

BSAM is a company established in the PRC with limited liability 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 development of functionality area, environmental protection and new energies.

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 and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewal Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps for the service fees to be paid by BSAM Group to the Group under the Renewal Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement, annual review requirements and are exempted from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps of the service fees to be paid by the Group to BSAM Group under the Renewal Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement, annual review requirements and are exempted from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 9 September 2020 in relation to the entering into of the Technique Services Framework Agreement with BSAM (for itself and on behalf of the BSAM Group)
“Board”	the board of Directors

“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
“BSAM Group”	BSAM and its subsidiaries
“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Independent Shareholders”	Shareholders other than Shareholders who have material interest in the Renewal Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively members of the Group and the BSAM Group, as the case may be
“PRC”	the People’s Republic of China
“Renewal Agreement”	the renewal agreement of the Technique Services Framework Agreement entered into between the Company (for itself and on behalf of the Group) and BSAM (for itself and on behalf of the BSAM Group) on 18 January 2023, pursuant to which the Group and the BSAM Group agreed to provide services to each other for the period from 1 January 2023 to 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	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
“Technique Services Framework Agreement”	the technique services framework agreement entered into between the Company (for itself and on behalf of the Group) and BSAM (for itself and on behalf of the BSAM Group) on 9 September 2020, pursuant to which the Group and the BSAM Group agreed to provide services to each other for the period from 9 September 2020 to 31 December 2022
“%”	per cent

By order of the Board of Directors
CAPINFO COMPANY LIMITED*
Yu Donghui
Chairman

Beijing, the People’s Republic of China,
18 January 2023

As at the date of this notice the executive directors of the Company are Mr. Yu Donghui, Mr. Zhang Yiqian and Mr. Zong Zhaoxing; the non-executive directors of the Company are Mr. Zhou Weihua, Mr. Shan Yuhu, Mr. Feng Jianxun, Ms. Yan Yi and Ms. Liang Yi; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Yang Xiaohui and Mr. Su Zhongxing.

* *For identification purpose only*