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If you have sold or transferred all your shares in Capinfo Company Limited*, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CAPINFO

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)

MAJOR AND CONNECTED TRANSACTIONS ENTERING INTO PARTICIPATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT

**Independent Financial Adviser to the
Independent Board Committee
and Independent Shareholders**



A letter from the Board is set out on pages 5 to 15 of this circular. A letter from Independent Financial Advisor containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 31 of this circular and a letter from the Independent Board Committee is set out on page 16 of this circular.

The supplemental notice of the AGM to be held at Conference Room, 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the People's Republic of China on Friday, 21 June 2019 at 10:00 a.m. together with the supplemental proxy form for the appointment of proxy to attend the AGM were published on the websites of the Stock Exchange and the Company on 31 May 2019. Whether or not you would attend the AGM, please fill in the supplemental proxy form according to relevant instructions and return it as soon as possible, and not less than 24 hours before the fixed time of holding the AGM, i.e. before 20 June 2019 at 11:00 a.m. (Hong Kong time) or any adjournment thereof, in any event. The filled and returned supplemental proxy form will have no effect on your vote in person in the AGM or any other postponed meetings. Completion and delivery of the revised proxy form will not preclude you from attending and voting in person should you so wish.

31 May 2019

* For identification purposes only

CONTENTS

| | <i>Page</i> |
|--|-------------|
| DEFINITIONS | 1 |
| LETTER FROM THE BOARD | 5 |
| LETTER FROM THE INDEPENDENT BOARD COMMITTEE | 16 |
| LETTER FROM INDEPENDENT FINANCIAL ADVISOR | 17 |
| APPENDIX I – FINANCIAL INFORMATION OF THE GROUP | 32 |
| APPENDIX II – GENERAL INFORMATION | 34 |
| SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING | 39 |

DEFINITIONS

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

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|---------------------------------|---|
| “Articles” | the Articles of the Company |
| “business day(s)” | the legal working days in the PRC |
| “close associates” | has the meaning ascribed to it under the Listing Rules |
| “Beijing Equity Exchange” | 北京產權交易所有限公司 (China Beijing Equity Exchange*), is a comprehensive equity trading institution approved by the People's Government of Beijing Municipality and is owned as to 48.70% by BSAM. |
| “Beijing Guotong” | 北京市國通資產管理有限責任公司 (Beijing Guotong Asset Management Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of BSAM |
| “Beijing Industrial Investment” | 北京工業發展投資管理有限公司 (Beijing Industrial Developing Investment Management Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of BSAM |
| “Beijing Science Development” | 北京科技園建設(集團)股份有限公司 (Beijing Science Park Development (Group) Co., Ltd.*), a company established in the PRC and owned as to 54.45% by BSAM |
| “BICD” | 北京集成電路設計園有限公司 (Beijing IC Design Park Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of BSAM |
| “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*), the Controlling Shareholder, a company established in the PRC and wholly-owned by the Beijing Municipal Government |
| “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 |

DEFINITIONS

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| “Controlling Shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “AGM” | an annual general meeting of the Company to be convened on 21 June 2019 for the purpose of considering, inter alia, and if thought fit, approving the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder |
| “Fund” or the “Partnership” | 北京京國盛投資基金(有限合夥)(Beijing Jingguosheng Investment Fund (Limited Partnership)*), a limited partnership established in the PRC |
| “General Partner” | the general partner of the Partnership |
| “Group” | the Company and its subsidiaries |
| “Guorong Chuangyin” | 北京國融創引投資管理有限公司 (Beijing Guorongchuangyin Investment Management Co., Ltd.*), a company established in the PRC and is owned as to 75% by Beijing Industrial Beijing Industrial Developing Investment Management Co., Ltd. and thus a subsidiary of BSAM |
| “Independent Board Committee” | an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder |
| “Independent Financial Advisor” | Red Solar Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) under the SFO, being the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to entering into the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder. |
| “Independent Shareholders” | Shareholders other than Shareholders who have material interest in the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder |
| “Independent Third Part(ies)” | independent third part(ies) independent of the Company and the connected persons of the Company |
| “Interest(s)” | interest(s) in the Partnership |

DEFINITIONS

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|---------------------------------|--|
| “Limited Partner(s)” | the limited partner(s) of the Partnership |
| “Limited Partnership Agreement” | the limited partnership agreement dated 25 March 2019 entered into by and among the Company, Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and BICD |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Manager” | Beijing Industrial Investment, the manager of the Fund |
| “National Stadium” | 國家體育場有限責任公司 (National Stadium*), a company established in the PRC and owned as to 53.23% by BSAM. |
| “Participation Agreement” | the participation agreement dated 25 March 2019 entered into by and among the Company, Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and BICD |
| “Partner(s)” | General Partner and Limited Partner(s), or each of them |
| “PRC” or “China” | the People’s Republic of China which, for the purposes of this circular, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time |
| “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 |
| “Transaction” | the entering into the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder |

DEFINITIONS

“%”

per cent.

In this circular, the English names of the PRC entities or enterprises are translations of their Chinese names. In the event of any inconsistency, the Chinese names shall prevail.

LETTER FROM THE BOARD

CAPINFO

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)

Executive Directors:

Ms. Lin Yankun (*Chairman*)
Mr. Yu Donghui (*Chief Executive Officer*)
Mr. Zong Zhaoxing

Non-executive Directors:

Mr. Zhou Weihua
Mr. Shan Yuhu
Mr. Cao Huazhi
Mr. Ma Linxiang
Mr. Feng Jianxun

Independent Non-executive Directors:

Mr. Gong Zhiqiang
Mr. Cheung Wai Hung, Boswell
Mr. Li He
Mr. Yang Xiaohui

Registered Address:

No. 11 Xi San Huan
Zhong Road,
Haidian District,
Beijing 100036 PRC

*Principal Place of Business
in the PRC:*

5th Floor,
Longfu Mansion,
No. 95 Longfusi Street,
Beijing 100010 PRC

*Principal Place of Business
in Hong Kong:*

Unit B, 1st Floor,
Neich Tower,
128 Gloucester Road,
Wanchai, Hong Kong

Hong Kong, 31 May 2019

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS ENTERING INTO PARTICIPATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT

INTRODUCTION

We refer to the announcement issued by the Company on 25 March 2019 in relation to entering into the Participation Agreement and the Limited Partnership Agreement. The purpose of this circular is to provide you with further details of the Participation Agreement and the Limited Partnership Agreement and

* For identification purpose only

LETTER FROM THE BOARD

the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from the Independent Financial Advisor to Independent Board Committee and Independent Shareholders in relation to the Transaction and other information required under the Listing Rules.

Guorong Chuangyin and BSAM established the Partnership on 23 August 2018. On 25 March 2019, the Company entered into the Participation Agreement and the Limited Partnership Agreement with Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and BICD according to which the Company agreed to act as the Limited Partner of the Partnership and subscribe for Interests in the Partnership with a capital commitment of RMB300,000,000.

PARTICIPATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Participation Agreement and the Limited Partnership Agreement are as follows:

Date

25 March 2019

Parties

- (1) General Partner: Guorong Chuangyin
- (2) Limited Partners:
 - BSAM, the Controlling Shareholder of the Company;
 - the Company;
 - Beijing Equity Exchange, a connected person of the Company;
 - Beijing Science Development, a connected person of the Company;
 - Beijing Guotong, a connected person of the Company;
 - National Stadium, a connected person of the Company; and
 - BICD, a connected person of the Company.

The existing Partners (i.e. Guorong Chuangyin and BSAM) agreed to accept the Company, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and BICD as Limited Partners to the Partnership.

LETTER FROM THE BOARD

As at the date of this circular, the Partnership neither (i) conducted any business activities and made investment in any corporates, nor (ii) incurred any debts, except for the fees incurred for its daily operation. As of the date of this circular, the existing Partners (i.e. Guorong Chuangyin and BSAM) did not make any capital contribution to the Partnership.

Name of the Fund

北京京國盛投資基金(有限合夥) (Beijing Jingguosheng Investment Fund (Limited Partnership)*)

Duration of the Partnership

The duration of the Partnership shall be nine years commencing from 12 September 2018, which may be extended to no more than one year by the Manager.

Business scope

The business scope of the Partnership includes investment management and consultancy in non-security business and equity investment and management.

Capital contributions

The target capital commitment of the Partnership is RMB7,500,000,000 (equivalent to approximately HK\$9,375,000,000), of which:

- (1) Guorong Chuangyin, the General Partner, made capital commitment of RMB10,000,000 (equivalent to approximately HK\$12,500,000), representing 0.13% of the target capital commitment;
- (2) BSAM, the Limited Partner, made capital commitment of RMB5,540,000,000 (equivalent to approximately HK\$6,925,000,000), representing 73.87% of the target capital commitment;
- (3) the Company, the Limited Partner, made capital commitment of RMB300,000,000 (equivalent to approximately HK\$375,000,000), representing 4.00% of the target capital commitment;
- (4) Beijing Equity Exchange, the Limited Partner, made capital commitment of RMB300,000,000 (equivalent to approximately HK\$375,000,000), representing 4.00% of the target capital commitment;
- (5) Beijing Science Development, the Limited Partner, made capital commitment of RMB1,000,000,000 (equivalent to approximately HK\$1,250,000,000), representing 13.33% of the target capital commitment;
- (6) Beijing Guotong, the Limited Partner, made capital commitment of RMB200,000,000 (equivalent to approximately HK\$250,000,000), representing 2.67% of the target capital commitment;

LETTER FROM THE BOARD

- (7) National Stadium, the Limited Partner, made capital commitment of RMB100,000,000 (equivalent to approximately HK\$125,000,000), representing 1.33% of the target capital commitment; and
- (8) BICD, the Limited Partner, made capital commitment of RMB50,000,000 (equivalent to approximately HK\$62,500,000), representing 0.67% of the target capital commitment.

The capital commitment by each Partner is determined by the Partners after arm's length negotiations with reference to the capital needs and requirements of the Fund.

Each of the Partners shall make capital contributions in accordance with their respective capital commitment in instalments on each capital contribution date as set out in a written notice of capital contribution to be served by the Manager.

Management

The business of the Fund shall be carried out and managed by the General Partner. The Limited Partners shall not take part in the management of the Fund's business.

Beijing Industrial Investment, as Manager of the Fund, will provide the Partnership with investment management service and administrative service. Beijing Industrial Investment has extensive experience in fund management. As at 31 December 2018, Beijing Industrial Investment was managing Beijing Industrial Development and Investment Fund ("**Beijing Investment Fund**") initiated by Beijing Municipal Bureau of Economy and Information Technology and Beijing Municipal Bureau of Finance with total capital commitment of over RMB17.3 billion. For the year ended 31 December 2018, there were 17 sub-funds under the Beijing Investment Fund managed by Beijing Industrial Investment, among which 2 sub-funds are in the investment return period and the remaining 15 sub-funds under the Beijing Investment Fund managed by Beijing Industrial Investment are under the set-up and investment period.

The Partnership shall pay the Manager a management fee equal to 1% per annum of the aggregate paid-up capital from all Partners. The management fee is determined after arm's length negotiation among the parties under the Limited Partnership Agreement, with reference to (i) the nature of the investment by the Fund; (ii) the expected level of management activities required from the Manager over the term of the Fund; and (iii) the market range, of around 1% to 2%, of management fee obtained from market comparables.

Investment Areas

The Partnership mainly invests in the areas that comply with the industrial policies of Beijing Municipal and in which the principal business of BSAM operates, including but not limited to energy saving and environmental protection, medical care and pension, high-end manufacturing cultural activities and sports and functional urban area development and operation.

LETTER FROM THE BOARD

Investment Restrictions

The General Partner and the Manager shall not, on behalf of the Partnership, incur debt or provide guarantee to any person (including the Partner).

Unless approved by 50% of the Partners pursuant to the Limited Partnership Agreement, the Partnership shall not (i) make investment in a single investment portfolio with an amount that exceeds 20% of its total capital commitment (i.e. RMB7,500,000,000), (ii) establish a sub-fund, less than 50% interests of which are subscribed by the social-fundraising, and (iii) make investment in a single project, the capital occupation period of which is more than six years.

Investment Decision Committee

The Manager shall establish an investment decision committee, which shall be responsible for making investment decisions for the investment projects of the Partnership. The committee shall be composed of the management of the Manager and professionals, who are either internal employees or external independent third parties, recommended by the shareholder of the Manager.

Profit distribution

The Partnership shall distribute the distributable cash generated from the target investment (the “**Distributable Cash**”) in the following order of priority:

Return of capital contributions:

- (1) first, to the Partner until the cumulative amount distributed to such Partner equals 100% of the then-effective paid-up capital of such Partner in respect of the target investment;

Distribution of profits:

- (2) second, to the Partner an amount equals to 8% per annum (simple interest) on the paid-up contribution of such Partner in respect of the target investment (the “**Initial Income**”);
- (3) third, to the Manager an amount equals to 25% of the Initial Income but in any event not more than the remaining amount of the distributable income after deduction of the Initial Income; and
- (4) fourth, to the Manager an amount equals to 20% of the remaining amount of the distributable income after deduction of the Initial Income and the amount to the Manager as set forth in (3) above (the “**Final Remaining Amount**”) and to the Partner an amount equals to 80% of the Final Remaining Amount.

LETTER FROM THE BOARD

Limited Partners

Limited Partners may participate in the Partnership after approval by the Manager and 50% of the existing Partners. Without the prior written approval by the General Partner, no Limited Partner shall withdraw from the Partnership. Without the prior written approval of the Manager, the Limited Partners shall not transfer any of its Interests in the Partnership (including but not limited to the right of capital contribution and entitlement to profit distribution). The Limited Partners shall not transfer its Interests to any Independent Third Part(ies), unless the Limited Partners offers to the other Partners the pre-emptive rights to purchase such Interests on the same terms and conditions as offered to the Independent Third Party.

General Partners

Unless approved by the Manager and 50% of the Partners, when Guorong Chuangyin acts as the General Partner, the Partnership shall not accept any new General Partner. Unless otherwise provided in the Limited Partnership Agreement, the General Partner shall not withdraw from the Partnership before its dissolution or winding-up. Without the prior written consent of the Manager, the General Partner shall not directly or indirectly transfer any of its Interests in the Partnership.

Restrictions on Pledge of Interests

The Partner shall not pledge any of its Interests.

Legally Binding

The Participation Agreement and the Limited Partnership Agreement shall be legally binding upon the Company after the resolutions are approved by the Independent Shareholders at the AGM, approving the entry into the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder. Before the Participation Agreement and the Limited Partnership Agreement become legally binding on the Company, the Company shall not make any investment to the investment projects of the Partnership and is not entitled to any profit and loss sharing of the such investment project.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

With reference to the investment objective of the Fund and the extensive experience and investment skills of Beijing Industrial Development, the Board believes the Company will be able to capture investment opportunities and diversify the Group's investment portfolio. The Board believes that the investment policy of the Fund would facilitate control on the risk of the Fund. As mentioned above, the Fund shall not (i) make investment in a single investment portfolio with an amount that exceeds 20% of its total capital commitment (i.e. RMB7,500,000,000), (ii) establish a sub-fund, less than 50% interests of which are subscribed by the social-fundraising, or (iii) make investment in a single project, the capital occupation period of which is more than six years, unless approved by 50% of the Partners pursuant to the Limited Partnership Agreement. The Board is also confident in having its capital to be managed by the Manager. The Group has an investment strategy for long term return of investment of the Company. Therefore, the subscription for Interests is an investment opportunity in alignment with the Group's financial plan to deploy idle cash of the Group to enhance the overall profitability of the Group.

LETTER FROM THE BOARD

In addition, the Partnership also provides an opportunity for the Group to further develop its core businesses. The broad range of the industries that the Fund may invest in may include high-tech IT companies, such as provision of environmental information for energy saving and environmental protection, medical information for medical care and pension, industrial internet for high-end manufacturing, city and smart venue and functional urban area development and operation, which are the industries that the Group principally engaged in. As such, through participate in the Partnership, despite a 4% minority interest in the Fund, the Group would have an opportunity to establish business relationship with and invest in large high-tech IT companies which the Group may otherwise not be able to invest in due to the limited amount of funding available for investment. Therefore, the Directors believe the subscription for Interests, the Group will be able to invest in large scale high-tech IT companies by joint investment in the Fund, relying on the strong capital of the Fund and the relationship with the Controlling Shareholder, the Group will have a capture more business opportunities so as to create a synergy effect for the Group to step into a broader investment horizon in the IT industry, and a potential broader customer base for their products and services from the business relationship established with the target investments of the Fund.

The Directors (excluding the independent non-executive Directors whose views will be given after having taking into account the advice of the Independent Financial Advisor and set out in the circular to be published by the Company) are of the view that the transactions contemplated under the Participation Agreement and the Limited Partnership Agreement are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Cao Huaizhi, being an employee of Beijing Industrial Investment and who is a Director, and Mr. Yu Donghui, being the chairman of a subsidiary of BSAM, had abstained from voting on the board resolutions to approve the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Participation Agreement and the Limited Partnership Agreement.

FINANCIAL EFFECT OF ENTERING INTO THE PARTICIPATION AGREEMENT AND THE LIMITED PARTNERSHIP AGREEMENT

Upon completion of the subscription for Interests, the capital contribution and equity interest in the Fund will be owned as to 4% by the Group as a Limited Partner. Accordingly, the financial results of the Fund will not be consolidated into the financial statements of the Group.

(a) Earnings

The Fund with designated return will be accounted for as financial assets of the Group and the calculation of fair value is according to the PRC accounting standards. Any gain or loss will be recognised in the financial statement under the PRC accounting standard, which, in turn, may have an impact to the earnings of the Group.

(b) Assets and liabilities

Except for the transaction costs and future performance of the Fund, there is no gain or loss associated with entering into the Participation Agreement and the Limited Partnership Agreement and the transaction contemplated thereunder.

LETTER FROM THE BOARD

There are no material changes in the total assets and liabilities of the Group immediately after the entering into the Participation Agreement and the Limited Partnership Agreement.

(c) Working capital

Pursuant to the Participation Agreement and the Limited Partnership Agreement, the Company made a capital commitment to the Fund for RMB300 million. The capital contributions to be made by the Group will be financed by internal resources. The Group had fixed yield structured deposit, bank balance and cash amounted to RMB852.5 million as at 31 December 2018. Accordingly, the Group will have sufficient working capital to fulfill the capital commitment to the Fund.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, 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. Guorong Chuangyin is owned as to 75% by Beijing Industrial Investment, which is a wholly-owned subsidiary of BSAM. Beijing Guotong and BICD are wholly-owned subsidiaries of BSAM. Beijing Science Development, Beijing Equity Exchange and National Stadium are owned as to 54.45%, 48.70% and 53.23% by BSAM, respectively. Thus, Guorong Chuangyin, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and BICD are associates of BSAM and therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Participation Agreement and the Limited Partnership Agreement constitute a connected transaction under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder are more than 5%, the transactions contemplated under the Participation Agreement and the Limited Partnership Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder are more than 25% but are all less than 100%, the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION ABOUT THE PARTIES

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 the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment.

LETTER FROM THE BOARD

General Partner

Guorong Chuangyin

Guorong Chuangyin is a company established in the PRC and is owned as to 75% by Beijing Industrial Development and thus a subsidiary of BSAM. Guorong Chuangyin is mainly engaged in investment management and asset management.

Limited Partners

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.

Beijing Science Development

Beijing Science Development is a company established in the PRC and is owned as to 54.45% by BSAM. Beijing Science Development is principally engaged in the development and operation of residential and commercial real estates that characterized by technical real estate.

Beijing Equity Exchange

Beijing Equity Exchange is a comprehensive equity trading institution approved by the People's Government of Beijing Municipality and is owned as to 48.70% by BSAM. 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 Guotong

Beijing Guotong is a company established in the PRC and is wholly-owned by BSAM. With authorization from the Beijing Municipal People's Government and filing with the CBRC, Beijing Guotong is the only local asset management company (AMC) in Beijing that can conduct bulk acquisition and disposal of non-performing financial assets. Beijing Guotong mainly focuses on non-performing assets business, and provides investment management and asset management services.

National Stadium

National Stadium is a company established in the PRC and is owned as to 53.23% by BSAM. National Stadium is principally engaged in the investment, financing, construction, management, operation and post-game utilization of the Bird's Nest.

LETTER FROM THE BOARD

BICD

BICD is a company incorporated in the PRC with limited liability and is wholly-owned by BSAM. BICD is principally engaged in the provision of diversified services such as technical services, training, financial support and office rental to enterprises which engaged in the business of integrated circuits.

AGM

A notice convening the AGM originally scheduled to be held at Conference Room, 5th Floor, Longfu Mansion, No. 95 Longfusi Street, Dongcheng District, Beijing, the People's Republic of China at 10:00 a.m. on 21 June 2019 (the **"Original Notice of AGM"**) has been despatched to the Shareholders on 29 April 2019. The supplemental notice of annual general meeting (the **"Supplemental Notice of AGM"**) dated 31 May 2019 is enclosed with this circular, for the purpose of considering and, if thought fit, approving the Partnership Agreement and the Limited Partnership Agreement and the transaction contemplated thereunder. The resolutions which are ordinarily scheduled to be submitted to the AGM for approval as contained in the Original Notice of AGM, remains unchanged. A supplemental form of proxy of the AGM (the **"Supplemental Proxy Form"**) were published on the websites of the Stock Exchange and the Company on 31 May 2019, and were despatched to the Shareholders on 31 May 2019.

In order to be valid, the Supplemental Proxy Form together with the notarized power of attorney or other authorization document (if any) must be deposited at the Company's H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H shares) or the Company's office at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the People's Republic of China (for domestic shares) not less than 24 hours before the time fixed for the holding of the AGM (i.e. before 10:00 a.m. on Thursday, 20 June, 2019) or any adjournment thereof (as the case may be).

VOTING AT THE AGM

As at the Latest Practicable Date, BSAM, being the Controlling Shareholder, is interested in approximately 63.31% of the issued share capital of the Company. The BSAM is a party to the Participation Agreement and the Limited Partnership Agreement, BSAM thus has a material interest in the relevant transactions as contemplated under the Participation Agreement and the Limited Partnership Agreement. Therefore, BSAM will be required to abstain from voting on the resolutions in relation to the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder at the AGM.

Voting on the resolution at the AGM will be taken by poll.

Partnership

北京京國盛投資基金(有限合夥)(Beijing Jingguosheng Investment Fund (Limited Partnership)*) is a limited liability partnership established by Guorong Chuangyin and BSAM in the PRC on 23 August 2018. The business scope of the Partnership includes investment management and consultancy in non-security business and equity investment and management.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee having taken into account the advice of the independent Financial Advisor, considers that the terms of the Participation Agreement and Limited Partnership Agreement and the transactions contemplated thereunder although not conducted in the ordinary and usual course of business of the company, are on normal commercial terms which are fair and reasonable and the Transaction is in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution in relation to the Participation Agreement and Limited Partnership Agreement and the transaction contemplated thereunder proposed at the AGM. The text of the letter from the Independent Board Committee is set out on page 16 of this circular.

The Board (including the members of the Independent Board Committee) considers that the terms of the Participation Agreement and Limited Partnership Agreement and the transactions contemplated therein although not conducted in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and the Transaction is in the interest of the Company and the Shares as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution in relation to the Participation Agreement and Limited Partnership Agreement and the transactions contemplated thereunder proposed at the AGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices of this circular.

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

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

CAPINFO

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)

31 May 2019

To the Independent Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTIONS ENTERING INTO PARTICIPATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT

We refer to the circular issued by the Company to the Shareholders dated 31 May 2019 (the “Circular”) which this letter forms a part of. Terms defined in the Circular shall have the same meanings as those used in this letter unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the entering into Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders in respect of the Transaction. Red Solar has been appointed as the Independent Financial Advisor in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Independent Financial Advisor” as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Advisor as set out in their letter of advice, we consider that the Transaction, although not conducted in the ordinary and usual course of business of the Company, is on normal commercial terms which are fair and reasonable and the Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution approving the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder at the AGM.

Yours faithfully

For and on behalf of the Independent Board Committee of
Capinfo Company Limited

Mr. Gong Zhiqiang
*Independent Non-
Executive Director*

**Mr. Cheung Wai
Hung, Boswell**
*Independent Non-
Executive Director*

Mr. Li He
*Independent Non-
Executive Director*

Mr. Yang Xiaohui
*Independent Non-
Executive Director*

* For identification purpose only

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

Set out below is the text of a letter received from Red Solar, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the entering into the Participation Agreement and Limited Partnership Agreement and transactions contemplated thereunder for the purpose of inclusion in this circular.

The following is the full text of the letter of advice from Red Solar Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder for the purpose of inclusion in this Circular.



11/F., Kwong Fat Hong Building
No. 1 Rumsey Street, Sheung Wan
Hong Kong

31 May 2019

To: *The Independent Board Committee and
the Independent Shareholders of Capinfo Company Limited**

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS ENTER INTO PARTICIPATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder, are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 31 May 2019 (the “**Circular**”), of which this letter of advice forms part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular.

Reference is made to the announcement of the Company dated 25 March 2019 (the “**Announcement**”), on 25 March 2019, the Company entered into the Participation Agreement and the Limited Partnership Agreement with Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and BICD according to which the Company agreed to act as the Limited Partner of the Partnership and subscribe for Interests in the Partnership with a capital commitment of RMB300,000,000.

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LETTER FROM INDEPENDENT FINANCIAL ADVISOR

With reference to the Letter from the Board, 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. Guorong Chuangyin is owned as to 75% by Beijing Industrial Investment, which is a wholly-owned subsidiary of BSAM. Beijing Guotong and BICD are wholly-owned subsidiaries of BSAM. Beijing Science Development, Beijing Equity Exchange and National Stadium are owned as to 54.45%, 48.70% and 53.23% by BSAM, respectively. Thus, Guorong Chuangyin, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong, National Stadium and BICD are associates of BSAM and therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Participation Agreement and the Limited Partnership Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

Further from the Letter from the Board, as all the applicable ratios in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder are more than 5%, the transactions contemplated under the Participation Agreement and the Limited Partnership Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. On the other hand, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder are more than 25% but are all less than 100%, the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Independent Board Committee, comprising Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Li He and Mr. Yang Xiaohui, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to (i) whether the entering into of the Participation Agreement and the Limited Partnership Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Participation Agreement and the Limited Partnership Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder at the AGM.

As at the Latest Practicable Date, apart from the existing engagement in connection with the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders of the Company or any of their associates (as defined in the Listing Rules). We consider ourselves independent to form our opinion in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder.

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcement and this Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of this Circular. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group and BSAM, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

1. Background of the Group

With reference to the Letter from the Board, the Company is a joint stock limited company established in the PRC on 23 January 1998 with limited liability. 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.

The following is a summary of the key financial information of the Group for each of the two years ended 31 December 2018 as extracted from the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”):

| | For the year ended 31 December | |
|---|---|----------------|
| | 2018 | 2017 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (audited) | (audited) |
| Operating revenue | 1,131,507 | 1,008,307 |
| Investment gain | 29,326 | 63,178 |
| Net profit attributable to Shareholders | 62,169 | 81,130 |
| | As at 31 December | |
| | 2018 | 2017 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (audited) | (audited) |
| Monetary fund | 652,513 | 676,516 |
| Long-term equity investments | 163,611 | 146,041 |
| Total assets | 2,210,348 | 1,817,783 |
| Total liabilities | 1,169,212 | 755,900 |
| Total Shareholders' equity | 1,041,136 | 1,061,884 |

As illustrated by the above table, the Group recorded an operating revenue of RMB1,131.5 million for the year ended 31 December 2018, representing an increase of 12.2% as compared with that for the year ended 31 December 2017. With reference to the 2018 Annual Report, the increase in operating revenue of the Group for the year ended 31 December 2018 was mainly attributable to the increase in operating revenue generated from operation and maintenance service and system integration service. The Group also recorded an investment gain of RMB29.3 million, representing a decrease of 53.6% as compared with that for the year ended 31 December 2017. Investment gain of the Group for the year ended 31 December 2018 included the investment revenue of RMB22.7 million from Beijing Certificate Authority Co., Ltd. and Beijing Culture & Sports Technology Co., Ltd. during the year as well as revenue of RMB6.6 million recognized from purchase of structural bank deposits during the year. The decrease of investment gain of the Group for the year ended 31 December 2018 was larger than that of the previous year mainly due to the investment revenue of RMB40.8 million generated from the transfer of equity interests of PayEase Corp. in 2017. The net profit attributable to Shareholders amounted to RMB62.2 million for the year ended 31 December 2018, representing a decrease of 23.4% as compared with that for the year ended 31 December 2017.

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

As at 31 December 2018, the Group had bank deposits, bank balance and cash amounted to RMB652.5 million, which was comparable to that as at 31 December 2017. The Group purchased additional bank structural deposits for RMB200 million during the year ended 31 December 2018, which was recognised as other current assets. As at 31 December 2018, the Group had total assets amounted to RMB2,210.3 million, representing an increase of 21.6% as compared with that as at 31 December 2017. Total liabilities of the Group amounted to RMB1,169.2 million as at 31 December 2018, representing an increase of 54.7% compared with that as at 31 December 2017. The increase in total liabilities of the Group as at 31 December 2018 was primarily attributable to the increase in contractual liabilities resulting from project receipts for RMB618.8 million, which was partially offset by the decrease in advances received for RMB266.5 million. Total Shareholders' equity amounted to RMB1,041.1 million, representing a slight decrease of 2.0% as compared with that as at 31 December 2017.

2. Principal terms of the Participation Agreement and the Limited Partnership Agreement

The principal terms of the Limited Partnership Agreement are set out below:

(a) Investment areas and restrictions

With reference to the Letter from the Board and as advised by the Directors, the Partnership mainly invests in equities of companies in industries that comply with the industrial policies of Beijing Municipal and in which the principal business of BSAM operates, including but not limited to energy saving and environmental protection, medical care and pension, high-end manufacturing, cultural activities and sports and functional urban area development and operation in order to achieve appreciation in the value of such capital assets.

The General Partner and the Manager shall not, on behalf of the Partnership, incur debt or provide guarantee to any person (including the Partner).

Unless approved by 50% of the Partners pursuant to the Limited Partnership Agreement, the Partnership shall not (i) make investment in a single investment portfolio with an amount that exceeds 20% of its total capital commitment (i.e. RMB7,500,000,000), (ii) establish a sub-fund, less than 50% interests of which are subscribed by the social-fundraising, and (iii) make investment in a single project, the capital occupation period of which is more than six years.

(b) Duration of the Partnership

The duration of the Partnership shall be nine years commencing from 12 September 2018, which may be extended to no more than one year by the Manager.

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

(c) Capital contributions

The target capital commitment of the Partnership is RMB7,500,000,000 (equivalent to approximately HK\$9,375,000,000), of which:

- (1) Guorong Chuangyin, the General Partner, made capital commitment of RMB10,000,000 (equivalent to approximately HK\$12,500,000), representing 0.13% of the target capital commitment;
- (2) BSAM, the Limited Partner, made capital commitment of RMB5,540,000,000 (equivalent to approximately HK\$6,925,000,000), representing 73.87% of the target capital commitment;
- (3) the Company, the Limited Partner, made capital commitment of RMB300,000,000 (equivalent to approximately HK\$375,000,000), representing 4.00% of the target capital commitment;
- (4) Beijing Equity Exchange, the Limited Partner, made capital commitment of RMB300,000,000 (equivalent to approximately HK\$375,000,000), representing 4.00% of the target capital commitment;
- (5) Beijing Science Development, the Limited Partner, made capital commitment of RMB1,000,000,000 (equivalent to approximately HK\$1,250,000,000), representing 13.33% of the target capital commitment;
- (6) Beijing Guotong, the Limited Partner, made capital commitment of RMB200,000,000 (equivalent to approximately HK\$250,000,000), representing 2.67% of the target capital commitment;
- (7) National Stadium, the Limited Partner, made capital commitment of RMB100,000,000 (equivalent to approximately HK\$125,000,000), representing 1.33% of the target capital commitment; and
- (8) BICD, the Limited Partner, made capital commitment of RMB50,000,000 (equivalent to approximately HK\$62,500,000), representing 0.67% of the target capital commitment.

With reference to the Letter from the Board, the capital commitment by each Partner is determined by the Partners after arm's length negotiations with reference to the capital needs and requirements of the Fund.

Each of the Partners shall make capital contributions in accordance with their respective capital commitment in instalments on each capital contribution date as set out in a written notice of capital contribution to be served by the Manager.

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

(d) Management

The business of the Fund shall be carried out and managed by the General Partner. The Limited Partners shall not take part in the management of the Fund's business.

Beijing Industrial Investment, as Manager of the Fund, will provide the Partnership with investment management service and administrative service. The Partnership shall pay the Manager a management fee equal to 1% per annum of the aggregate paid-up capital from all Partners.

We have discussed with the management of the Company and understand that the management fee is determined after arm's length negotiation among the parties under the Limited Partnership Agreement, with reference to (i) the nature of the investment by the Fund; (ii) the expected level of management activities required from the Manager over the term of the Fund; and (iii) the market range of management fee obtained from market comparables.

(e) Profit distribution

The Partnership shall distribute the distributable cash generated from the target investment (the "**Distributable Cash**") in the following order of priority:

Return of capital contributions:

- (1) first, to the Partner until the cumulative amount distributed to such Partner equals 100% of the then-effective paid-up capital of such Partner in respect of the target investment;

Distribution of profits:

- (2) second, to the Partner an amount equals to 8% per annum (simple interest) on the paid-up contribution of such Partner in respect of the target investment (the "**Initial Income**");
- (3) third, to the Manager an amount equals to 25% of the Initial Income but in any event not more than the remaining amount of the distributable income after deduction of the Initial Income; and
- (4) fourth, to the Manager an amount equals to 20% of the remaining amount of the distributable income after deduction of the Initial Income and the amount to the Manager as set forth in (3) above (the "**Final Remaining Amount**") and to the Partner an amount equals to 80% of the Final Remaining Amount.

Having considered that (i) the distributions are in accordance with the Partner's then-effective capital contributions in respect of the target investment to all Partners at the same time and same rate; (ii) an additional amount equal to 8% per annum (simple interest) on the Partner's paid-up contribution in respect of the target investment at the time of payment as part of the distributions to

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

such Partner; and (iii) the Partners will further receive excessive distributions for 80% of the Final Remaining Income, we concur with the Directors that the profit distribution clause is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

(f) Limited Partners

Limited Partners may participate in the Partnership after approval by the Manager and 50% of the existing Partners. Without the prior written approval by the General Partner, no Limited Partner shall withdraw from the Partnership. Without the prior written approval of the Manager, the Limited Partners shall not transfer any of its Interests in the Partnership (including but not limited to the right of capital contribution and entitlement to profit distribution). The Limited Partners shall not transfer its Interests to any Independent Third Part(ies), unless the Limited Partners offers to the other Partners the pre-emptive rights to purchase such Interests on the same terms and conditions as offered to the Independent Third Party.

(g) Legally binding

The Participation Agreement and the Limited Partnership Agreement shall be legally binding upon the Company after the resolutions are approved by the Independent Shareholders at the general meeting, approving the entry into the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder. Before the Participation Agreement and the Limited Partnership Agreement become legally binding on the Company, the Company shall not make any investment in the investment projects of the Partnership and is not entitled to any profit and loss sharing of such investment project.

Further details of the terms of the Limited Partnership Agreement are set out in the Letter from the Board.

Pursuant to the Participation Agreement, the Company has agreed to become a Limited Partner of the Fund. As advised by the Directors, the commitment of the Company was determined after arm's length negotiations between the General Partner and the Company with reference to (i) the prospect of the Fund; (ii) financial resources available to the Group; and (iii) the expected duration of the Fund. Specifically, after taking into account, among other things, the track record and experience of Beijing Industrial Investment (to be discussed in the section headed "**Reasons for and possible benefits of entering into of the Participation Agreement and the Limited Partnership Agreement**"), the working capital of the Group and the Fund's initial duration of nine years which is subject to further extension to no more than one year by the Manager, the Group has decided to invest a commitment of RMB300 million (or 4% of the target capital commitment) to the Fund for diversifying the Group's investment portfolio with prospect of a higher return. The Company's commitment will be funded by internal resources of the Group.

We noted the terms of the Participation Agreement are administrative in nature. As such, we consider that the terms of the Participation Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

Having considered the above, we concur with the Directors that the terms of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole.

3. Reasons for and possible benefits of entering into of the Participation Agreement and the Limited Partnership Agreement

With reference to the investment objective of the Fund and the extensive experience and investment skills of Beijing Industrial Investment, the Board believes that the Company will be able to capture more investment opportunities and diversify the Group's investment portfolio. As advised by the Directors, the Board is also satisfied with the investment policy of the Fund which the Board considered would facilitate control on the risk of the Fund, where as mentioned above, the Fund shall not (i) make investment in a single investment portfolio with an amount that exceeds 20% of its total capital commitment (i.e. RMB7,500,000,000), (ii) establish a sub-fund, less than 50% interests of which are subscribed by the social-fundraising, and (iii) make investment in a single project, the capital occupation period of which is more than six years, unless approved by 50% of the Partners pursuant to the Limited Partnership Agreement. The Board is also confident in having its capital to be managed by the Manager. On the other hand, the Directors further advised, the Group has an investment strategy for long term return of investment of the Company. Therefore, the subscription for Interests is an investment opportunity in alignment with the Group's financial plan to deploy idle cash of the Group to enhance the overall profitability of the Group.

On the other hand, apart from being an investment opportunity for the Group, the Partnership also provides an opportunity for the Group to further develop its core businesses. We understand from the Directors that, among the broad range of the industries that the Fund may invest in, it may include high-tech IT companies which is the industry that the Group principally engaged in. As such, through participate in the Partnership, despite a 4% minority interest in the Fund, the Group would have an opportunity to establish business relationship with and invest in large high-tech IT companies which the Group may otherwise not be able to invest in due to the limited amount of funding available for investment. Therefore, the Directors believe the subscription for Interests will create a synergy effect for the Group to step into a broader investment horizon in the IT industry, and a potential broader customer base for their products and services from the business relationship established with the target investments of the Fund.

The Directors advised, Beijing Industrial Investment has extensive experience in fund management. As at 31 December 2018, Beijing Industrial Investment was managing Beijing Industrial Development and Investment Fund (“**Beijing Investment Fund**”) initiated by the Beijing Municipal Bureau of Economy and Information Technology and Beijing Municipal Bureau of Finance with total capital commitment of over RMB17.3 billion. For the year 2018, there were 17 sub-funds under the Beijing Investment Fund managed by Beijing Industrial Investment, among which 2 sub-funds are in the investment return period where one of the two sub-funds invested has generated revenue of over RMB2.6 billion, while the other sub-fund has tripled its valuation. The remaining 15 sub-funds under the Beijing Investment Fund managed by Beijing Industrial Investment are under the set-up and investment period. On the other hand, Beijing Industrial Investment has managed four equity investments in the past, which have been closed with aggregate net return of RMB324.2 million. While the Group's long-term equity investments resulted in a loss in goodwill for RMB42.7 million for the year ended 31 December 2018, the Directors considered that the positive return of the four equity investments as well as the two sub-funds under the Beijing Investment Fund managed by

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

Beijing Industrial Investment is better than the return of the Group's long-term equity investments. As such, we concur with the Directors that despite the entering into of the Participation Agreement and the Limited Partnership Agreement is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

4. Comparable analysis

In order to assess the fairness and reasonableness of the terms of the Limited Partnership Agreement, in particular, the management fee payable to the Manager, the duration of the Fund and the capital commitment from Limited Partners, with regard to common features of fund structure, we have, to the best of our knowledge and as far as we are aware, identified 12 announcements in relation to fund formation by companies listed on the Stock Exchange (the “Comparable(s)”) from 26 March 2018 up to the date of the Company entered into the Participation Agreement and the Limited Partnership Agreement with the Fund (i.e. 25 March 2019) which we considered to be (i) exhaustive for comparison purposes based on our research and selection criteria on a best-effort basis, or any omissions beyond our awareness shall not result in material change in the conclusion; and (ii) appropriate to reflect recent market statistics on comparable transactions.

Considering the uniqueness of each fund formation, Independent Shareholders should note that the purposes, operations and investment targets of the Fund pursuant to the terms of the Limited Partnership Agreement may not be the same as those of any of the Comparables. However, we consider common features of fund structure such as management fee, duration of the fund and average capital commitment from limited partners for the fund size are of important reference value to our analysis irrespective of the industry of investment targets. Accordingly, the identification of Comparables aims to provide a general reference for the common features in recent fund formations by companies listed on the Stock Exchange.

Details of our analysis are set out in the table below:

| Date of announcement | Company (stock code) | Purpose of the fund | Approximate committed fund size (RMB million) (Note) | Management fee per annum | Initial duration of the fund (years) | Guaranteed return | Capital commitment of the listed company (% of the fund size) |
|----------------------|---------------------------------|---|--|--|---|-------------------|--|
| 27 December 2018 | Kinergy Corporation Ltd. (3302) | Investment in enterprises in the information technology industry, intelligent manufacturing and precision engineering equipment manufacturing industry in the PRC | 500.0 | 2% per annum of the actual paid-up capital contribution of the fund at the relevant time | 5 | No | 20.0% |

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

| Date of announcement | Company (stock code) | Purpose of the fund | Approximate committed fund size (RMB million) (Note) | Management fee per annum | Initial duration of the fund (years) | Guaranteed return | Capital commitment of the listed company (% of the fund size) |
|----------------------|--|--|--|--|---|-------------------|--|
| 5 December 2018 | Jinmao (China) Hotel Investments and Management Limited (6139) | Investment in companies engaged in operations of service apartments in the PRC | 161.6 | 2% per annum of the actual capital contribution paid by the partners to the fund | 3 | No | 74.3% |
| 13 November 2018 | Ping An Healthcare and Technology Company Limited (1833) | Investment in companies in medical health industry, pharmaceutical factory and enterprises which have big data or traffic of health industry | 501.0 | 0.75% of the committed capital contributions of the limited partners in ten days starting from the date of closing as determined by the fund manager, 1% per annum of the aggregate paid-in contribution of the limited partners during the first five year, and 1% per annum of the aggregate paid-in capital contribution of the limited partners which is used for the target project and not withdrawn during the years after the first five years | 7 | No | 49.9% |
| 26 October 2018 | Shandong International Trust Co., Ltd. (1697) | Investment in sub-funds or projects directly in biotechnology, healthcare and machinery, artificial intelligence, new energy automobile, new materials and smart manufacturing areas | 1,000.0 | 2% per annum of the aggregate paid-in capital by the limited partners during the first five years, 1.5% per annum of the aggregate unwithdrawn invested amount during the last four years and no management fee charged during after nine years | 9 | No | 26.0% |

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

| Date of announcement | Company (stock code) | Purpose of the fund | Approximate committed fund size (RMB million) (Note) | Management fee per annum | Initial duration of the fund (years) | Guaranteed return | Capital commitment of the listed company (% of the fund size) |
|----------------------|---|---|--|---|---|-------------------|--|
| 12 October 2018 | China Resources Land Limited (1109) | Investment in office property projects (including properties which can be converted into offices), hotel projects, commercial property projects and long-lease apartment projects, as well as related peripheral service projects | 15,001.0 | Undisclosed | 8 | No | 16.0% |
| 28 September 2018 | ENN Energy Holdings Limited (2688) | Investment in projects in the field of centralized heating supply, atmospheric pollution prevention, new energy, energy saving and emissions reduction in Langfang, Hebei Province, the PRC | 2,440.0 | No management fee charged at the investment period | 5 | No | 74.0% |
| 12 August 2018 | Shougang Concord International Enterprises Company Limited (697) | Investment in operation and management of the company's principal business (car park operation), health care based consumer upgrades, new energy auto parts and equipment manufacturing and advanced technologies | 30,000.0 | 0.5% to 2% per annum on subscribed capital contribution or paid-in capital contribution during first 3 to 6 years, and 0.5% to 2% per annum on subscribed capital contribution, paid-in capital contribution or remaining paid-in capital contribution during the remaining years | 5-10 | No | <1.7% |
| 24 July 2018 | Shougang Concord International Enterprises Company Limited (697) | Investment in the Shouao Industrial Park | 1,045.0 | 1% per annum of the committed capital contribution at the relevant period | 6 | No | 12.9% |

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

| Date of announcement | Company (stock code) | Purpose of the fund | Approximate committed fund size (RMB million) (Note) | Management fee per annum | Initial duration of the fund (years) | Guaranteed return | Capital commitment of the listed company (% of the fund size) |
|----------------------|---|--|--|---|---|-------------------|--|
| 14 June 2018 | Applied Development Holdings Limited (519) | Investment in equities of private and public companies in telecommunications media and technology, macro-health, high-end equipment manufacturing, energy-saving environmental protection and new materials inside or outside of China | 1,720.0 | 2% per annum of the aggregate capital commitment from all limited partners at the investment period | 5 | No | 30.0% |
| 6 June 2018 | Hong Kong International Construction Investment Management Group Co., Limited (687) | Investment in an intermediate company to participate in the tender to acquire and invest in the target company | 16,000.0 | 1% per annum of the total capital contribution made by all limited partners upon establishment | 10 | No | 1.9% |
| 8 May 2018 | Shougang Concord International Enterprises Company Limited (697) | Investment in real estate projects, industrial carrier projects, and revolving the positioning of Shougang's old industrial zone | 10,000.0 | 1.5% per annum of the fund company's subscribed registered capital | 8 | No | 3.2% |
| 3 May 2018 | Semiconductor manufacturing International Corporation (981) | Investment in companies within semiconductor and semiconductor related industries | 1,616.2 | Undisclosed | 7 | No | 10.2% |
| | | | | | | Maximum | 74.3% |
| | | | | | | Minimum | 1.7% |
| | | | | | | Average | 26.7% |

Source: Website of the Stock Exchange

Note: For illustrative purpose, the exchange rate of RMB0.86 = HK\$1.00 has been used, where applicable, for the committed fund size not denominated in RMB in the announcement of the Comparables.

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

As illustrated in the table above, the initial duration of the fund of the Comparables ranges from 3 to 10 years, with an average of approximately 6.7 years. Given that the initial duration of the Fund is nine years which is within such range, we consider that the initial duration of the Fund to be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

The respective management fee of the Comparables ranges from 0% to 2% per annum with an average of approximately 1.45%. Since the management fee of the Fund is 1% per annum which is below the industry average, we consider the management fee of the Fund to be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

It could be observed that the return of the Comparables were not guaranteed, we consider that the clause of no guaranteed return of the Fund to be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Having considered the capital commitment of the Comparables ranges from 1.7% to 74.3% and the average capital commitment of the Comparables is approximately 26.7% of the fund size, the capital commitment of the Group of 4% of the Proposed Fund Size is within the range of the capital commitment of the Comparables and below the average of the capital commitment of the Comparables, therefore we concur with the Directors that the capital commitment of the Group being 4% of the Proposed Fund Size is fair and reasonable.

5. Possible financial effects of the subscription for Interests in the Partnership

Upon completion of the subscription for Interests, the capital contribution and equity interest in the Fund will be owned as to 4% by the Group as a Limited Partner. Accordingly, the financial results of the Fund will not be consolidated into the financial statements of the Group.

(a) Earnings

The Fund with designated return will be accounted for as financial assets of the Group and the calculation of fair value is according to the PRC accounting standards. Any gain or loss will be recognised in the financial statement under the PRC accounting standard, which, in turn, may have an impact to the earnings of the Group.

(b) Net assets

As the Group is expected to finance the capital contribution by means of its internal resources, the management of the Company consider that there will not be any material adverse impact to the Group's net asset value immediately upon the completion of the subscription for Interests.

(c) Working capital

Pursuant to the Participation Agreement and the Limited Partnership Agreement, the Company made a capital commitment to the Fund for RMB300 million. We understand from the Directors that the capital contributions to be made by the Group will be financed by internal resources. As disclosed

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

in the 2018 Annual Report, the Group had fixed yield structured deposit, bank balance and cash amounted to RMB852.5 million as at 31 December 2018. Accordingly, the Group will have sufficient working capital to fulfill the capital commitment to the Fund.

It should be noted that the above analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the subscription for Interests.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) despite the entering into of the Participation Agreement and the Limited Partnership Agreement is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Participation Agreement and the Limited Partnership Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,

For and on behalf of

RED SOLAR CAPITAL LIMITED

Ernest Lam Leo Chan

Managing Director Managing Director

Mr. Ernest Lam is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 17 years of experience in corporate finance industry.

Mr. Leo Chan is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 13 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the past three years ended 31 December 2016 and 2017 and 2018 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange at (<http://www.hkexnews.hk>) and the Company at (www.capinfo.com.cn).

- (a) the audited financial statements included in the annual report of the Company for the year ended 31 December 2016 (pages 94-167):

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0407/LTN20170407803.pdf>

- (b) the audited financial statements included in the annual report of the Company for the year ended 31 December 2017 (pages 99-230):

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0427/LTN20180427884.pdf>

- (c) the audited financial statements included in the annual report of the Company for the year ended 31 December 2018 (pages 108-275).

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0429/LTN20190429514.pdf>

2. STATEMENT OF INDEBTEDNESS**Borrowings**

At the close of business on 30 April 2019, being the Latest Practicable Date, for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no outstanding revolving bank borrowings.

As at the close of business on 30 April 2019, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any outstanding term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, material hire purchase commitments, mortgages and charges, material contingent liabilities and guarantees.

3. WORKING CAPITAL

The Directors, after due and careful considerations, are of the opinion that, taking into account the expected completion of the Participation Agreement and Limited Partnership Agreement, the internal resources available and the existing available credit facilities to the Group, the Group will have sufficient working capital for its present requirement for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, up to and including the Latest Practicable Date, the Directors have not been aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up to.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is mainly is principally engaged in the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment.

The Group recorded an operating revenue of RMB1,131.5 million for the year ended 31 December 2018. The increase in operating revenue of the Group for the year ended 31 December 2018 was mainly attributable to the increase in operating revenue generated from operation and maintenance service and system integration service. The Group also recorded an investment gain of RMB29.3 million. Investment gain of the Group for the year ended 31 December 2018 included the investment revenue of RMB22.7 million from Beijing Certificate Authority Co., Ltd. and Beijing Culture & Sports Technology Co., Ltd. during the year as well as revenue of RMB6.6 million recognized from purchase of structural bank deposits during the year. The decrease of investment gain of the Group for the year ended 31 December 2018 was larger than that of the previous year mainly due to the investment revenue of RMB40.8 million generated from the transfer of equity interests of PayEase Corp. in 2017. The net profit attributable to Shareholders amounted to RMB62.2 million for the year ended 31 December 2018.

As at 31 December 2018, the Group had bank deposits, bank balance and cash amounted to RMB652.5 million. The Group purchased additional bank structural deposits for RMB200 million during the year ended 31 December 2018, which was recognised as other current assets. As at 31 December 2018, the Group had total assets amounted to RMB2,210.3 million. Total liabilities of the Group amounted to RMB1,169.2 million as at 31 December 2018. The increase in total liabilities of the Group as at 31 December 2018 was primarily attributable to the increase in contractual liabilities resulting from project receipts for RMB618.8 million, which was partially offset by the decrease in advances received for RMB266.5 million. Total Shareholders' equity amounted to RMB1,041.1 million.

Facing the future, the management will give full play to the entrepreneurial spirit of overall planning and pioneering, based on the strategic positioning of the capital city, focus on the coordinated development of Beijing, Tianjin and Hebei, grasp important historical opportunities such as the construction of Beijing Sub-center and Xiong'an New Area as well as organization of Olympic Winter Games. We will continue intensify the reform of technology innovation, product innovation and management innovation, with the core business as the foundation, take "cloud computing" and "big data" as the breakthrough point to integrate with the real economy and expand to all industries related to smart city. We will enhance independent innovation in the new information technology era, base our business in the capital city and expand to the whole country, create new technologies for industries, and gather all the wisdom and strength and strive tirelessly to become a leading smart city service operator.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company, or any of its associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant of section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange

(b) Substantial Shareholders

Insofar as known to the Directors, as at the Latest Practicable Date, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

| Name of controlling shareholder | Number of shares | Nature of interests | Approximate percentage to the issued share capital |
|---|-------------------------------|---------------------|--|
| Beijing State-owned Assets Management Co., Ltd. | 1,834,541,756 domestic shares | Beneficial owner | 63.31% |

Save as disclosed above, insofar as known to the Directors, as at the Latest Practicable Date, no other persons had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of any compensation (other than statutory compensation)).

4. COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or the controlling shareholders (as defined under the Listing Rules) of the Company nor any of their respective close associates had interests in a business, which compete or is likely to compete either directly or indirectly with the businesses of the Group which would be required to be disclosed under the Listing Rules.

5. DIRECTORS' AND SUPERVISORS OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors or the supervisors of the Company had any direct or indirect interest in any assets which have been, since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

6. MATERIAL LITIGATION OR ARBITRATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was or may become a party to any other litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

On 24 August 2018, the Company published an announcement in relation to the suspect that the former shareholders of an acquired company had committed contract fraud. In order to protect the interest of the Company's shareholders, the Company reported the case to the Haidian Branch of the Beijing Public Security Bureau on 5 June 2018. On 6 August 2018, the Company received the Case Filing Notice issued by the Haidian Branch of the Beijing Public Security Bureau.

7. QUALIFICATION OF EXPERTS AND CONSENTS

The qualifications of the experts who have given an opinion or advice in this circular are as follow:

| Name | Qualification |
|--------------------|--|
| Red Solar | a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under SFO |
| Grant Thornton LLP | Certified Public Accountants |

As of the Latest Practicable Date, each of the experts mentioned above: (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Participation Agreement; and
- (b) the Limited Partnership Agreement.

Save as disclosed above, no material contracts (not being contract entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date.

9. MAJOR ACQUISITIONS

After the date to which the latest published audited accounts of the Group have been made up, the Group has not acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Group.

10. GENERAL

- (a) The joint company secretaries of the company are Mr. Lu Lei and Ms. Koo Ching Fan. Ms. Koo is serving at Fair Wind Secretarial Services Limited in Hong Kong and an associate member of each of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators – U.K and a fellow member of the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is situated at No. 11 Xi San Huan Zhong Road, Haidau District, Beijing 100036, The PRC.
- (c) The principle place of business of the company in Hong Kong is located at Unit B, 1st Floor, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong.
- (d) The principal place of business of the company in the PRC is located at 5th Floor, Longfu Mansion, No. 95 Longfusi Street, Beijing 100010, the PRC.
- (e) The Company's H share registrar and transfer office in Hong Kong is Hong Kong Registrars Limited, at Room 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (Saturdays and public holidays excepted) at the office of the Company at Unit B, 1st Floor, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the Participation Agreement;
- (c) the Limited Partnership Agreement;
- (d) the annual reports of the Company for the three years ended 31 December 2016, 2017 and 2018;
- (e) a copy of the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (f) a copy of this circular.

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this supplemental notice, 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 supplemental notice.



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)

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

References are made to the circular and the notice of the annual general meeting (the “AGM”) of Capinfo Company Limited* (the “Company”) dated 29 April 2019 (the “Original Notice of AGM”), which set out the time and venue of the AGM and contain the resolutions to be submitted at the AGM for Shareholder’s approval.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT the AGM of the Company will be held as originally scheduled considering, and if thought fit, approving the following resolutions, in addition to the resolutions set out in the Original Notice of AGM at Conference Room, 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the People’s Republic of China on Friday, 21 June 2019 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTION

8. To consider and approve the proposed major and connected transaction under the Participation Agreement and Limited Partnership Agreement dated 25 March 2019 entered into between Guorong Chuangyin, BSAM, Beijing Science Development, Beijing Equity Exchange, Beijing Guotong National Stadium and BICD.

By order of the Board of Directors
CAPINFO COMPANY LIMITED*
LIN Yankun
Chairman

Beijing, the People’s Republic of China, 31 May 2019

* For identification purpose only

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Save for the inclusion of the additional resolutions, there are no other changes to the other resolutions as set out in the Original Notice of AGM.
2. Details of the above resolution are set out in the circular of the Company dated 31 May 2019 (the “**Circular**”). Unless otherwise defined in this supplemental notice, capitalised terms used in this supplemental notice of the AGM shall have the same meanings as those defined in the Circular.
3. Since the form of proxy sent by the Company on 29 April 2019 (the “**Original Form of Proxy**”) does not contain the additionally proposed resolution as set out in this supplemental notice, a supplemental form of proxy (the “**Supplemental Form of Proxy**”) which contains the additionally proposed resolutions mentioned above has been prepared and is enclosed with this supplemental notice. The Supplemental Form of Proxy is applicable to the supplemental resolutions as set out in this supplemental notice, and only supplements the Original Form of Proxy. The Supplemental Form of Proxy will not affect the effectiveness of the Original Form of Proxy duly completed and submitted to the Company’s H share registrar (for H shares) or the Company’s office (for domestic shares).
4. In order to be valid, the Supplemental Proxy Form together with the notarized power of attorney or other authorization document (if any) must be deposited at the Company’s H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for H shares) or the Company’s office at 5th Floor, Longfu Mansion, No. 95 Longfusi Road, Dongcheng District, Beijing, the People’s Republic of China (for domestic shares) not less than 24 hours before the time fixed for the holding of the AGM (i.e. before 10:00 a.m. on Thursday, 20 June, 2019) or any adjournment thereof (as the case may be).
5. Please refer to the Original Notice of AGM for details about the resolutions to be submitted for consideration and approval at the AGM, eligibility of shareholders of the Company to attend the AGM, appointment of proxies, registration procedures, closure of register of members and other matters.
6. In accordance with the requirement of the Articles of Association of the Company, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the date of this supplemental notice, 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.