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CAPINFO COMPANY LIMITED*

首都信息發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1075)

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

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.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BSAM, being the Controlling Shareholder, is interested in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. 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.

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.

* For identification purposes only

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.

A circular containing, inter alia, further details of the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from an independent financial adviser, and a notice convening the general meeting to approve the Participation Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 16 April 2019.

Shareholders and potential investors of the Company should be aware that the Participation Agreement and the Limited Partnership Agreement shall take effect upon approval by the Shareholders. The transactions contemplated under the Participation Agreement and the Limited Partnership Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

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 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.

As at the date of this announcement, 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 announcement, 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;

- (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. The Partnership shall pay the Manager a management fee equal to 1% per annum of the aggregate paid-up capital from all Partners.

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.

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 investment professionals.

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.

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 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.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

With reference to the investment objective of the Fund and the extensive experience and investment skills of Guorong Chuangyin and Beijing Industrial Development, the Board believes that the Company will be able to capture more investment opportunities and diversify the Group's investment portfolio.

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.

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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.

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.

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.

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.

DEFINITIONS

“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
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“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 liability 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 Development 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 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
“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 announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)

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

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

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.25. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Beijing, the People’s Republic of China, 25 March 2019

As of the date of this announcement, the executive directors of the Company are Ms. Lin Yankun, Mr. Yu Donghui and Mr. Zong Zhaoxing; the non-executive directors of the Company are Mr. Zhou Weihua, Mr. Shan Yuhu Mr. Cao Huaizhi, Mr. Ma Linxiang and Mr. Feng Jianxun; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Li He and Mr. Yang Xiaohui.