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CAPINFO COMPANY LIMITED*

首都信息發展股份有限公司

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

(Stock Code: 1075)

**CONNECTED TRANSACTIONS
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

JOINT VENTURE AGREEMENT

Reference is made to the Announcement in relation to, among other things, the transactions contemplated under the Joint Venture Agreement. Unless otherwise required by the context, the terms used herein shall have the same meanings as those defined in the Announcement.

THE CAPITAL INJECTION

The Board is pleased to announce that on 28 February 2024 (after trading hours), Capnet will agree to fulfill part of its paid-in contribution obligations by 29 February 2024 and 31 December 2024, respectively, as agreed in the Supplemental Agreement to inject RMB8.5 million in aggregate to Capinfo Cloud in two tranches as follows: the first tranche of RMB6.5 million shall be paid up by 29 February 2024 and the second tranche of RMB2.0 million shall be paid up by 31 December 2024. Upon completion of the Capital Injection by Capnet, the paid-up equity interest held by the Group in Capinfo Cloud will decrease from 100% to approximately 68.52%. Capinfo Cloud will continue to be a subsidiary of the Company and the financial results of Capinfo Cloud will continue to be consolidated into the Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BSAM, 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. Capnet is a subsidiary of BSAM as Capnet is owned as to 95% by BSAM. Capnet is a Connected Person of the Company under the Listing Rules.

* *For identification purposes only*

The Capital Injection contemplated under the Supplemental Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Capital Injection also constitutes a deemed disposal under Rule 14.29 of the Listing Rules.

The Capital Injection does not constitute a discloseable transaction under Chapter 14 of the Listing Rules as one or more of applicable percentage ratios in respect of the Capital Injection exceed 0.1% but all are less than 5%. The Capital Injection constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of Capinfo Company Limited (the “**Company**”) dated 20 April 2018 (the “**Announcement**”) in relation to, among other things, the transactions contemplated under the Joint Venture Agreement. Unless otherwise required by the context, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The Board is pleased to announce that on 28 February 2024 (after trading hours), Capnet will agree to fulfill part of its paid-in contribution obligations by 29 February 2024 and 31 December 2024, respectively, as agreed in the Supplemental Agreement to inject RMB8.5 million in aggregate to Capinfo Cloud. Upon completion of the Capital Injection by Capnet, the paid-up equity interest held by the Group in Capinfo Cloud will decrease from 100% to approximately 68.52%. Capinfo Cloud will continue to be a subsidiary of the Company and the financial results of Capinfo Cloud will continue to be consolidated into the Group.

The major terms of the Joint Venture Agreement and Supplemental Agreement are set out as follows:

Date of Supplemental Agreement: 28 February 2024

Parties:

- (i) The Company; and
- (ii) Capnet

For the background and information of the aforesaid parties, please refer to the section under the subheading “Information of the Parties to the Capital Injection”.

Capital Injection Arrangement

As of the date of this announcement, the total registered capital of Capinfo Cloud is RMB50 million. Pursuant to the Joint Venture Agreement dated 20 April 2018, the Company and Capnet have agreed to contribute RMB18.5 million and RMB31.5 million, respectively, representing 37% and 63% of the registered capital of the Joint Venture, respectively. The capital injections will be paid by the parties in cash. As agreed in the Joint Venture Agreement, the Company and Capnet will complete the paid-in capital contribution within the time limit for capital injection as stipulated in the articles of association of Capinfo Cloud. The respective capital injections by the Company and Capnet are determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Joint Venture.

Up to the date of this announcement, the Group has paid up capital of RMB18.5 million in accordance with the Joint Venture Agreement, representing 100% of the current paid-in registered capital of Capinfo Cloud, and the Group has completed the capital contribution requirement under the Joint Venture Agreement. As at the date of this announcement and prior to the Capital Injection, the outstanding and unfunded amount of Capnet is RMB31.5 million.

As for the Capital Injection, Capnet will fulfill part of its paid-in contribution obligations under the Joint Venture Agreement as agreed in the Supplemental Agreement to contribute RMB8.5 million to Capinfo Cloud in cash. The Capital Injection is divided into two tranches as follows: the first tranche of RMB6.5 million shall be paid up by 29 February 2024 and the second tranche of RMB2.0 million shall be paid up by 31 December 2024. After the Capital Injection, the outstanding and unfunded amount of Capnet will be RMB23.0 million.

For other information in relation to the joint venture arrangement, please refer to the Announcement.

RESULTS OF THE CAPITAL INJECTION

The Capital Injection will be completed on the date of payment of RMB8.5 million by Capnet to the designated bank account of Capinfo Cloud. Upon completion, the paid-in registered capital of Capinfo Cloud will increase from RMB18.5 million to RMB27.0 million, whereas the paid-up equity interest in Capinfo Cloud held by the Group will decrease from 100% to approximately 68.52%.

The shareholding structure (based on paid-up registered capital) of Capinfo Cloud (i) as at the date of this announcement, and (ii) immediately after completion of the Capital Injection is as follows:

Shareholder name	As at the date of this announcement		Immediately after the Capital Injection	
	Paid-up registered capital (RMB)	%	Paid-up registered capital (RMB)	Approximately %
The Company	18,500,000	100.0%	18,500,000	68.52%
Capnet	—	—%	8,500,000	31.48%
Total	<u>18,500,000</u>	<u>100.0%</u>	<u>27,000,000</u>	<u>100.0%</u>

As disclosed above, the Company contributed RMB18.5 million of the registered capital in the total registered capital of RMB50 million of Capinfo Cloud as agreed in the Joint Venture Agreement and Supplemental Agreement, representing 37% of the total registered capital of Capinfo Cloud, and the remaining 63% of the registered capital was contributed by Capnet. For the following reasons, the Group consolidates Capinfo Cloud into the consolidated financial statements although the Group's percentage of the registered capital is less than that of Capnet:

1. As of the date of this announcement, the Group has made a paid-in capital contribution of RMB18.5 million, representing 100% of the paid-in capital of Capinfo Cloud. Upon completion of the Capital Injection, the Group's paid-in capital of RMB18.5 million will account for approximately 68.52% of the paid-in registered capital of Capinfo Cloud. Pursuant to the articles of association of Capinfo Cloud, the shareholders shall exercise their voting rights and share the dividends of the Company in accordance with the proportion of paid-in capital; and
2. Capinfo Cloud has the board of directors with 5 members, but does not have the supervisory committee. The directors and supervisors are nominated by the Group and elected by the shareholders at the shareholders' meeting.

Accordingly, the Directors consider that the Group has effective control over the operation of Capinfo Cloud and therefore it is appropriate to consolidate it in the scope of the Group's consolidated financial statements.

Upon completion of the Capital Injection, Capinfo Cloud will continue to be a subsidiary of the Company and the financial results of Capinfo Cloud will continue to be consolidated into the Group.

INFORMATION OF CAPINFO CLOUD

Capinfo Cloud was incorporated in China with limited liability on 29 May 2018. Its business scope covers the following:

Technological development, technology service, technology transfer, technology promotion, technology consultancy; data process (excluding the bank card centers and cloud computing data centers with PUE value above 1.5 in data processing); computer system service; basic software service; application software service; software development; software consultancy; products design; design, production, agency and publication of advertisements; sales of computers, software and auxiliary equipment, communication equipment, electronic products and self-developed products; Internet information services; Class I value-added telecommunication business; basic telecommunication business. (Market entities independently choose business projects and carry out business activities in accordance with the law; Class I value-added telecommunication business, basic telecommunication business, Internet information services, and projects subject to approval in accordance with the law, business activities to be carried out in accordance with the approved contents after approval by the relevant departments; and shall not engage in the business activities of the projects prohibited and restricted by the state and the city's industrial policy.)

The financial information of Capinfo Cloud is as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	(Audited)	(Audited)	(Audited)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net profit before tax	6,525.8	9,190.8	16,546.0
Net profit after tax	6,779.7	6,261.0	16,172.6

The audited net asset value of Capinfo Cloud as of 31 December 2022 was approximately RMB36.51 million.

INFORMATION OF THE PARTIES TO THE CAPITAL INJECTION

Please refer to the Announcement for more information on the parties to the Capital Injection and the Joint Venture as described above.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

On 29 December 2023, the seventh meeting of the Standing Committee of the 14th National People's Congress amended the Company Law, which will come into effect on 1 July 2024. According to the provisions of the amended Company Law, the capital contribution subscribed by all shareholders of a limited liability company shall be paid up by the shareholders within five years from the date of

incorporation of the company in accordance with the provisions of the articles of association. For companies incorporated prior to the implementation of this Law, the period of capital contribution exceeding the period stipulated in this Law shall be gradually adjusted to within the period stipulated in this Law.

Therefore, in order to plan to gradually adjust the term of paid-in capital contribution of Capnet, Capnet will gradually make paid-in capital contribution to Capinfo Cloud based on factors such as the capital needs of Capinfo Cloud and the capital pressure of Capnet.

Currently, Capinfo Cloud bears a high gearing ratio and has a large demand for funds for project and platform construction, so the capital contribution from Capnet will help relieve the capital pressure confronted by Capinfo Cloud. Such arrangement is also in line with the agreements and arrangements under the Joint Venture Agreement and Supplemental Agreement.

As of 31 December 2022, Capinfo Cloud had total assets of RMB191,639,808.63, total liabilities of RMB155,134,763.48 and a gearing ratio of 80.95%. It saw current assets of RMB160,911,102.39, short-term liabilities of RMB153,040,305.46 and a current ratio of 1.0514.

The Directors (including independent non-executive Directors) are of the view that (i) the Capital Injection is in the ordinary and general business of the Group and on normal commercial terms or better; (ii) the Capital Injection is fair and reasonable and meets the agreements under the Joint Venture Agreement and Supplemental Agreement; and (iii) the Capital Injection is in the interest of the Company and its Shareholders as a whole.

Ms. Yan Yi is also an employee of BSAM. She has abstained from voting on the Board resolution of the Capital Injection. Save as disclosed above, none of the Directors has any material interests.

FINANCIAL IMPACT OF THE CAPITAL INJECTION

Based on Capinfo Cloud's financial statements as of 31 December 2022, the Group is not expected to record a material gain or loss from the capital increase.

However, the consolidated statement will be adjusted from 100% to approximately 68.52% for Capinfo Cloud. Changes in the Group's held of paid-up registered capital ratio will not affect the current profit or loss, but will affect the owner's equity attributable to the parent company and the minority interests.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BSAM, 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. Capnet is a subsidiary of BSAM as Capnet is owned as to 95% by BSAM. Capnet is a Connected Person of the Company under the Listing Rules.

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DEFINITIONS

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

“Announcement”	announcement of the Company dated 20 April 2018 in relation to, among other things, the transactions contemplated under the Joint Venture Agreement
“Board”	the board of Directors
“BSAM”	北京市國有資產經營有限責任公司 (Beijing State-Owned Assets Management Corporation Limited*), a company established in the PRC and wholly-owned by the Beijing Municipal Government, being the Controlling Shareholder of the Company
“Capinfo Cloud” or “Joint Venture”	Capinfo Cloud Technology Co., Ltd.* (首信雲技術有限公司), a company incorporated under the laws of the PRC with limited liability pursuant to the Joint Venture Agreement, a wholly-owned subsidiary of the Company
“Capital Injection”	the injection of RMB8.5 million by Capnet into Capinfo Cloud pursuant to the Supplemental Agreement
“Capnet”	北京首信網創網絡信息服務有限責任公司 (Capnet Company Limited*), a company incorporated in the PRC with limited liability and which is owned by BSAM as to 95%
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	the joint venture agreement entered into between the Company and Capnet on 20 April 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 28 February 2024 entered into between the Company and Capnet in relation to the joint venture agreement for the joint capital contribution of the establishment of Capinfo Cloud Technology Co., Ltd.
“working day(s)”	working day(s) (excluding Saturdays, Sundays and statutory holidays as declared by the PRC government from time to time) on which banks in the PRC are normally open for general banking business

“%”

percent

By Order of the Board
CAPINFO COMPANY LIMITED*
YU Donghui
Chairman

Beijing, the People's Republic of China

28 February 2024

As at the date of this announcement, the executive directors of the Company are Mr. Yu Donghui and Mr. Zhang Yiqian; the non-executive directors of the Company are Mr. Zhou Weihua, Mr. Feng Jianxun, Ms. Yan Yi, Mr. Xin Shuangbai and Ms. Zhao Shujie; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Yang Xiaohui, Mr. Dong Jin and Mr. Su Zhongxing.

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