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AsiaInfo Technologies Limited

亞信科技控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1675)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE TARGET GROUP

ACQUISITION

The Board is pleased to announce that on 14 January 2022, Beijing AsiaInfo (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Vendors pursuant to which Beijing AsiaInfo has agreed to acquire approximately 94.23% of the equity interests of iResearch Consulting at a total consideration of RMB511,780,400.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25% for the Company, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

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The Board is pleased to announce that on 14 January 2022, Beijing AsiaInfo (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Vendors pursuant to which the Vendors have agreed to sell, and Beijing AsiaInfo has agreed to acquire, approximately 94.23% of the equity interests of iResearch Consulting at a total consideration of RMB511,780,400.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

14 January 2022

Parties

Vendors:

1. Shanghai Zhikun
2. Rizhao Sufeng
3. Xiamen Chuli
4. Gongqingcheng Kaiying
5. Jiaxing Kaiying
6. Shanghai Senrui
7. Shanghai Zhirui

Purchaser: Beijing AsiaInfo

Obligors: the Founder, Shanghai Zhikun, Rizhao Sufeng, Xiamen Chuli, Gongqingcheng Kaiying and Jiaxing Kaiying

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors together with its ultimate beneficial owners and the Founder are an Independent Third Party.

Subject matter and relevant information

Pursuant to the Agreement, the Vendors have agreed to sell, and Beijing AsiaInfo has agreed to purchase, approximately 94.23% of the equity interests in iResearch Consulting free from all encumbrances and together with all rights and benefits attaching thereto with breakdown in the manners as follows:

(i) At the first share transfer date

Name of the Vendors	Corresponding registered capital (approximately RMB)	% of equity interests in iResearch Consulting to be sold (%)
Shanghai Zhikun	9,786,000	16.31
Rizhao Sufeng	2,700,000	4.50
Gongqingcheng Kaiying	4,200,000	7.00
Jiaxing Kaiying	13,500,000	22.50
Shanghai Senrui	3,420,200	5.70
Shanghai Zhirui	2,009,400	3.35
Total	<u>35,615,600</u>	<u>59.36</u>

(ii) At the second share transfer date

Name of the Vendors	Corresponding registered capital (approximately RMB)	% of equity interests in iResearch Consulting to be sold (%)
Shanghai Zhikun	4,800,000	8.00
Rizhao Sufeng	1,128,000	1.88
Xiamen Chuli	14,994,000	24.99
Total	<u>20,922,000</u>	<u>34.87</u>

Consideration, payment terms and the basis for the consideration

Pursuant to the Agreement, an aggregate consideration of RMB511,780,400 shall be payable to the Vendors in the manners as follows:

1. First Instalment: an aggregate of RMB208,292,600 shall be payable by Beijing AsiaInfo within 19 business days after all the first instalment conditions precedent are fulfilled or waived by Beijing AsiaInfo or such other date as agreed by the relevant Vendors and Beijing AsiaInfo;
2. Second Instalment: an aggregate of RMB292,814,200 shall be payable by Beijing AsiaInfo within 19 business days after all the second instalment conditions precedent are fulfilled or such other date as agreed by the relevant Vendors and Beijing AsiaInfo; and
3. Deferred Instalment: the remaining consideration of an aggregate of RMB10,673,600 shall be payable by Beijing AsiaInfo on a date to be agreed by each of the relevant parties upon negotiation after all Conditions Subsequent (as defined below) are fulfilled or waived by Beijing AsiaInfo.

Details of the payments are further set out below:

Name of the Vendors	% of equity interests in iResearch Consulting to be sold (%)	Corresponding consideration (RMB)	Timing of payment
Rizhao Sufeng	6.38	96,200,000	
		17,400,000	First Instalment
		78,800,000	Second Instalment
Xiamen Chuli	24.99	94,507,400	First Instalment
Shanghai Zhikun	24.31	286,598,400	
		72,584,200	First Instalment
		214,014,200	Second Instalment
Gongqingcheng Kaiying	7.00	5,648,000	First Instalment
Jiaxing Kaiying	22.50	18,153,000	First Instalment
Shanghai Senrui	5.70	6,722,600	Deferred Instalment
Shanghai Zhirui	<u>3.35</u>	<u>3,951,000</u>	Deferred Instalment
Total	<u>94.23</u>	<u>511,780,400</u>	

The consideration for the Acquisition was determined and agreed between the parties after arm's length negotiations based on normal commercial terms with reference to, among other things, (i) the synergy brought by the Acquisition; (ii) the financial positions of the companies of the Target Group; and (iii) the current operations and business prospects of the Target Group.

The consideration for the Acquisition will be settled by the internal resources of the Group.

Conditions precedent

The payment of the first instalment is conditional upon the fulfilment or waiver of, *inter alia*, the following first instalment conditions precedent:

- (i) the representations and warranties given by the Vendors and the Founder remain true and accurate and the Vendors and the Founder having performed their undertakings and not violated any provisions of the Agreement;
- (ii) there being no law or government order that would make the Acquisition illegal, or otherwise restrict or prohibit the Acquisition;
- (iii) there being no claim against the Target Group, the Vendors and/or the Founder that would make the Acquisition unable to be completed or illegal, or otherwise restrict or materially and adversely affect the Acquisition;
- (iv) there being no, or there being no reasonable expectation of any, material adverse change to the status (financial or otherwise), operation results, assets, regulatory status, principal business or overall prospects of the Target Group;
- (v) all relevant parties having properly signed, and delivered the originals of, all transaction documents to Beijing AsiaInfo;
- (vi) selected personnel of the Target Group having executed full-time service and non-compete undertakings in favour of the Target Group. Such undertakings include but not limited to: (a) contributing all personal working time and energy to the development of the Target Group's business during their tenures at the Target Group; and (b) not participating, whether directly or indirectly, in any business that competes with the business of the Target Group from the first share transfer date to two (2) years from the dates of their resignations;
- (vii) Beijing AsiaInfo having obtained all necessary approvals from its board of directors and/or the strategic investment committee of the Company and other decision-making bodies;
- (viii) the name of Beijing AsiaInfo having been registered in the register of members of iResearch Consulting as a holder of approximately 59.36% equity interests of iResearch Consulting;

- (ix) all authorisations, approvals and filings (if applicable) from government authorities or relevant third parties which are necessary or required in connection with the completion of the transaction contemplated thereunder (including any shareholder waiving its right of first refusal (if applicable)) having been obtained; and
- (x) the Vendors and the Founder having delivered to Beijing AsiaInfo a confirmation letter signed by them on the first share transfer date confirming that, apart from the first instalment conditions precedent that shall be completed or satisfied by Beijing AsiaInfo by virtue of their nature, all other first instalment conditions precedent have been satisfied.

The payment of the second instalment is conditional upon the fulfilment or waiver of, *inter alia*, the following second instalment conditions precedent:

- (i) the representations and warranties given by the Vendors and the Founder remain true and accurate and the Vendors and the Founder having performed their undertakings and not violated any provisions of the Agreement;
- (ii) there being no law or government order that would make the Acquisition illegal, or otherwise restrict or prohibit the Acquisition;
- (iii) there being no claim against the Target Group, the Vendors and/or the Founder that would make the Acquisition unable to be completed or illegal, or otherwise restrict or materially and adversely affect the Acquisition;
- (iv) there being no, or there being no reasonable expectation of any, material adverse change to the status (financial or otherwise), operation results, assets, regulatory status, principal business or overall prospects of the Target Group;
- (v) the name of Beijing AsiaInfo having been registered in the register of members of iResearch Consulting as a holder of approximately 94.23% equity interests of iResearch Consulting; and
- (vi) the Vendors and the Founder having delivered to Beijing AsiaInfo a confirmation letter signed by them on the second share transfer date confirming that, apart from the second instalment conditions precedent that shall be completed or satisfied by Beijing AsiaInfo by virtue of their nature, all other second instalment conditions precedent have been satisfied.

If one or more conditions precedent is not fulfilled on or before 20 January 2022 and Beijing AsiaInfo has decided not to waive such conditions precedent, Beijing AsiaInfo shall be entitled to terminate the Agreement, provided that Beijing AsiaInfo may, at its own discretion, extend the foregoing period and designate a new extended period in writing.

Completion

Immediately upon completion of the first share transfer of the Acquisition, iResearch Consulting will become an indirect 59.36%-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group. Upon completion of the second share transfer of the Acquisition, iResearch Consulting will become an indirect 94.23%-owned subsidiary of the Company.

Conditions Subsequent

Pursuant to the Agreement, payment of the deferred instalment shall be subject to, *inter alia*, the fulfilment of the following conditions (the “**Conditions Subsequent**”):

- (i) the Vendors and the Founder having settled any outstanding liabilities and current accounts with the Target Group;
- (ii) Beijing AsiaInfo having established an incentive plan with scope covering the relevant employees of the Target Group and entities owned by employees; and
- (iii) the Founder, Gongqingcheng Kaiying, Jiaxing Kaiying, Shanghai Senrui and Shanghai Zhirui not having violated any provisions of the Agreement (excluding those which have been waived by Beijing AsiaInfo in writing).

The parties shall use their reasonable commercial efforts to facilitate the satisfaction of the Conditions Subsequent as soon as possible and within twelve (12) months after the first share transfer date. If at the expiration of the said period, the parties cannot reach an agreement on the incentive plan, the parties may extend the period by another twelve (12) months.

INFORMATION ON THE TARGET GROUP

iResearch Consulting was founded by Mr. Yang in the PRC in November 2002, which is a Chinese leading brand in digital insight research and consulting for the new economy and industry. It is principally engaged in professional industry services such as industry research, user research, data insight, strategy and digital consulting planning, with industry-leading new economy and digital strategy consulting services, full-domain user insight analysis SaaS tools, combined big and small data user insight and digital technology solutions. Over the years, iResearch Consulting has served more than 2,000 customers in technology, media and telecommunications, new economy, consumption and other domains. Prior to completion of the first share transfer of the Acquisition, iResearch Consulting is owned as to approximately 94.23% by the Vendors and approximately 5.77% by entities owned by employees of the Target Group.

The following table sets out certain consolidated financial information of the Target Group prepared in accordance with the accounting standards generally accepted in the PRC:

	For the year ended 31 December		For the six months ended 30 June	
	2019	2020	2020	2021
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(approximately million)</i>	<i>(approximately million)</i>	<i>(approximately million)</i>	<i>(approximately million)</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	184.02	182.56	77.17	107.82
Net profit (loss)				
before tax	(28.42)	9.26	(5.82)	2.95
Net profit (loss)				
after tax	(27.24)	7.18	(5.82)	2.78

The unaudited total assets and net assets of the Target Group as at 30 June 2021 were approximately RMB266,276,100 and approximately RMB168,239,900, respectively.

With the continuous improvement of the brand influence, professional service capability and customer solutions of iResearch Consulting, the depth of cooperation with customers continues to advance rapidly, and the application scenarios and value of service for customers continue to increase. In 2021, iResearch Consulting's business expansion accelerated and profitability improved significantly. Its revenue for the first half of 2021 increased by approximately 39.72% year-on-year as compared with that of the previous year and profit after tax increased by approximately RMB8.6 million as compared with that of the same period of the previous year.

INFORMATION ON THE VENDORS AND THE FOUNDER

Each of the Vendors is a limited partnership established in the PRC for the main purpose of holding the equity interests in iResearch Consulting.

Each of Shanghai Zhikun, Rizhao Sufeng and Xiamen Chuli is owned as to 99% by Mr. Yang and 1% by Mr. Guo Chengjie (郭成杰先生) (“**Mr. Guo**”) (an Independent Third Party).

Gongqingcheng Kaiying is owned as to (i) 90% by Shenzhen iResearch Century Investment Management Limited Partnership* (深圳艾瑞世紀投資管理合夥企業(有限合夥)) (a limited partnership owned as to 98% by Mr. Yang (executive partner)) and (ii) 9.9% by Mr. Yang. Shanghai Shilue Captial Co., Ltd.* (上海拭略實業有限公司) (a limited company owned as to 99.99% by Ms. Zhao Yuhao (趙宇昊女士) (an Independent Third Party)) is the executive partner to, and holds 0.1% equity interests, in Gongqingcheng Kaiying.

Jiaxing Kaiying is owned as to 70% by Gongqingcheng Airui Investment Management Limited Partnership* (共青城艾銳投資管理合夥企業(有限合夥)) (a limited partnership owned as to 90% by Mr. Yang and 10% by Mr. Guo) and 30% by Gongqingcheng Kaiying.

Both Shanghai Senrui and Shanghai Zhirui are entities owned by employees of the Target Group. Shanghai Senrui is owned as to approximately 30.57% by Mr. Hao Xincheng (郝欣誠先生) and approximately 69.43% by 42 individuals (each an Independent Third Party). Any one shareholder among the remaining shareholders holds less than 15% equity interests in Shanghai Senrui. Ms. Zou Lei (鄒蕾女士) (“**Ms. Zou**”) is the executive partner to, and holds approximately 9.59% equity interests in, Shanghai Senrui.

Shanghai Zhirui is owned as to approximately 37.44% by Mr. Guo and approximately 62.56% by 22 individuals (each an Independent Third Party). Any one shareholder among the remaining shareholders holds less than 20% equity interests in Shanghai Zhirui. Ms. Zou is the executive partner to, and holds approximately 0.02% equity interests in, Shanghai Zhirui.

Mr. Yang is the Founder of iResearch Consulting. He graduated from East China University of Science and Technology and has studied in the EMBA program of Cheung Kong Graduate School of Business in 2008. Mr. Yang was the first president of the CKGSB Alumni Internet Industry Association and a student of the fourth batch of the Entrepreneurial Leadership Camp organized by China Europe International Business School. He also won the honor of “Shanghai IT Top Ten Outstanding Young Person” and is a leader in the areas of new economy and market research.

INFORMATION ON THE PURCHASER AND THE GROUP

Beijing AsiaInfo is a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of software services.

The Group is principally engaged in the provision of (i) BSS software products and related services; (ii) data-driven operation (i.e. DSaaS), OSS, vertical industries and enterprises cloudification services; and (iii) others, including the sale of third-party software and hardware, the provision of system integration services, business consulting services and corporate training. The Group is a leading provider of software products, solutions and services, as well as integrated cloud-network management services, serving large-scale enterprise customers in industries such as communications, finance, energy, postal services, government affairs and transportation. Leveraging on its products, services, operation and integration capabilities, the Group seized 5G opportunity in traditional businesses to make comprehensive deployment, improve efficiency and reinforce its leading position in the BSS market. In respect of emerging businesses, it endeavoured the rapid and scalable development in 5G OSS intelligent network, data-driven operating services (i.e. DSaaS), enterprise cloudification and vertical industries, aiming to become the enabler of the digital transformation for large enterprises in the 5G era.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Currently, as the digitalisation of society is continuously accelerating, the boundaries of data information services are further extended. Using the operation model of “solutions + scenario-based SaaS application + operation platform + expert services”, the Group continues to increase its efforts in the development of its DSaaS business, so as to conduct in-depth exploration of multi-dimensional data resources, help ecological partners to conduct data analysis, and provide SaaS-based solutions, assisting customers in multiple key industries to improve perception, customer experience, smart operation, value enhancement and market growth.

iResearch Consulting has been engaging in the business decision-making service scenario to provide customers with technology and data-driven professional industry services such as industry research, user research, data insight, strategy and digital consulting planning, so as to assist customers in improving their cognition, profitability and overall competitiveness. The Acquisition can greatly enhance the Group’s capabilities in the DSaaS data-driven operations and digital and intelligent transformation business, combining the Group’s competitive strengths in data-driven operation business with iResearch Consulting’s insights in the Internet, retail and other industries, and multi-industry application scenarios, to generate greater commercial value, and rapidly enhance the Group’s competitiveness in markets other than telecom operators. Meanwhile, it will extend the Group’s business capabilities from product research and development, solutions, system integration, delivery and implementation, digital and intelligent operations to industry research, user research, data insight, strategy and

digital consulting planning, forming the closed loop of customer service and significantly enhancing its influence in the industry, thus becoming a full-capability provider and leading enterprise in the digital and intelligent industry. Through the Acquisition, it will bring significant value and returns to the Group's future business expansion and brand enhancement. This is fully consistent with the Group's strategic goal of "One consolidation, Three developments".

Based on the above and having considered all relevant factors, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are on normal commercial terms, are fair and reasonable and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25% for the Company, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of approximately 94.23% of the equity interests of iResearch Consulting by Beijing AsiaInfo pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 14 January 2022 entered into among Beijing AsiaInfo, the Vendors and the Founder in respect of the Acquisition
“AIOT”	artificial Internet of Things
“Beijing AsiaInfo”	Beijing AsiaInfo Smart Big Data Co., Ltd.* (北京亞信智慧數據科技有限公司), an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BSS”	business support systems used for the management of customer information, customer business and service processes and customer related services and resources, often used together with OSS to form end-to-end comprehensive business and operation management systems for the telecom industry

“Company”	AsiaInfo Technologies Limited (亞信科技控股有限公司), an international business company incorporated in the British Virgin Islands on 15 July 2003, whose Shares are listed on the Stock Exchange (stock code: 1675)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“DSaaS”	data-driven operation, namely the data-driven SaaS operation services
“Gongqingcheng Kaiying”	Gongqingcheng Kaiying Investment Management Limited Partnership* (共青城凱盈投資管理合夥企業(有限合夥))
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected person(s)
“iResearch Consulting”	Shanghai iResearch Marketing Consulting Co., Ltd.* (上海艾瑞市場諮詢股份有限公司), the target company under the Agreement
“Jiaxing Kaiying”	Jiaxing Kaiying Investment Management Limited Partnership* (嘉興凱盈投資管理合夥企業(有限合夥))
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yang” or “Founder”	Mr. Yang Weiqing (楊偉慶先生), the founder of the Target Group
“OSS”	operations support systems, a collective term for the software solutions that telecom operators use to support their network operations, often used together with BSS to support various end-to-end telecommunications services
“PRC”	the People’s Republic of China
“Rizhao Sufeng”	Rizhao Sufeng Information Technology Limited Partnership* (日照粟豐信息技術合夥企業(有限合夥))
“RMB”	Renminbi, the lawful currency of the PRC

“SaaS”	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
“Shanghai Senrui”	Shanghai Senrui Investment Management Limited Partnership* (上海森瑞投資管理合夥企業(有限合夥))
“Shanghai Zhikun”	Shanghai Zhikun Investment Management Limited Partnership* (上海智坤投資管理合夥企業(有限合夥))
“Shanghai Zhirui”	Shanghai Zhirui Investment Management Limited Partnership* (上海知瑞投資管理合夥企業(有限合夥))
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	iResearch Consulting and its subsidiaries
“Vendors”	collectively, Shanghai Zhikun, Rizhao Sufeng, Xiamen Chuli, Gongqingcheng Kaiying, Jiaxing Kaiying, Shanghai Senrui and Shanghai Zhirui
“Xiamen Chuli”	Xiamen Chuli Investment Limited Partnership* (廈門初立投資合夥企業(有限合夥))
“%”	per cent.

By order of the Board
AsiaInfo Technologies Limited
Dr. TIAN Suning
Chairman and Executive Director

Hong Kong, 14 January 2022

The English translations of the Chinese names in this announcement, where indicated with “”, are included for information purposes only, and should not be regarded as the official English names of such Chinese names.*

As at the date of this announcement, the Board comprises:

Executive Directors: Dr. TIAN Suning, Mr. DING Jian and Mr. GAO Nianshu

Non-executive Directors: Mr. ZHANG Yichen, Mr. XIN Yuesheng, Mr. YANG Lin, Ms. LIU Hong and Mr. CHENG Xike

Independent non-executive Directors: Dr. GAO Jack Qunyao, Dr. ZHANG Ya-Qin, Mr. GE Ming and Ms. TAO Ping