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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)

COMPLETION AND FURTHER INFORMATION OF DISCLOSEABLE TRANSACTION RELATING TO ACQUISITION OF THE TARGET GROUP

Reference is made to the announcement of AsiaInfo Technologies Limited (the “**Company**”) dated 14 January 2022 (the “**Announcement**”) in relation to the acquisition of approximately 94.23% of the equity interests of Shanghai iResearch Marketing Consulting Co., Ltd.* (上海艾瑞市場諮詢股份有限公司) by the Group. Unless otherwise specified, capitalised terms used in this announcement have the same meanings as those defined in the Announcement.

COMPLETION OF THE ACQUISITION

The Company is pleased to announce that the completion of the Acquisition took place on 17 January 2022 and iResearch Consulting has become an indirect 94.23%-owned subsidiary of the Company.

Through the Acquisition, the Group’s DSaaS data-driven operations and digital and intelligent transformation business capabilities will be enhanced, enabling the Group to further extend its core capabilities from product R&D, implementation and delivery, system integration, data operation, customer services to consulting planning as well as smart decision-making, forming an end-to-end closed loop of customer services and becoming a leading provider with full-stack digital and intelligent capabilities.

The business sectors of the two parties are highly complementary, which is conducive to giving full play to the advantages of business synergy. On the one hand, iResearch Consulting is highly consistent with the Group's current DSaaS data-driven operation business, which can help the Group enter into more vertical industries and form an end-to-end full-stack digital and intelligent services from consulting planning to product delivery. On the other hand, the Group's long-term accumulation of artificial intelligence capabilities, multi-party secure computing, blockchain technology and other product capabilities will also enable iResearch Consulting to better carry out industry research, user research, data insight and other businesses, and provide its customers with better service to meet the diversified needs of customers in business decision-making.

FURTHER INFORMATION OF THE ACQUISITION

The Company would like to provide further information regarding the basis of determination of the consideration for the Acquisition as follows:

The consideration for the Acquisition was determined by the Board by taking into account the financial positions of the Target Group, the business synergy to be achieved between the Target Group and the Group, the current operations, brand influence and business prospects of the Target Group and the indicated value of comparable companies in the market, as well as the commercial negotiations between the parties. Details of which are further set out as follows:

I. Business synergy

For details of the business synergy to be brought by the Acquisition, please refer to the section headed "Reasons for and Benefits of the Acquisition" on pages 11–12 of the Announcement.

II. Financial valuation

The investment management department of the Company has prepared internal valuation on the Target Group for the Board's reference, and no independent valuer was engaged in this regard as the Board considered that (i) the scale of the Acquisition was not significant in relation to the size of the Company; (ii) the management and the Directors have the relevant expertise and understanding of the business of the Target Group and the development pattern of the industry and the competitive landscape in which the Target Group operates and the required expertise and experiences in assessing the valuation work done by the investment management department of the Company; (iii) the investment management department of the Company comprises of professionals, who have excellent track records and extensive experiences in investment and merger and acquisition ("M&A") and deep understanding of the industry that the Target Group operates; and (iv) the Company had engaged a team of professional parties to conduct due diligence for the Acquisition; and the financial advisors, legal advisors and auditors have jointly conducted complete financial, tax and legal analysis in the valuation of the Target

Group. It is believed that a thorough valuation analysis had been conducted by the Company to ensure the consideration paid for the Acquisition is fair and reasonable as all of them have relevant expertise and deep understanding of the industry that the Target Group operates.

The internal valuation was prepared based on the following assumptions, namely (i) the Target Group will continue to operate at its current scale and status in future, without changing the nature of its main business or its business model, or ceasing operations or significantly reducing its business; (ii) the external economic environment will remain unchanged and there are no significant changes in the prevailing macro-economy in the PRC; (iii) there will be no significant changes in the socio-economic environment and taxation policies applicable to the place that the Target Group has business operation; (iv) the current management of the Target Group will remain unchanged and the Target Group continues to operate under the current business management model in future; (v) there are no other force majeure events, unforeseen or unparticipating factors that would have any material adverse impact on the Target Group; and (vi) relevant underlying information, financial information and public information available or provided by the Target Group are true, accurate and complete in all respects.

The Board has thoroughly considered the particularity of iResearch Consulting's business nature and operating conditions, and of the opinion that the price-to-book ratio ("**PB Ratio**") and price-earnings ratio ("**PE Ratio**") are of limited reference value.

As disclosed in the Announcement, iResearch Consulting 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, thus iResearch Consulting has an "asset-light" operating model. For "asset-light" operating companies, as the core sources of the company's own revenue and profits are not closely related to the company's capital expenditures, asset size, etc., generally, the PB Ratio will not being used for assessment of the value of such kind of companies.

During FY2019 and FY2020, iResearch Consulting's profitability fluctuated slightly. Generally, the PE Ratio is suitable for assessing companies with relatively stable earnings levels. Taking into account that the fluctuation of profits recorded by iResearch Consulting in FY2019 and FY2020, and the fluctuation of net profit may have a great impact on the valuation multiple, the PE Ratio itself has limited reference value for the assessment of the value of the Target Group.

It is considered that the revenue generated by the Target Group can directly reflect the business development. Hence, it is more suitable to use the price-to-sales ratio ("**PS Ratio**") as the reference indicator against comparable companies within the same industry.

Other parameters, including research and development (“**R&D**”) costs and brand influence, were being taken into consideration for the valuation. iResearch Consulting is a Chinese leading brand in digital insight research and consulting for the new economy and industry, serving over 2,000 clients in the fields of technology, media and telecommunications, new economy, consumption and other domains and has strong brand influence in the industry. In summary, the Board considered that the adoption of the PS Ratio for valuating iResearch Consulting, while taking into account all required parameters such as the said strong brand influence and continuous and stable investment in R&D, is fair and reasonable.

Considering the business nature of iResearch Consulting’s data business and consulting services, six comparable companies with similar business segments of iResearch Consulting (i.e data business or research specialty consultancy and other services), which are listed on stock exchange in the PRC, Hong Kong or the United States were selected and the respective PS Ratio (calculated by comparing the market value as at 31 December 2021 and the revenue for the year ended 31 December 2020) ranged from 5.1x to 12.5x. The average PS Ratio of comparable companies is approximately 7.4 times. Considering that (i) the business scale of iResearch Consulting is relatively small compared to the comparable listed companies as quoted above, and (ii) the lack of liquidity in the shares of iResearch Consulting compared with listed companies, further discount against that average PS Ratio was made, and after the business negotiation between the parties, the consideration of the Acquisition was determined based on the PS Ratio (calculated by comparing the consideration for iResearch Consulting’s 100% equity interests and its revenue for FY2020) of approximately 3.0 times.

Based on the public information available and information provided by the Target Group, the results of due diligence conducted by professional parties engaged by the Company (i.e. auditors, financial advisers, legal advisers), the Board’s knowledge and understanding of the development pattern of the industry and the competitive landscape in which the Target Group operates, as well as the historical business development and future development plans of the Target Group, the comparable valuation methods, the selected comparable and relevant assumptions made, the Directors (including the independent non-executive Directors), consider that the valuation work done for assessing the value of the Target Company is fair and reasonable.

After assessing all of the above factors, the Board and the Directors (including the independent non-executive Directors) consider that the consideration for the Acquisition is fair and reasonable.

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

Hong Kong, 17 March 2022

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

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