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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)

CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed “Connected Transactions” of the Prospectus in relation to, among other things, certain continuing connected transactions entered into between the Company, AsiaInfo International and AsiaInfo Chengdu (a wholly-owned subsidiary of AsiaInfo Security) in relation to the provision of technological services and management support services between the parties and the annual caps contemplated thereunder.

As the Existing Agreements will expire on 31 December 2020, the Directors anticipate that the transactions under the Existing Agreements will continue to be carried on by the Group. In this regard, on 29 December 2020, the Company entered into the new agreements with AsiaInfo International and AsiaInfo Security, respectively, each for a term of three years commencing from 1 January 2021 regarding the transactions as contemplated under the Existing Agreements.

On 29 December 2020, the Company also entered into the New Security Technological Service Framework Agreement with AsiaInfo Security, pursuant to which the Company agreed that the Group will provide technological services and products to the AsiaInfo Security Group for a term of three years commencing from 1 January 2021.

IMPLICATIONS UNDER THE LISTING RULES

AsiaInfo Security and AsiaInfo International are companies ultimately beneficially controlled by Dr. TIAN (the founder, chairman and an executive Director of the Company). Accordingly, they are connected persons of the Company pursuant to the Listing Rules. Therefore, the transactions contemplated under the CCT Agreements constitute continuing connected transactions of the Company.

Although the applicable percentage ratios for the proposed annual caps contemplated under each of New International Technological Service Framework Agreement, New International Management Support Framework Agreement and the New Security Management Support Framework Agreement are all less than 0.1%, as the highest applicable percentage ratios for the proposed annual caps contemplated under each of the (i) New Security Technological Service Framework Agreement; (ii) New International Technological Service Framework Agreement and the New Security Technological Service Framework Agreement calculated on an aggregate basis in accordance with the Listing Rules; (iii) New International Management Support Framework Agreement and the New Security Management Support Framework Agreement calculated on an aggregate basis in accordance with the Listing Rules; and (iv) New Security Technological Security Service Framework Agreement, are more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE CCT AGREEMENTS

New International Technological Service Framework Agreement

- Date:** 29 December 2020
- Parties:** (1) The Company, as the service provider; and
- (2) AsiaInfo International, a company established under the laws of the British Virgin Islands with limited liability and is ultimately solely and beneficially owned by Dr. TIAN (the founder, chairman and an executive Director of the Company), is principally engaged in the provision of integration and development of telecom systems, system maintenance services and other related business for overseas telecom operators, as the service recipient.
- Term:** Three years commencing from 1 January 2021
- Subject matter:** The provision of (i) professional technical staff to support projects undertaken by the AsiaInfo International Group; and (ii) certain technological services and products by the Group to the AsiaInfo International Group.
- Definitive agreement:** The Group and the AsiaInfo International Group will, from time to time during the term of the New International Technological Service Framework Agreement enter into separate technological service agreements in respect of the transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the New International Technological Service Framework Agreement.
- Pricing:** The fees payable by AsiaInfo International to the Group under any separate technological service agreements are determined based on an arm's length negotiation between the parties with reference to (i) the staff costs (including staff salaries and disbursements) or cost of the products to be sold; (ii) the complexity of the nature of work and/or services to be provided; and (iii) a margin as agreed between the Group and AsiaInfo International taking into account the margin for the services/products of similar nature in the market by referring to margins for provision of similar services/sale of similar products by the Group to independent customers.

Payment:	The fees shall generally be payable according to the stage of completion of the various projects/products/services to be provided according to the specific and separate technological service agreements to be entered into between the Group and the AsiaInfo International Group.
Historical amounts:	The historical fees paid by AsiaInfo International to the Group for the two years ended 2018, 2019 and the eleven months ended 30 November 2020 were RMB1,305,917, RMB618,078 and RMB408,267, respectively.
Estimated annual caps:	RMB1,000,000, RMB1,000,000 and RMB1,000,000 for each of the years ending 31 December 2021, 2022 and 2023, respectively.
Basis for determination of the annual caps:	The annual caps set out above are determined based on the following factors (i) the historical amounts of the fees paid by AsiaInfo International to the Group; (ii) the estimated increase of market trend for the labor cost of technological staff; and (iii) the inclusion of a buffer of approximately 20% to cater for any unexpected increase in demand from the AsiaInfo International Group.

New International Management Support Framework Agreement

Date:	29 December 2020
Parties:	(1) The Company, as the service provider; and (2) AsiaInfo International, as the service recipient.
Term:	Three years commencing from 1 January 2021
Subject matter:	The provision of certain management support services, which include legal support, human resources, management system and network, daily administration, etc., by the Group to the AsiaInfo International Group.
Definitive agreement:	The Group and the AsiaInfo International Group will, from time to time during the term of the New International Management Support Framework Agreement enter into separate management support service agreements in respect of the transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the New International Management Support Framework Agreement.

Pricing:	The service fees payable by AsiaInfo International to the Group under any separate management support service agreements are determined based on arm's length negotiation between the parties with reference to (i) all of the costs for the provision of the relevant services; and (ii) a 6% premium on such costs on a "cost-plus" basis, which was the same as the historical premium charged under the existing International Management Support Framework Agreement.
Payment:	The services fees shall generally be payable according to the stage of completion of the specific services to be provided according to the separate management support service agreements to be entered into between the Group and the AsiaInfo International Group.
Historical amounts:	The historical fees paid by AsiaInfo International to the Group for the two years ended 2018, 2019 and the eleven months ended 30 November 2020 were RMB2,833,210, RMB2,804,814 and RMB2,117,436, respectively.
Estimated annual caps:	RMB2,800,000, RMB2,800,000, and RMB2,800,000 for each of the years ending 31 December 2021, 2022 and 2023, respectively.
Basis for determination of the annual caps:	The annual caps set out above are determined based on the following factors (i) the historical amounts of the services fees paid by AsiaInfo International to the Group; (ii) the expected continuous development of AsiaInfo International Group's internal back-office functions (in particular, internal IT network and administrative functions) in the future and the corresponding reduction in its demand of the management support services from the Group; and (iii) the inclusion of a buffer of approximately 20% to cater for any unexpected increase in demand from the AsiaInfo International Group.

New Security Management Support Framework Agreement

- Date:** 29 December 2020
- Parties:** (1) The Company, as the service provider; and
- (2) AsiaInfo Security, a company established under the laws of the PRC with limited liability, is principally engaged in the provision of network security related products and services, as the service recipient. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of AsiaInfo Security is Dr. TIAN (the founder, chairman and an executive Director of the Company), which indirectly holds approximately 58.73% of the equity interest of this entity, and any one shareholder among the remaining shareholders holds less than 10% of the equity interest of AsiaInfo Security.
- Term:** Three years commencing from 1 January 2021
- Subject matter:** The provision of certain management support services, which include legal support, human resources, management system and network, daily administration, etc., by the Group to the AsiaInfo Security Group.
- Definitive agreement:** The Group and the AsiaInfo Security Group will, from time to time during the term of the New Security Management Support Framework Agreement enter into separate management support service agreements in respect of the transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the New Security Management Support Framework Agreement.
- Pricing:** The service fees payable by AsiaInfo Security to the Group under any separate management support service agreements are determined based on arm's length negotiation between the parties with reference to (i) all of the costs for the provision of the relevant services; and (ii) a 6% premium on such costs on a "cost-plus" basis, with reference to the premium charged under the New International Management Support Framework Agreement.

Payment:	The services fees shall generally be payable according to the stage of completion of the specific services to be provided according to the separate management support service agreements to be entered into between the Group and the AsiaInfo Security Group.
Historical amounts:	The historical fees paid by AsiaInfo Security to the Group for the two years ended 2018, 2019 and the eleven months ended 30 November 2020 were RMB12,282,000, RMB8,421,000 and RMB3,992,374, respectively.
Estimated annual caps:	RMB5,000,000, RMB5,000,000, and RMB5,000,000 for each of the years ending 31 December 2021, 2022 and 2023, respectively.
Basis for determination of the annual caps:	The annual caps set out above are determined based on the following factors (i) the historical amounts of the services fees paid by AsiaInfo Security to the Group; and (ii) the expected continuous development of AsiaInfo Security Group's internal back-office functions (in particular, internal IT network and administrative functions) in the future and the corresponding reduction in its demand of the management support services from the Group.

New Security Technological Service Framework Agreement

Date:	29 December 2020
Parties:	(1) The Company, as the service provider; and (2) AsiaInfo Security, as the service recipient.
Term:	Three years commencing from 1 January 2021
Subject matter:	The provision of (i) professional technical staff to support projects undertaken by the AsiaInfo Security Group; and (ii) certain technological services and products by the Group to the AsiaInfo Security Group.
Definitive agreement:	The Group and the AsiaInfo Security Group will, from time to time during the term of the New Security Technological Service Framework Agreement enter into separate technological service agreements in respect of the transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the New Security Technological Service Framework Agreement.

Pricing:	The fees payable by AsiaInfo Security to the Group under any separate technological service agreements are determined based on an arm's length negotiation between the parties with reference to (i) the staff costs (including staff salaries and disbursements) or cost of the products to be sold; (ii) the complexity of the nature of work and/or services to be provided; and (iii) a margin as agreed between the Group and AsiaInfo Security taking into account the margin for the services/products of similar nature in the market by referring to margins for provision of similar services/sale of similar products by the Group to independent customers.
Payment:	The fees shall generally be payable according to the stage of completion of the various projects/products/services to be provided according to the specific and separate technological service agreements to be entered into between the Group and the AsiaInfo Security Group.
Historical amounts:	Nil, as this is a new transaction to be carried out between the Group and the AsiaInfo Security Group.
Estimated annual caps:	RMB20,000,000, RMB20,000,000 and RMB20,000,000 for each of the years ending 31 December 2021, 2022 and 2023, respectively.
Basis for determination of the annual caps:	The annual caps set out above are determined based on the following factors (i) the expected continuous development of the AsiaInfo Security Group and the corresponding increase in its demand of the technological services and products from the Group; (ii) the estimated increase of market trend for the labor cost of technological staff; and (iii) the inclusion of a buffer of approximately 20% to cater for any unexpected increase in demand from the AsiaInfo Security Group.

New Security Technological Security Service Framework Agreement

Date:	29 December 2020
Parties:	(1) AsiaInfo Security, as the service provider; and (2) The Company, as the service recipient.
Term:	Three years commencing from 1 January 2021

- Subject matter:** The provision of (i) professional technical staff to support projects undertaken by the Group; and (ii) certain network security services and products by the AsiaInfo Security Group to the Group, for the purposes of developing and fulfilling existing and future customer orders for the Group's products and services under its software business.
- Definitive agreement:** The Group and the AsiaInfo Security Group will, from time to time during the term of the New Security Technological Security Service Framework Agreement enter into separate technological service agreements in respect of the transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the New Security Technological Security Service Framework Agreement.
- Pricing:** The service fees payable by the Group to AsiaInfo Security under any separate technological service agreements are determined based on an arm's length negotiation between the parties and with reference to (i) the staff costs (including staff salaries and disbursements); and/or (ii) market rate of similar products and services. In any event, such service fees shall not be higher than the price charged by AsiaInfo Security to its independent customers for similar services and products.
- Payment:** The fees shall generally be payable according to the stage of completion of the various projects/products/services to be provided according to the specific and separate technological service agreements to be entered into between the Group and the AsiaInfo Security Group.
- Historical amounts:** The historical fees paid by the Group to AsiaInfo Security for the two years ended 2018, 2019 and the eleven months ended 30 November 2020 were approximately RMB15,065,000, approximately RMB1,264,000 and approximately RMB1,004,279, respectively.
- Estimated annual caps:** RMB15,000,000, RMB15,000,000 and RMB15,000,000 for each of the years ending 31 December 2021, 2022 and 2023, respectively.

Basis for determination of the annual caps:

The annual caps set out above are determined based on the following factors (i) despite the low historical amounts as set out above, it is expected that there will be substantial increase in future cooperation with the AsiaInfo Security Group taking into account the expected growth and expansion of the Group's business and customer demands in light of the development of the 5G network; (ii) the project pipeline and the estimation of the workload of the Group is expected to grow steadily in the next three financial years; (iii) the estimated increase of market trend for the labor cost of technological staff; (iv) the increasing focus of customers on the network security features in the Group's products, which is expected to result in a continuous extensive collaboration between the Group and the AsiaInfo Security Group in terms of network security technological support; and (v) the inclusion of a buffer of approximately 20% to cater for any unexpected increase in demand from the Group.

The independent non-executive Directors and the auditor of the Company will be provided on a regular basis with (i) the CCT Agreements; (ii) agreements entered into between the Group and Independent Third Parties for comparable technological services and management support services; and (iii) fees charged from Independent Third Parties for the provision of similar services by the Group for review and comparison purpose. The independent non-executive Directors will also review and compare the relevant payment terms and payment methods under these agreements to ensure that the transactions contemplated under the CCT Agreements are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the CCT Agreements are conducted in accordance with the terms of the CCT Agreements.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE CCT AGREEMENTS

The Group is principally engaged in provision of (i) software products and related services; (ii) data-driven operation services; and (iii) others, including sale of third-party hardware and software, the provision of system integration services, business consulting services and corporate training. The Group is the leading provider of software products, solutions and services in the PRC with business focus on, among others, communication, energy, finance, transportation, government and postal. Leveraging on strong products, services, operation and integration capabilities, the Group continues to explore new customers, new businesses and new models to facilitate the digital transformation for various industries and enterprises.

The Group, in its ordinary and usual course of business, has provided technological services and personnel support and management support services to the AsiaInfo International Group and the AsiaInfo Security Group, respectively, to generate service fee income. The Group has also, in its ordinary and usual course of business, received technological services, in particular, relating to the network security services, from the AsiaInfo Security Group. Hence, the transactions contemplated under the CCT Agreements are of a recurrent nature and will also occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

The Directors (including the independent non-executive Directors) consider the terms of each of the CCT Agreements and the transactions contemplated thereunder (including the proposed annual caps) are (i) fair and reasonable and in the ordinary and usual course of business of the Group; (ii) on normal commercial terms on an arm's length basis or on terms no more favourable than terms available to Independent Third Parties; and (iii) in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER LISTING RULES

AsiaInfo Security and AsiaInfo International are companies ultimately beneficially controlled by Dr. TIAN (the founder, chairman and an executive Director of the Company). Accordingly, they are connected persons of the Company pursuant to the Listing Rules. Therefore, the transactions contemplated under the CCT Agreements constitute continuing connected transactions of the Company.

Although the applicable percentage ratios for the proposed annual caps contemplated under each of New International Technological Service Framework Agreement, New International Management Support Framework Agreement and the New Security Management Support Framework Agreement are all less than 0.1%, as the highest applicable percentage ratios for the proposed annual caps contemplated under each of the (i) New Security Technological Service Framework Agreement; (ii) New International Technological Service Framework Agreement and the New Security Technological Service Framework Agreement calculated on an aggregate basis in accordance with the Listing Rules; (iii) New International Management Support Framework Agreement and the New Security Management Support Framework Agreement calculated on an aggregate basis in accordance with the Listing Rules; and (iv) New Security Technological Security Service Framework Agreement, are more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save and except for Dr. TIAN who had abstained from voting on the Board resolution approving the transactions contemplated under the CCT Agreements (including the proposed annual caps), no other Director had a material interest in the transactions contemplated under the CCT Agreements, and thus no other Director had abstained from voting on the said Board resolution.

DEFINITIONS

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

“AsiaInfo Chengdu”	AsiaInfo Technologies (Chengdu), Inc. (亞信科技(成都)有限公司), a limited liability company incorporated in the PRC on 31 December 2001, which is a wholly-owned subsidiary of AsiaInfo Security
“AsiaInfo International”	AsiaInfo International Investment Limited, a limited liability company incorporated in the British Virgin Islands on 24 July 2014, which is ultimately solely and beneficially owned by Dr. TIAN
“AsiaInfo International Group”	AsiaInfo International and its subsidiaries
“AsiaInfo Security”	AsiaInfo Security Technology Limited (亞信安全科技股份有限公司), a limited liability company incorporated in the PRC on 25 November 2014, which is ultimately controlled and beneficially owned as to approximately 58.73% by Dr. TIAN
“AsiaInfo Security Group”	AsiaInfo Security and its subsidiaries
“Board”	the board of Directors of the Company
“CCT Agreements”	collectively, the New International Technological Service Framework Agreement, New Security Technological Service Framework Agreement, New International Management Support Framework Agreement, New Security Management Support Framework Agreement and New Security Technological Security Service Framework Agreement
“Chengdu Management Support Framework Agreement”	the management support framework agreement dated 26 November 2018 entered into between the Company and AsiaInfo Chengdu in relation to, among other things, the provision of management support services by the Group to AsiaInfo Chengdu and its subsidiaries

“Chengdu Technological Service Framework Agreement”	the technological service framework agreement dated 26 November 2018 entered into between the Company and AsiaInfo Chengdu in relation to, among other things, the provision of (i) professional technical staff to support projects undertaken by the Group; and (ii) certain network security services and products by AsiaInfo Chengdu and its subsidiaries to the Group
“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
“Dr. TIAN”	Dr. TIAN Suning (田溯寧博士), the founder, chairman and an executive Director of the Company
“Existing Agreements”	collectively, the International Technological Service Framework Agreement, International Management Support Framework Agreement, Chengdu Management Support Framework Agreement and Chengdu Technological Service Framework Agreement
“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)
“International Management Support Framework Agreement”	the management support framework agreement dated 26 November 2018 entered into between the Company and AsiaInfo International in relation to, among other things, the provision of management support services by the Group to the AsiaInfo International Group
“International Technological Service Framework Agreement”	the technological service framework agreement dated 26 November 2018 entered into between the Company and AsiaInfo International in relation to, among other things, (i) the provision of professionals to support the projects undertaken by the AsiaInfo International Group; and (ii) the provision of certain technological services by the Group

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New International Management Support Framework Agreement”	the management support framework agreement dated 29 December 2020 entered into between the Company and AsiaInfo International in relation to, among other things, the provision of management support services by the Group to the AsiaInfo International Group
“New International Technological Service Framework Agreement”	the technological service framework agreement dated 29 December 2020 entered into between the Company and AsiaInfo International in relation to, among other things, (i) the provision of professional technical staff to support the projects undertaken by the AsiaInfo International Group; and (ii) the provision of certain technological services and products by the Group to the AsiaInfo International Group
“New Security Management Support Framework Agreement”	the management support framework agreement dated 29 December 2020 entered into between the Company and AsiaInfo Security in relation to, among other things, the provision of management support services by the Group to the AsiaInfo Security Group
“New Security Technological Service Framework Agreement”	the technological service framework agreement dated 29 December 2020 entered into between the Company and AsiaInfo Security in relation to, among other things, (i) the provision of professional technical staff to support the projects undertaken by the AsiaInfo Security Group; and (ii) the provision of certain technological services and products by the Group to the AsiaInfo Security Group
“New Security Technological Security Service Framework Agreement”	the technological service framework agreement dated 29 December 2020 entered into between the Company and AsiaInfo Security in relation to, among other things, the provision of (i) professional technical staff to support projects undertaken by the Group; and (ii) certain network security services and products by the AsiaInfo Security Group to the Group
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 6 December 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

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

Hong Kong, 29 December 2020

As at the date of this announcement, the Board comprises Dr. TIAN Suning, Mr. DING Jian and Mr. GAO Nianshu as executive Directors; Mr. ZHANG Yichen, Mr. XIN Yuesheng, Mr. ZHANG Liyang, Mr. YANG Lin and Ms. LIU Hong as non-executive Directors; and Dr. GAO Jack Qunyao, Dr. ZHANG Ya-Qin, Mr. GE Ming and Ms. TAO Ping as independent non-executive Directors.