

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement dated 14 April 2020 issued by the Company in relation to the subscription of new Shares under specific mandate by the Subscriber (a wholly-owned subsidiary of China Mobile Limited).

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Upon Completion, the Subscriber will become a substantial Shareholder under the Listing Rules and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, CMC (a wholly-owned subsidiary of China Mobile Limited) will become an associate of a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the continuous provision of products and services to the China Mobile Group as contemplated under the Software Products and Services Framework Agreement and the continuous lease of premises from the China Mobile Group under the Lease Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules after Completion.

In order to regulate these continuing connected transactions and facilitate the compliance with relevant requirements under the Listing Rules, the Company entered into the Software Products and Services Framework Agreement and the Lease Framework Agreement with CMC on 20 April 2020 and the principal terms and conditions of which are set out in this announcement.

As the applicable percentage ratios for these continuing connected transactions under the Lease Framework Agreement are more than 0.1% and less than 5%, the transactions contemplated thereunder will constitute non-exempt continuing connected transactions subject to the reporting, annual review, announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for these continuing connected transactions under the Software Products and Services Framework Agreement are more than 5%, the transactions contemplated thereunder will constitute non-exempt continuing connected transactions and will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).

A circular containing, among other things, (i) details of the Software Products and Services Framework Agreement; (ii) the advice of the Independent Financial Adviser regarding the terms of the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps); (iii) the recommendation of the Independent Board Committee regarding the terms of the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps); and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 31 May 2020.

Reference is made to the announcement dated 14 April 2020 issued by the Company in relation to the subscription of new Shares under specific mandate by the Subscriber (a wholly-owned subsidiary of China Mobile Limited).

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Members of the Group, in their ordinary course of business, regularly entered into continuing transactions with members of the China Mobile Group in relation to (i) the provision of software products and services to members of the China Mobile Group, including but not limited to, the provision of software products and related deployment services (including but not limited to CRM, billing account and big data, IoT and 5G intelligent network products), ongoing operation and maintenance services, data-driven operation services, business consulting services, system integration services, corporate trainings and procurement and sale of third-party hardware and software for and to members of the China Mobile Group; and (ii) the lease of work space stations from members of the China Mobile Group when member(s) of the Group provides the above-mentioned services. The said software products and services are provided by the

Group regularly to its customers in its ordinary and usual course of business, and the occasions/arrangement of providing such products and services are subject to customer demand.

Upon Completion, the Subscriber will become a substantial Shareholder and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, CMC (a wholly-owned subsidiary of China Mobile Limited) will become an associate of a connected person of the Company under Chapter 14A of the Listing Rules. The continuing transactions entered into or to be entered into between members of the Group on one side, and members of the China Mobile Group on the other will become continuing connected transactions of the Company under the Listing Rules.

As such, the following agreements are entered into by the Company to regulate the above-mentioned continuing connected transactions upon Completion in accordance with the requirements under the Listing Rules, details of which are set out below:

Software Products and Services Framework Agreement

Date: 20 April 2020

Parties: (i) the Company; and

(ii) CMC, a company established in the PRC with limited liability, is a wholly-owned subsidiary of China Mobile Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00941) and the American Depositary Shares of which are listed on the New York Stock Exchange (stock code: CHL). The ultimate controlling shareholder of China Mobile Limited is China Mobile Communications Group Co., Ltd., which through the China Mobile Group, is principally engaged in the provision of telecommunications and related services in the Mainland China and Hong Kong. CMC is principally engaged in the business of network and business coordination center.

Duration: Subject to the fulfilment of the conditions precedent, the Software Products and Services Framework Agreement shall be for an initial term commencing on the date of Completion and ending on 31 December 2022 (both days inclusive).

Subject to compliance with the applicable requirements of the Listing Rules at the relevant time, the Software Products and Services Framework Agreement can be renewed for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

Conditions precedent: The Software Products and Services Framework Agreement is subject to the fulfillment of the following conditions:

- (a) the Subscriber becoming a substantial Shareholder; and
- (b) the passing by the Independent Shareholders in accordance with the Listing Rules and all applicable laws at the EGM of resolutions approving the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).

Products and services to be provided: Provision of software products and services to members of the China Mobile Group, including but not limited to, the provision of software products and related deployment services, ongoing operation and maintenance services, data-driven operation services, business consulting services, system integration services, corporate trainings and procurement and sale of third-party hardware and software for and to members of the China Mobile Group.

Definitive agreement: Members of the Group and members of the China Mobile Group will, from time to time during the term of the Software Products and Services Framework Agreement, enter into separate Definitive Agreements in respect of the transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the Software Products and Services Framework Agreement.

Pricing: The prices to be charged by the Group for products and/or services to be provided to the China Mobile Group under any separate Definitive Agreements pursuant to the Software Products and Services Framework Agreement shall be determined based on arm's length negotiation between the parties and on order-by-order basis with reference to the prevailing market price, being the price offered to or charged by Independent Third Parties in contemporaneous transactions in respect of similar types of products or services in the ordinary course of business in the same or nearby service area and subject to normal commercial terms and in accordance with the principle of fairness and reasonableness.

The Group will compare similar transactions or quotations for similar type and specification of products and/or services with Independent Third Parties to ensure that the terms offered to the China Mobile Group are no more favourable than those available to Independent Third Parties.

Payment: The fees to be charged for the products and/or services under the Software Products and Services Framework Agreement 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 Definitive Agreements.

Lease Framework Agreement

Date: 20 April 2020

Parties: (i) the Company; and
(ii) CMC.

Duration: The Lease Framework Agreement shall be for an initial term commencing on the date of Completion and ending on 31 December 2022 (both days inclusive). Subject to compliance with the applicable requirements of the Listing Rules at the relevant time, the Lease Framework Agreement can be renewed for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

Subject matter: The Lease Framework Agreement sets out a framework of the terms on which CMC has agreed to lease and use its reasonable endeavours and good faith to procure other members of the China Mobile Group to lease workspace stations to any members of the Group to facilitate the Group's provision of software services to members of the China Mobile Group.

Definitive agreement: Members of the Group and members of the China Mobile Group will enter into, from time to time and as necessary, separate Definitive Agreements to set out the specific terms and conditions in respect of the relevant premises leased thereunder which shall always be in compliance with the Listing Rules and the Lease Framework Agreement.

Pricing: The pricing terms of each Definitive Agreement shall be consistent with the following guidelines:

- (i) the terms of the Definitive Agreements shall be negotiated and agreed by the parties on an arm's length basis and shall be fair and reasonable;
- (ii) the rentals under the Definitive Agreement shall represent the prevailing market rentals of similar premises in neighboring areas based on available property rental market comparables and, actual gross floor area of each of the leased premises;
- (iii) annual increments in rentals shall be determined by reference to the potential increase in the value of the premises; and
- (iv) where property rental market comparables are not available, the pricing terms shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by Independent Third Parties to the Group for similar premises in proximity.

Payment: The rentals under the Lease Framework Agreement shall be payable according to the specific and separate Definitive Agreements and funded by the Group's internal resources.

In the event that the parties are willing to enter into transactions relating to other types of services which are substantially different from those as stated in the Software Products and Services Framework Agreement and the Lease Framework Agreement, the Company intends to enter into separate contracts to govern those transactions, and comply with the relevant Listing Rules requirements.

Historical Figures

Set out below is the aggregate products and services fees paid by the China Mobile Group to the Group for transactions contemplated under the Software Products and Services Framework Agreement and the rentals paid by the Group to the China Mobile Group contemplated under the Lease Framework Agreement for the three years ended 31 December 2019:

	For the financial year ended 31 December		
	2017	2018	2019
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>
Products and services fees paid by the China Mobile Group to the Group	2,668.8	2,934.9	3,351.4
Rentals paid by the Group to the China Mobile Group	4.9	4.8	3.9

Annual Caps

The proposed annual caps in respect of the transactions contemplated under the Software Products and Services Framework Agreement and the Lease Framework Agreement for the three years ending 31 December 2022 are set out below:

	For the financial year ending 31 December		
	2020	2021	2022
	RMB (million)	RMB (million)	RMB (million)
Proposed annual caps for products and services fees payable by the China Mobile Group to the Group	4,210.0	4,840.0	5,730.0
Proposed annual caps for rentals payable by the Group to the China Mobile Group	6.0	7.5	10.0

The annual caps set out above are determined based on the following:

Products and services fees payable by the China Mobile Group to the Group

- (a) the historical amounts of the relevant transactions between the Group and the China Mobile Group;
- (b) the continuing growth and technological development of the telecom software products and services market and the market leading position of the Group;
- (c) the anticipated need and demand of the Group's software products and services from the China Mobile Group;
- (d) further synergies and strategic cooperation between the Group and the China Mobile Group as a result of the Subscription; and
- (e) the inclusion of a buffer to cater for the development plan of, and any unexpected increase in demand from, the China Mobile Group.

Rentals payable by the Group to the China Mobile Group

- (a) the historical rentals paid to the China Mobile Group as disclosed above;
- (b) the expected stable growth of the market rentals of the premises leased under the Lease Framework Agreement during the three years ending 31 December 2022;
- (c) the expected new leases of the premises arising from increasing demand for provision of software products and services by the Group to the China Mobile Group during the three years ending 31 December 2022; and

- (d) the inclusion of a buffer to accommodate any unexpected increase in the demand of the Group for the new leases of premises for expansion of its business between the Group and the China Mobile Group.

Such projection is assumed solely for determining the annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group or the China Mobile Group.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE SOFTWARE PRODUCTS AND SERVICES FRAMEWORK AGREEMENT AND LEASE FRAMEWORK AGREEMENT

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, broadcasting, postal, finance, insurance, energy and transportation industries. Leveraging on its strong products, services, operation and integration capabilities, the Company continues to explore new customers, new businesses and new models to facilitate the digital transformation for various industries and enterprises.

The transactions contemplated under the Software Products and Services Framework Agreement and the Lease Framework Agreement are of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and the China Mobile Group.

In line with the market practice and the Company's past practice, the Company considered it necessary for purposes of compliance with the Listing Rules and administrative convenience to enter into framework agreements with CMC in order to better document and manage these continuing connected transactions. The Software Products and Services Framework Agreement and the Lease Framework Agreement serve to streamline such continuing transactions between members of the Group and members of the China Mobile Group by providing a single basis upon which the Company could comply with the applicable reporting, annual review, announcement and (where applicable) Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and thereby reducing the administrative burden and costs of the Company in complying with these requirements.

The Directors believe that the maintenance of the strategic business relationships with the China Mobile Group will not only allow the realisation of synergies and economies of scale but will also continue to bring sustainable contribution to the Group's growth in the long run. The Directors (for the purpose of the Software Products and Services Framework Agreement, excluding the independent non-executive Directors who should provide their view after taking into account of advice from the Independent Financial Adviser) consider the transactions contemplated under the Lease Framework Agreement and the Software Products and Services Framework Agreement are conducted on normal commercial terms and in the ordinary and usual course of business of the Group and the terms of the Lease Framework Agreement and the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

The Group has established internal control measures for reporting and monitoring on continuing connected transactions which are complied with by the Group to ensure the compliance with Chapter 14A of the Listing Rules.

According to the Group's prevailing internal administration system and procedures for connected transactions:

- (1) the designated officer of the agreement management department, will immediately report to the office of the Board and the designated personnel of the accounting department with details of the possible notifiable or connected transactions to be entered by the Group for review and checking in order to determine the appropriate type of disclosure in compliance with Chapter 14A of the Listing Rules. The agreement management department is also responsible for monitoring the prices of the transactions with connected persons by reviewing samples of the relevant sales contracts and costs etc. to ensure such prices are in compliance with the pricing policies under the terms of their respective continuing connected transaction master or framework agreements;
- (2) before entering into any definitive agreements pursuant to the respective continuing connected transaction master or framework agreements (including the Software Products and Services Framework Agreement and the Lease Framework Agreement), the relevant personnel of the front business departments and the administrative department will compare other contemporaneous transactions or quotations for similar transactions with Independent Third Parties for similar products or services in similar quantities and ensure that the terms offered to or by the relevant connected persons are no more or no less favourable than those available to or from Independent Third Parties respectively. Such agreements shall also be submitted to the accounting department for review (in particular, to check whether the annual caps may be exceeded);

- (3) the accounting department will check and monitor with the total transaction amounts and ensure the transaction amounts will not exceed the annual caps of the continuing connected transactions. If the total transaction amounts reach 80% of the annual caps, or are expected to exceed the annual caps within the next two months, the designated person of the accounting department shall inform the Board office immediately so as to determine the appropriate actions to be taken;
- (4) the Board office and relevant departments in each subsidiary of the Company has a designated person to record the entering into of continuing connected transactions into the office automation system of the Company;
- (5) the accounting department will monitor the risks related to continuing connected transactions by reviewing the minutes of important meetings as well as accounting records to identify if the Group has any undisclosed connected transactions;
- (6) the Board office will also check the terms and implementation status of the Group's policies and requirements related to continuing connected transactions from time to time, including investigating the audited entities' processes for identification of connected persons and their procedures for dealing with continuing connected transactions; and
- (7) the financial reporting department will carry out annual assessment of the continuing connected transactions conducted by the Group for each financial year and report to the Board. One of the assessment objectives is to ensure that the continuing connected transactions are carried out at arm's length and the terms are comparable to those with Independent Third Parties.

Furthermore, pursuant to Chapter 14A of the Listing Rules:

- (1) the independent non-executive Directors shall, on an annual basis, review the transactions contemplated under the Software Products and Services Framework Agreement and the Lease Framework Agreement and confirm such transactions have been entered into according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (2) the external auditors of the Group shall, on an annual basis, report on the transactions contemplated under the Software Products and Services Framework Agreement and the Lease Framework Agreement and confirm whether anything has come to their attention that causes them to believe such transactions were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions.

IMPLICATION UNDER THE LISTING RULES

Upon Completion, the Subscriber will become a substantial Shareholder under the Listing Rules and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, CMC (a wholly-owned subsidiary of China Mobile Limited) will become an associate of a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the continuous provision of products and/or services to the China Mobile Group as contemplated under the Software Products and Services Framework Agreement and the continuous lease of premises from the China Mobile Group as contemplated under the Lease Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for these continuing connected transactions under the Lease Framework Agreement are more than 0.1% and less than 5%, the transactions contemplated thereunder will constitute non-exempt continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for these continuing connected transactions under the Software Products and Services Framework Agreement are more than 5%, the transactions contemplated thereunder will constitute non-exempt continuing connected transactions and will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).

Opus Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).

No Director has a material interests in the transactions contemplated under the Software Products and Services Framework Agreement and the Lease Framework Agreement, and thus no Director had abstained from voting on the Board resolution approving the transactions contemplated under the Software Products and Services Framework Agreement and the Lease Framework Agreement (including the annual caps).

EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders are required to abstain from voting on the relevant resolution(s) at the EGM approving the Software Products and Services Framework Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Software Products and Services Framework Agreement; (ii) the advice of the Independent Financial Adviser regarding the terms of the terms of the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps); (iii) the recommendation of the Independent Board Committee regarding the terms of the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps); and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 31 May 2020, as additional time is required to prepare the required information to be incorporated in the circular.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Mobile Group”	CMC and its associates
“CMC”	China Mobile Communication Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of China Mobile Limited
“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)
“Completion”	the completion of the Subscription
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CRM”	customer relationship management

“Definitive Agreements”	any individual definitive agreements in respect of the transactions contemplated under the Software Products and Services Framework Agreement or the Lease Framework Agreement (as the case may be) which may from time to time be entered into in pursuance thereto
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps)
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders as to whether the terms of the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps)
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM to approve the Software Products and Services Framework Agreement and the transactions contemplated thereunder (including the annual caps)
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s)
“IoT”	the Internet of things
“Lease Framework Agreement”	the agreement entered into between the Company and CMC on 20 April 2020 in relation to, <i>inter alia</i> , the lease of workspace stations by the Group from the China Mobile Group

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China” or “PRC”	the People’s Republic of China and for the sole purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Software Products and Services Framework Agreement”	the agreement entered into between the Company and CMC on 20 April 2020 in relation to, <i>inter alia</i> , the provision of software products and related services by the Group to the China Mobile Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	China Mobile International Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China Mobile Limited
“Subscription”	the subscription of 182,259,893 new Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 April 2020 entered into between the Company and the Subscriber in relation to the Subscription
“%”	per cent.

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

Hong Kong, 20 April 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 and Mr. ZHANG Liyang as non-executive Directors and Dr. GAO Jack Qunyao, Dr. ZHANG Ya-Qin and Mr. GE Ming as independent non-executive Directors.