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暢捷通

Chanjet

暢捷通信息技術股份有限公司

CHANJET INFORMATION TECHNOLOGY COMPANY LIMITED*

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

(Stock code: 1588)

**CONTINUING CONNECTED TRANSACTION
PROPERTY LEASING FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 21 December 2015 regarding, among other things, the leasing of the Property from Yonyou to the Company. The Company intends to renew the leasing for the Property.

The Board hereby announces that on 28 December 2018, the Company (as lessee) entered into the Property Leasing Framework Agreement with Yonyou (as lessor), pursuant to which Yonyou agreed to continue to lease the Property to the Company. The term of the Agreement is three years, which will commence from 1 January 2019 and expire on 31 December 2021.

Yonyou is the controlling shareholder of the Company. Therefore, Yonyou is a connected person of the Company as defined under Rule 14A.07 of the Hong Kong Listing Rules. Accordingly, the transaction contemplated under the Property Leasing Framework Agreement constitutes a connected transaction of the Company pursuant to the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.77 of the Hong Kong Listing Rules) calculated exceed 0.1% but are all less than 5%, the transaction contemplated under the Property Leasing Framework Agreement is only subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

* For identification purposes only

I. PROPERTY LEASING FRAMEWORK AGREEMENT

i. Background

Reference is made to the announcement of the Company dated 21 December 2015 regarding, among other things, the leasing of the Property from Yonyou to the Company. The Company intends to renew the leasing for the Property.

Accordingly, on 28 December 2018, the Company (as lessee) entered into the Property Leasing Framework Agreement with Yonyou (as lessor), pursuant to which Yonyou agreed to continue to lease the Property to the Company.

ii. Property Leasing Framework Agreement

A summary of the principal terms of the Property Leasing Framework Agreement is set out as follows:

Date:	28 December 2018
Parties:	(1) the Company, as the lessee (2) Yonyou, as the lessor
Use:	The Property of Yonyou and/or its subsidiaries will be leased to the Group for office use.
Term and Termination:	The Property Leasing Framework Agreement shall take effect from its signing by the legal representatives or the authorized representatives of the parties with their official seals of both parties and shall commence from 1 January 2019 to 31 December 2021. Subject to compliance with the Hong Kong Listing Rules and other applicable laws and regulations, the parties can negotiate on whether to renew the agreement for another term of three years.

Pricing:

The transactions are required to be conducted on normal commercial terms and terms no less favourable than terms available from Independent Third Parties in the market located in the same region. The pricing of the properties to be leased is determined after arms' length negotiation between the parties and with reference to the following factors:

- (1) primary land development and consolidation costs, construction costs, water, electricity and heating reconstruction costs, renovation costs, and depreciation costs of the Property;
- (2) the rent offered by Independent Third Parties to the Company or by Yonyou to Independent Third Parties for same or similar properties located in the same region; and
- (3) reasonable profit.

Other terms and conditions:

Under the Property Leasing Framework Agreement, the Company (or its subsidiaries) and Yonyou (or its subsidiaries) shall enter into individual property leasing agreements setting out details of the property to be leased before each property leasing actually takes place, which, if applicable, shall be subject to the reporting and announcement requirements and/or the independent shareholders' approval requirement under the Hong Kong Listing Rules. The individual property leasing agreements shall also be consistent with the principal terms of the Property Leasing Framework Agreement.

iii. Historical Transaction Amounts and Proposed Annual Caps of the Property Leasing Framework Agreement

Historical Transaction Amounts

The historical amounts for transactions under the previous property leasing framework agreement made between the Company and Yonyou dated 21 December 2015 were as follows:

	For the year ended 31 December 2015 (RMB)	For the year ended 31 December 2016 (RMB)	For the year ended 31 December 2017 (RMB)	For the period between 1 January 2018 and 30 November 2018 (RMB)
Aggregate amount paid by the Group to Yonyou Group for property leasing	5,078,975	6,854,047	5,127,920	4,749,040

Proposed Annual Caps

The proposed annual caps for the transactions under the Property Leasing Framework Agreement and the basis of determination thereof are as follows:

	For the year ended 31 December 2019 (RMB)	For the year ended 31 December 2020 (RMB)	For the year ended 31 December 2021 (RMB)
Proposed annual caps	7,482,100	9,267,100	11,417,900

The above proposed annual caps were mainly determined with reference to: (i) for business development reasons, the total area of properties that the Group needs to rent from Yonyou Group from 2019 to 2021 will increase; (ii) the prevailing market rate of the similar properties in the locality; (iii) the fluctuation of such prevailing market rate in the next three years; and (iv) the rentals paid by the Company for the relevant period under the previous property leasing framework agreement made between the Company and Yonyou dated 21 December 2015.

iv. Internal Control

To protect the interests of the Group, the Group will adopt the following internal control measures:

1. the relevant personnel of the Group will closely monitor the transactions of the Group under the Property Leasing Framework Agreement, to ensure that the transaction amount does not exceed the annual caps required by the Property Leasing Framework Agreement;
2. the entry into each of the property lease shall be subject to the appropriate approval of the relevant departments of the Company, to ensure that each of the property leases are in line with the pricing policy and principal terms of the Property Leasing Framework Agreement;
3. the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions, to ensure that the transactions amount is within the annual caps and that the transactions in all material aspects are conducted on the terms in the relevant agreement of such transactions; and
4. the independent non-executive Directors of the Company shall conduct annual reviews on each of the proposed continuing connected transactions under the Property Leasing Framework Agreement, to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

v. Reasons for and Benefit of Entering into the Property Leasing Framework Agreement

As the Group has been using the properties of Yonyou Group historically as office units, it is in the interests of the Group in terms of cost, time and stability to enter into the Property Leasing Framework Agreement instead of finding and relocating to alternative properties.

The Directors (including the independent non-executive Directors) are of the view that the Property Leasing Framework Agreement is conducted on normal commercial terms and is in the ordinary and usual course of business of the Company, and the terms and conditions therein are fair and reasonable and are in line with the overall development strategy of the Group as well as in the interests of the Company and the Shareholders as a whole.

II. HONG KONG LISTING RULES IMPLICATIONS

Yonyou is the controlling shareholder of the Company. Therefore, Yonyou is a connected person of the Company as defined under Rule 14A.07 of the Hong Kong Listing Rules. Accordingly, the transaction contemplated under the Property Leasing Framework Agreement constitutes a connected transaction of the Company pursuant to the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.77 of the Hong Kong Listing Rules) calculated exceed 0.1% but are all less than 5%, the transaction contemplated under the Property Leasing Framework Agreement is only subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The Directors, Mr. Wang Wenjing, Mr. Wu Zhengping and Mr. Zeng Zhiyong, who are also directors or senior management of Yonyou or its subsidiaries, are deemed to have material interests in the transactions contemplated under the Property Leasing Framework Agreement and have abstained from voting on the relevant Board resolutions. Other than those Directors mentioned above, none of other Directors has a material interest in the transactions under the Property Leasing Framework Agreement or is required to abstain from voting on the relevant resolutions at the Board meeting.

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiry, other than the above disclosure, there is no other connected transaction entered into by any member of the Group and the Yonyou Group and their ultimate beneficial owner(s) or otherwise related, which would be, together with the transaction contemplated under the Property Leasing Framework Agreement, aggregated under Rule 14A.81 of the Hong Kong Listing Rules.

III. GENERAL INFORMATION OF THE PARTIES

The Company

The Company is a leading provider of enterprise software and services designed for micro and small scale enterprises in China. The core business of the Company is to develop and provide software and services designed to satisfy the informatization needs of micro and small scale enterprises.

Yonyou

Yonyou, a leading solutions and professional service provider for large and medium scale enterprises and organizations in China, was established in January 1995 and listed on the Shanghai Stock Exchange in May 2001.

IV. DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Board”	the board of Directors of the Company
“Company”	Chanjet Information Technology Company Limited (暢捷通信息技術股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed and traded on the Hong Kong Stock Exchange
“connected person”; “continuing connected transaction”; and “subsidiary”	each has the meaning ascribed to it by the Hong Kong Listing Rules;
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	an individual(s) or a company(ies) who/which is/are independent of and not connected with (within the meaning of the Hong Kong Listing Rules) any of Directors, supervisors, executive officers or substantial shareholders (as defined in the Hong Kong Listing Rules) of the Company, its subsidiaries or any of their respective associates
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	the property of Yonyou Group under the Property Leasing Framework Agreement

“Property Leasing Framework Agreement”	the renewal property leasing framework agreement dated 28 December 2018 entered into by the Company and Yonyou in relation to property leasing
“RMB”	means Renminbi, the lawful currency of the PRC
“Yonyou”	Yonyou Network Technology Co., Ltd. (用友網絡科技股份有限公司), a joint stock company incorporated in the PRC on 18 January 1995 with limited liability, which is the controlling shareholder of the Company, the shares of which are listed and traded on the Shanghai Stock Exchange (Stock Code: 600588)
“Yonyou Group”	Yonyou and its subsidiaries (excluding the Group)

On behalf of the Board
Chanjet Information Technology Company Limited
Wang Wenjing
Chairman

Beijing, the PRC
28 December 2018

As at the date of this announcement, the non-executive Directors of the Company are Mr. Wang Wenjing and Mr. Wu Zhengping; the executive Directors of the Company are Mr. Zeng Zhiyong and Mr. Yang Yuchun; and the independent non-executive Directors of the Company are Mr. Chen, Kevin Chien-wen, Mr. Lau, Chun Fai Douglas and Mr. Chen Shuning.