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## **Infinites Technology International (Cayman) Holding Limited**

**多牛科技國際(開曼)集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1961)**

- 1) CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE;**
- 2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ADVERTISING TRAFFIC MUTUAL SUPPLY AGREEMENT; AND**
- 3) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO NGA EXCLUSIVE FRANCHISE AGREEMENT**

**Financial Adviser to the Company**



### **FORMATION OF JOINT VENTURE**

The Board is pleased to announce that, on 23 June 2023 the Company entered into a Joint Venture Agreement with Infinites Cayman to jointly establish a Joint Venture Company to further explore the advertisement distribution services market in the PRC.

Pursuant to the Joint Venture Agreement, the registered capital of the Joint Venture Company amounted to RMB10 million (equivalent to approximately HK\$10.9 million), among which, the Company, and Infinites Cayman will contribute RMB7.5 million (equivalent to approximately HK\$8.2 million) and RMB2.5 million (equivalent to approximately HK\$2.7 million) and each of them will own 75% and 25% of the equity interest in the Joint Venture Company, respectively. The Joint Venture Company will become a subsidiary of the Company. The financial results of the Joint Venture Company, and its subsidiaries, will be consolidated into the Company's consolidated financial statements.

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ADVERTISING TRAFFIC MUTUAL SUPPLY AGREEMENT**

The Board is pleased to announce that on 23 June 2023, Emperor entered into the Advertising Traffic Mutual Supply Agreement\* (廣告流量互供框架協議) with Infinities Cayman to govern the CCTs (i.e., the Traffic Procurement Transactions and Traffic Supply Transactions) between the Infinities Cayman and Emperor for a term combining (i) for the period from 1 July 2023 to 31 December 2023; and (ii) two years ending 31 December 2024 and 2025.

The Proposed Annual Caps in respect of the Traffic Procurement Transactions under the Advertising Traffic Mutual Supply Agreement for the period from 1 July 2023 to 31 December 2023 and the years ending 31 December 2024 and 2025 is RMB220 million, RMB440 million and RMB660 million, respectively (equivalent to HK\$239.8 million, HK\$479.6 million and HK\$719.4 million, respectively).

The Proposed Annual Caps in respect of the Traffic Supply Transactions under the Advertising Traffic Mutual Supply Agreement for the period from 1 July 2023 to 31 December 2023 and the years ending 31 December 2024 and 2025 is RMB66 million, RMB132 million and RMB198 million, respectively (equivalent to HK\$71.9 million, HK\$143.9 million and HK\$215.8 million, respectively).

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO NGA EXCLUSIVE FRANCHISE AGREEMENT**

The Board is pleased to announce that on 23 June 2023, Emperor entered into the NGA Exclusive Franchise Agreement\* (NGA獨家經營權框架協議) with Infinities Cayman to govern the NGA Franchise Transactions between the Infinities Cayman and Emperor for a term combining (i) for the period from 1 July 2023 to 31 December 2023; and (ii) two years ending 31 December 2024 and 2025.

The Proposed Annual Caps in respect of the NGA Franchise Transactions under the NGA Exclusive Franchise Agreement for the period from 1 July 2023 to 31 December 2023 and the years ending 31 December 2024 and 2025 is RMB12.5 million, RMB25 million and RMB25 million, respectively (equivalent to HK\$13.6 million, HK\$27.3 million and HK\$27.3 million, respectively).

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Infinities Global held approximately 53.69% of the issued Shares. Infinities Global was held as to approximately 53.74% by Infinities Worldwide which was in turn wholly owned by Infinities B&M, and Infinities B&M was wholly owned by Infinities Cayman. Therefore, Infinities Cayman a connected person of the Company under the Listing Rules. The Joint Venture Agreement entered into between Infinities Cayman and the Company; Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement entered into between Infinities Cayman and Emperor constitute connected transactions under Chapter 14A of the Listing Rules.

### **Joint Venture Agreement**

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Joint Venture Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting and announcement requirements but is exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Traffic Procurement Transactions and Traffic Supply Transactions**

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Proposed Annual Caps for each of the Traffic Procurement Transactions and Traffic Supply Transactions under the Advertising Traffic Mutual Supply Agreement, on annual basis, are more than 25% and such Proposed Annual Caps are expected to be higher than HK\$10 million, such transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, the Company will seek the Independent Shareholders' approval for the Traffic Procurement Transactions and Traffic Supply Transactions under the Advertising Traffic Mutual Supply Agreement and the Proposed Annual Caps for the six months ending 31 December 2023 and the years ending 31 December 2024 and 2025 at the EGM respectively.

### **NGA Franchise Transactions**

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Proposed Annual Caps of the NGA Franchise Transactions contemplated under the NGA Exclusive Franchise Agreement, on annual basis, are exceeds 5% but is less than 25% and such Proposed Annual Caps are expected to be higher than HK\$10 million, such transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, the Company will seek the Independent Shareholders' approval for the NGA Franchise Transactions under NGA Exclusive Franchise Agreement and the related Proposed Annual Caps for the six months ending 31 December 2023 and the years ending 31 December 2024 and 2025 at the EGM.

## **GENERAL**

The Independent Board Committee comprising Mr. Leung Ming Shu and Mr. Tang Shun Lam, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in connection with (i) the Traffic Procurement Transactions and Traffic Supply Transactions under the Advertising Traffic Mutual Supply Agreement; (ii) NGA Franchise Transactions under NGA Exclusive Franchise Agreement; and (iii) the related Proposed Annual Caps.

The Independent Board Committee shall appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement and the related Proposed Annual Caps.

The EGM will be convened to consider and, if thought fit, to approve, among other matters, (i) the Advertising Traffic Mutual Supply Agreement and the Traffic Procurement Transactions and Traffic Supply Transactions contemplated thereunder; (ii) the NGA Exclusive Franchise Agreement and the NGA Franchise Transactions contemplated thereunder; and (iii) the Proposed Annual Caps in respect of the CCTs contemplated under the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement.

A circular including, among other things, (i) a letter from the Board containing further details of the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement; (ii) a letter from the Independent Board Committee, setting out its recommendations in connection with the transactions contemplated under the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement and the related Proposed Annual Caps to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice, in connection with the transactions contemplated under the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement and the related Proposed Annual Caps, to the Independent Board Committee and the Independent Shareholders; and (iv) notice of the EGM, will be despatched to the Shareholders on or before 14 July 2023.

## **THE JOINT VENTURE AGREEMENT**

The Board is pleased to announce that, on 23 June 2023 (after trading hours), the Company entered into the Joint Venture Agreement with Infinities Cayman to jointly establish the Joint Venture Company in the BVI. The Company and Infinities Cayman will further establish a limited liability company, which will be an indirect wholly owned subsidiary of the Joint Venture Company in the PRC, to further explore the advertisement distribution services market in the PRC. The principal terms of the Joint Venture Agreement are set out below.

### **Parties**

- (1) The Company; and
- (2) Infinities Cayman

## Formation of the Joint Venture Company

The Joint Venture Company (final name subject to the approval by the relevant government authority) will be established in the BVI. The Company and Infinities Cayman will further establish a limited liability company, which will be an indirect wholly owned subsidiary of the Joint Venture Company in the PRC, to focus on advertising sales and traffic trading and other related businesses in PRC.

## Registered Capital of the Joint Venture Company and contribution from the parties

According to Joint Venture Agreement, upon the formation of the Joint Venture Company, the registered capital of the Joint Venture Company amounted to RMB10 million. The total amount of contribution to be made by each of the parties to the Joint Venture Company, their respective way of contribution and shareholding in the Joint Venture Company are set forth below:

<b>Parties</b>	<b>Total contribution amount (RMB)</b>	<b>Ways of contribution</b>	<b>Shareholding in the Joint Venture Company</b>
The Company	7,500,000	Monetary	75%
Infinities Cayman	<u>2,500,000</u>	<u>Monetary</u>	<u>25%</u>
Total	<u><u>10,000,000</u></u>	<u><u>—</u></u>	<u><u>100%</u></u>

The Company shall make its respective capital contribution in cash by transmitting the capital contribution amount to the designated bank account of the Joint Venture Company. The Company shall fulfill its capital contribution requirement in stages, and shall further agree on the time schedule for making capital contributions according to the actual capital requirement of the Joint Venture Company.

The amount of capital contribution of both parties under the Joint Venture Agreement are determined after arm's length negotiation between both parties and with reference to various factors, including nature of the business, demand for working capital and future development plans of the Joint Venture Company. The capital contribution of the Company under the Joint Venture Agreement shall be paid by its own internal fund.

## Corporate governance

The Company and Infinities Cayman shall mutually appoint and entrust a representative to carry out the daily affairs and operation of the Joint Venture Company on behalf of both parties.

## Effectiveness of the Joint Venture Agreement

Joint Venture Agreement shall come into effect on the date on which it is signed by the legal representatives or authorised representatives of all the parties to the agreement and the seals of the parties are affixed.

## **INFORMATION OF THE PARTIES**

The Company is an investment holding company mainly engaged in mobile games development and digital media operation business. The mobile game business mainly includes the development and operation of all kinds of mobile games, and its products and services mainly include multiplayer mobile game development and operation. The digital media business mainly includes digital media content distribution business, such as electronic magazines, comics and music. The Company mainly conducts its businesses in the domestic market.

Infinites Cayman is the holding company of the Infinites Group. Headquartered in Beijing, the major business segments of the Infinites Group include the sale of console game hardware and related products and services, media operations (including campus social media platform (Renren.com (人人網)), online advertising business (廣告流量業務), and online gaming business.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE JOINT VENTURE AGREEMENT**

The Group is principally engaged in mobile game development and operation and digital media content distribution in PRC with a diversified content portfolio, comprising mobile games, e-magazines and other digital media content. The Group had, from time to time, provided tailor-made advertising and media content distribution services based on the needs of its corporate customers. The Group focuses on further develop and expand digital media distribution business, enriching the diversified structure of its business, and strengthening the operational capabilities of the advertising services.

Upon the date of this announcement, the Group has not successfully applied to be a qualified agent on major digital media platforms, namely Tencent, Ximi, Kuaishou and so on. Each platform may have different requirement for the application. Only Qualified Agent may place advertisement on these platforms. Therefore, the Group is not yet able to directly place advertisement for the clients on major digital media platforms with the qualification requirement.

The Group may only act as a sub-advertising agent to engage with other Qualified Agents in order to deliver the digital media content distribution service to the clients.

Signing the Joint Venture Agreement will (1) help the Company to be qualified to apply for being Qualified Agent on different major digital media platforms under the influence of Infinites Cayman and its subsidiaries which are market leader in the industry; (2) boost the synergetic development of digital media distribution business; and (3) improve the sales margin of digital media distribution business.

The Board is of the view that the Joint Venture Agreement was entered into in the ordinary and usual course of business of the Company and on normal commercial terms after arm's length negotiations among the parties, and the terms and conditions of the agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ADVERTISING TRAFFIC MUTUAL SUPPLY AGREEMENT

### The Advertising Traffic Mutual Supply Agreement

The principal terms of the Advertising Traffic Mutual Supply Agreement are set out as follows:

Date: 23 June 2023

Parties: (i) Emperor; and  
(ii) Infinities Cayman

Scope of products and services to be provided or received: The CCTs to be carried out are categorized as follows:  
**(i) Traffic Procurement Transactions**

Emperor has conditionally agreed to purchase Services from Infinities Cayman during the term of the Advertising Traffic Mutual Supply Agreement, provided that (i) the member of the Group is awarded with the relevant contract in accordance with the stipulated procedures under the relevant PRC laws and regulations (if required); and (ii) the parties thereto negotiate at arm's length regarding the commercial terms to be set out in the individual agreements for the Services. Emperor and Infinities Cayman will enter into individual agreements from time to time for the purchase of the Services.

**(ii) Traffic Supply Transactions**

Emperor has conditionally agreed to supply the Services to Infinities Cayman during the term of the Advertising Traffic Mutual Supply Agreement, provided that (i) the member of the Group is awarded with the relevant contract in accordance with the stipulated procedures under the relevant PRC laws and regulations (if required); and (ii) the parties thereto negotiate at arm's length regarding the commercial terms to be set out in the individual agreements for the Services. Emperor and Infinities Cayman will enter into individual agreements from time to time for the supply of the Services.

Term: Subject to the fulfilment of the below conditions precedent, the Advertising Traffic Mutual Supply Agreement shall be effective between 1 July 2023 and 31 December 2025.

Pricing basis and  
settlement method:

the price of the CCTs contemplated thereunder will be determined with reference to the principles below:

*(a) Traffic Procurement Transactions*

- (i) the price and terms of the individual agreements to be entered into will be negotiated by the parties at arm's length and will be determined by the parties from time to time on normal commercial terms in the ordinary course of business;
- (ii) the price and terms in the individual agreements shall not be more favourable than those entered into by the Group and the Independent Third Party(ies) in relation to the procurement of identical and/or similar services by the Group; and
- (iii) the price and terms in the individual agreements shall not be more favourable than those entered into by Infinities Cayman and the Independent Third Party(ies) in relation to the supply of identical and/or similar services by Infinities Cayman.

*(b) Traffic Supply Transactions*

- (i) the price and terms of the individual agreements to be entered into will be negotiated by the parties at arm's length and will be determined by the parties from time to time on normal commercial terms in the ordinary course of business;
- (ii) the price and terms in the individual agreements shall not be less favourable than those entered into by the Group and the Independent Third Party(ies) in relation to the supply of identical and/or similar services by the Group; and
- (iii) the price and terms in the individual agreements shall not be less favourable than those entered into by Infinities Cayman and the Independent Third Party(ies) in relation to the procurement of identical and/or similar services by Infinities Cayman.

The price shall be i) paid by the Group to the Infinities Cayman upon completion of the procurement of Services and ii) paid by Infinities Cayman to the Group upon completion of the supply of Services according to the settlement cycle as agreed under the individual agreements entered into in accordance with the Advertising Traffic Mutual Supply Agreement.

Condition precedent:

The Advertising Traffic Mutual Supply Agreement is effective upon fulfilment of the following conditions precedent:

the Company issuing a circular and obtaining the approval from the Independent Shareholders in relation to the transactions contemplated under the Advertising Traffic Mutual Supply Agreement in accordance with the Listing Rules; and

the approval from the board of directors of Infinities Cayman in relation to the transactions contemplated under the Advertising Traffic Mutual Supply Agreement.

Termination:

If any transactions under the Advertising Traffic Mutual Supply Agreement fails to meet the requirements of the continuing connected transactions under the Listing Rules, such transaction shall be terminated immediately.

If any Advertising Traffic Mutual Supply Agreement transactions contemplated there under fail to meet the principles of the Advertising Traffic Mutual Supply Agreement or would result in the actual amount of the relevant CCTs on annual basis exceeding the related Proposed Annual Caps, Advertising Traffic Mutual Supply Agreement shall then be terminated.

In addition, the Advertising Traffic Mutual Supply Agreement should be terminated upon occurrence of any of the following events:

- (i) one of the parties to the Advertising Traffic Mutual Supply Agreement fails to comply with or fails to perform any major responsibility, and in the event that the breach can be remedied, the breaching party fails to remedy within 60 days upon receiving a written notice detailing the breach; and

- (ii) one of the parties to the Advertising Traffic Mutual Supply Agreement goes into liquidation or bankruptcy (but excluding winding up as a result of a merger or reorganization), which in such event makes the Company subject to or liable for the liabilities imposed.

## **THE PROPOSED ANNUAL CAPS**

The Proposed Annual Caps in respect of the Traffic Procurement Transactions under the Advertising Traffic Mutual Supply Agreement for the period from 1 July 2023 to 31 December 2023 and the years ending 31 December 2024 and 2025 is RMB220 million, RMB440 million and RMB660 million, respectively (equivalent to HK\$239.8 million, HK\$479.6 million and HK\$719.4 million, respectively).

The Proposed Annual Caps in respect of the Traffic Supply Transactions under the Advertising Traffic Mutual Supply Agreement for the period from 1 July 2023 to 31 December 2023 and the years ending 31 December 2024 and 2025 is RMB66 million, RMB132 million and RMB198 million, respectively (equivalent to HK\$71.9 million, HK\$143.9 million and HK\$215.8 million, respectively).

There were no historical transaction amounts in respect of the procurement of the Services by the Group from Infinities Group and the supply of the Services by the Group to Infinities Group.

### **Basis of the Proposed Annual Caps**

The Proposed Annual Caps of respective transactions for the Advertising Traffic Mutual Supply Agreement for the period from 1 July 2023 to 31 December 2025 are determined with reference to (i) the prevailing overall business scale and operational scale of the Group; (ii) the anticipated development and growth of the Group in the scale of the advertisement distribution services by the Group; (iii) the estimated demand amount from the customers of Emperor for the procurement and supply of Services; (iv) the estimated growth of the advertisement distribution services market in the PRC; and (v) the estimated prices for procurement and supply of the Services under the Advertising Traffic Mutual Supply Agreement for the period from 1 July 2023 to 31 December 2025.

## **INFORMATION OF THE PARTIES**

### **Emperor and the Group**

Emperor is an investment holding company which is wholly owned by the Company. The Group is principally engaged in the development and operation of mobile game as well as digital media content distribution.

## **Infinities Cayman and the Infinities Group**

Infinities Cayman is the holding company of the Infinities Group. Headquartered in Beijing, the major business segments of the Infinities Group include the sale of console game hardware and related services, media operations (including campus social media platform (Renren.com (人人網)), online advertising business (廣告流量業務), and online gaming business.

## **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ADVERTISING TRAFFIC MUTUAL SUPPLY AGREEMENT**

The Group is principally engaged in mobile game development and operation and digital media content distribution in PRC with a diversified content portfolio, comprising mobile games, e-magazines and other digital media content. The Group had, from time to time, provided tailor-made advertising and media content distribution services based on the needs of its corporate customers.

### **Traffic Procurement Transactions**

The Group expanded advertising operations and distribution businesses for digital media content such as brands, tools, and applications in the mainland market and overseas market in 2022. As disclosed in annual report of the Company for the year ended 31 December 2022, the advertisement distribution services of the Group generated approximately RMB15.5 million revenue for the year ended 31 December 2022. In addition, in terms of digital media content distribution business, the Company focus on cooperation with new business partner to explore and access more digital media resources and distribute more digital media information. Following the development of the domestic digital economy, the Company will further improve the operational capacity of digital media advertising and further explore the domestic digital media advertising markets. Therefore, the Group focus on further develop and expand digital media distribution business, enriching the diversified structure of its business, and strengthening the operational capabilities of the advertising services, so as to meet the customer demands in view of the anticipated growth of business of advertising operation and distribution businesses. To satisfy the demands of the Services from potential clients, it is anticipated by the Group that the Infinities Group will continue to undertake capacity expansion and providing Services to the Group in the coming years.

The Directors consider that (i) the Infinities Group is a reliable business partner and (ii) the further business cooperation between the Group and the Infinities Group. The Infinities Group is one of the top Qualified Agent in PRC and has been selected as the exclusive Qualified Agent of education, property and related advertisement on Xiaomi (小米) platform, and the core Qualified Agent of Jinri Toutiao (今日頭條) and Kuaishou (快手) (“**Qualified Area**”), and it is currently expected that the Infinities Group will remain as the exclusive and core Qualified Agent in Qualified Area. According to the market practice nowadays, the Group requires 2–3 years before being eligible to apply for being a Qualified Agent on major digital media platforms. The Group would unavoidably engage the Infinities Cayman if the clients have this particular demand.

Other than the foresaid Qualified Area, the advertisement traffic market in PRC is like an auto-match trade system, the Group as sub-agent places advertisement traffic buy-orders in certain platform which different Qualified Agents would offer their advertisement traffic selling price (“**Auto-match Mechanism**”). When the Group needs to place advertisement traffic for placing the advertisement, the Group may auto-match with the offers from Infinities Group.

### **Traffic Supply Transactions**

The Group is a leading mobile Internet content provider, comprehensive Internet game operator and publisher. The group company has successfully developed and operated a variety of stand-alone games and mobile games. Therefore, the platforms, namely the mobile games, in the Group may provide organic traffic (“**Group’s Traffic**”) for other clients and agents to place advertisement on these platforms. The Group’s Traffic may match the requirement of the Infinities Group’s clients.

Infinities Group may be also restricted to place advertisement directly via other Qualified Agents in certain area or platform. Infinities Group may, therefore, engage other agents, includes the Group, to provide traffic to Infinities Group increase potential traffic volume in order to cater the demand from their clients.

The Group, includes the Joint Venture Company, therefore may enter into Traffic Supply Transactions with Infinities Group as the traffic provider for Infinities Group to place the orders for their clients.

The potential Traffic Supply Transactions may also assist the Joint Venture Company to grow to be eligible to apply for being the Qualified Agent in the future.

The Company believes that it will be able to continue to build its corporate customer portfolio and business network through the cooperation with the Infinities Group, thereby encourages the future growth of the Group’s businesses in a diversified manner. The Group considers that the Infinities Group is a reliable business cooperation partner and such cooperation may in turn benefit and support its digital media content distribution business.

In light of the above, the Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) consider that (i) the entering into of the Advertising Traffic Mutual Supply Agreement is in the ordinary and usual course of business of the Group; and (ii) the entering into the Advertising Traffic Mutual Supply Agreement will allow the Group provide more Services to the Group’s customers from the Infinities Group, so as to increase the income and profit of the Group; and (iii) the terms and conditions of the Advertising Traffic Mutual Supply Agreement were negotiated among the parties on an arm’s length basis and the Advertising Traffic Mutual Supply Agreement together with the transactions contemplated there under and the Proposed Annual Caps are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

## CONTINUING CONNECTED TRANSACTIONS IN RELATION TO NGA EXCLUSIVE FRANCHISE AGREEMENT

### NGA Exclusive Franchise Agreement

The principal terms of the NGA Exclusive Franchise Agreement are set out as follows:

Date:	23 June 2023			
Parties:	(i) Emperor; and (ii) Infinities Cayman			
Scope of products and services to be provided or received:	<p>The NGA Franchise Transactions to be carried out are categorised as follows:</p> <p>Emperor as a franchisee agrees to purchase the exclusive operation right from Infinities Cayman to provide NGA Services during the term of the NGA Exclusive Franchise Agreement, provided that the member of the Group is awarded with relevant contract in accordance with the stipulated procedures under the relevant PRC laws and regulations (if required); and (ii) the parties thereto negotiate at arm's length regarding the commercial terms to be set out in the individual agreements for the NGA Services. Emperor and Infinities Cayman will enter into individual agreements from time to time for providing the NGA Services.</p>			
Term:	Subject to the fulfilment of the below conditions precedent, the NGA Exclusive Franchise Agreement shall be effective between 1 July 2023 and 31 December 2025.			
Pricing basis and settlement Method:	<p>Unless otherwise agreed, the "NGA" brand authorisation will continue to be valid. The franchise fee is calculated according to the following annual formula:</p> <table><tr><td>Gross sales proceeds (net of VAT) arising from the exclusive right to operate the "NGA" brand</td><td>X</td><td>commission rate of 15% or less based on the sales of the operation of exclusivity rights charged by Infinities Cayman</td></tr></table>	Gross sales proceeds (net of VAT) arising from the exclusive right to operate the "NGA" brand	X	commission rate of 15% or less based on the sales of the operation of exclusivity rights charged by Infinities Cayman
Gross sales proceeds (net of VAT) arising from the exclusive right to operate the "NGA" brand	X	commission rate of 15% or less based on the sales of the operation of exclusivity rights charged by Infinities Cayman		

The price of the CCTs contemplated thereunder will be determined with reference to the principles below:

- (i) the price and terms of the individual agreements to be entered into will be negotiated by the parties at arm's length and will be determined by the parties from time to time on normal commercial terms in the ordinary course of business;
- (ii) the price and terms in the individual agreements shall not be more favourable than those entered into by the Group and the Independent Third Party(ies) in relation to the purchase exclusive right to provide identical and/or similar services by the Group; and
- (iii) the price and terms in the individual agreements shall not be more favourable than those entered into by the Infinities Group and the Independent Third Party(ies) in relation to the supply exclusive right to provide identical and/or similar services by the Infinities Group.

The price shall be paid by the Group to the Infinities Cayman upon completion of the purchase exclusive operation right of NGA according to the settlement cycle as agreed under the individual agreements entered into in accordance with the NGA Exclusive Franchise Agreement.

Condition precedent:

The NGA Exclusive Franchise Agreement is effective upon fulfilment of the following conditions precedent: the Company issuing a circular and obtaining the approval from the Independent Shareholders in relation to the transactions contemplated under the NGA Exclusive Franchise Agreement in accordance with the Listing Rules; and the approval from the board of directors of Infinities Cayman in relation to the transactions contemplated under the NGA Exclusive Franchise Agreement.

Termination:

If any transaction under the NGA Exclusive Franchise Agreement fails to meet the requirements of the continuing connected transactions under the Listing Rules, such transaction shall be terminated immediately.

If any transactions contemplated there under fail to meet the principles of the NGA Exclusive Franchise Agreement or would result in the actual amount of the relevant CCTs on annual basis exceeding the related Proposed Annual Caps, such NGA Exclusive Franchise Agreement shall then be terminated.

In addition, the NGA Exclusive Franchise Agreement should be terminated upon occurrence of any of the following events:

- (i) one of the parties to the NGA Exclusive Franchise Agreement fails to comply with or fails to perform any major responsibility, and in the event that the breach can be remedied, the breaching party fails to remedy within 60 days upon receiving a written notice detailing the breach; and
- (ii) one of the parties to the NGA Exclusive Franchise Agreement goes into liquidation or bankruptcy (but excluding winding up as a result of a merger or reorganization), which in such event makes the company subject to or liable for the liabilities imposed.

## **THE PROPOSED ANNUAL CAPS**

The Proposed Annual Caps in respect of the NGA Franchise Transactions under the NGA Exclusive Franchise Agreement for the period from 1 July 2023 to 31 December 2023 and the years ending 31 December 2024 and 2025 is RMB12.5 million, RMB25 million and RMB25 million, respectively (equivalent to HK\$13.6 million, HK\$27.3 million and HK\$27.3 million, respectively).

There were no historical transaction amounts in respect of the purchase the exclusive right to provide services to clients by the Group to the Infinities Cayman.

### **Basis of the Proposed Annual Caps**

The Proposed Annual Caps of respective transactions for the NGA Exclusive Franchise Agreement for the period from 1 July 2023 to 31 December 2025 are determined with reference to (i) the prevailing overall business scale and operational scale of the Group; (ii) the estimated demand amount from the customers of NGA for the services; (iii) the estimated growth of the gaming and advertising market in the PRC; and (iv) the estimated prices for exclusive operation right under the NGA Exclusive Franchise Agreement for the period from 1 July 2023 to 31 December 2025.

## **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO NGA EXCLUSIVE FRANCHISE AGREEMENT**

NGA established in 2002 and is a comprehensive and renowned online Chinese community mainly for game discussions in the PRC. In the early stage, NGA was the only one Chinese online forum website in PRC that passed the official certification of the Blizzard Fansite Program (Blizzard Fansite Program) to provide and discuss World of Warcraft content. Over ten years of development, NGA has gradually transformed from a World of Warcraft forum to a comprehensive game community that cover major games including most popular PC console games, e-sports games, popular mobile games and other game sections etc. In addition, NGA also operate other sections, among others, car, sports, two-dimensional, audio-visual, consumer electronics and other multi-dimensional life and entertainment. At

present, NGA has over 10 million registered users, the average daily visits have reached over 20 million, the maximum number of simultaneous online users per day is over 100,000, and the number of forums has exceeded 700.

The Group is principally engaged in mobile game development and operation and digital media content distribution in PRC with a diversified content portfolio, comprising mobile games, e-magazines and other digital media content. Based on the existing business of the Group, the Group plans to build a diversified development platform with the game industry as the core to provide the main life scenes to young users including (i) game hardware peripherals; (ii) game advertising distribution; and (iii) metaverse community, etc. As the largest serious game player community in China, NGA focuses on serving young players. It has a huge number of users and a large amount of original content. At present, the NGA game community is transitioning from the traditional web page display form to the three-dimensional virtual environment display form, and the Group has already carried out relevant layout and technology accumulation in the field of artificial intelligence. It is believed that upon Emperor obtains the exclusive operation right of NGA, it will accelerate the transformation and development of NGA to the metaverse community from various aspects, and bring the NGA game community into a new stage of development. At the same time, NGA will also leverage the existing business of the Group. In terms of game development and distribution business, NGA has gathered a large number of player opinions and discussion data. These data will serve as a good research and development guide for the Group's game development. In terms of digital advertising business, NGA allows the Group to promote games, consoles games and game peripheral services to NGA users. The Group believes that the Group's revenue will be increased upon obtained the exclusive operation right of NGA.

In light of the above, the Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) consider that (i) the entering into of the NGA Exclusive Franchise Agreement is in the ordinary and usual course of business of the Group; and (ii) the entering into of the NGA Exclusive Franchise Agreement will allow the Group provide NGA Services and the Group's existing businesses to NGA users from the Infinities Group, so as to increase the income and profit of the Group; and (iii) the terms and conditions of the NGA Exclusive Franchise Agreement were negotiated among the parties on an arm's length basis and the NGA Exclusive Franchise Agreement together with the transactions contemplated there under and the Proposed Annual Caps are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Infinities Global held approximately 53.69% of the issued Shares. Infinities Global was held as to approximately 53.74% by Infinities Worldwide which was in turn wholly owned by Infinities B&M, and Infinities B&M was wholly owned by Infinities Cayman. Therefore, Infinities Cayman is a connected person of the Company under the Listing Rules. Thus, the transactions contemplated under the Joint Venture Agreement, Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement would constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Joint Venture Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting and announcement requirements but is exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Proposed Annual Caps of the transactions contemplated under the Advertising Traffic Mutual Supply Agreement, on annual basis, are more than 25% and such Proposed Annual Caps are expected to be higher than HK\$10 million, such transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Proposed Annual Caps of the NGA Franchise Transactions contemplated under the NGA Franchise Agreement, on annual basis, are exceeds 5% but is less than 25% and such Proposed Annual Caps are expected to be higher than HK\$10 million, such transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As such, the Company will seek the Independent Shareholders' approval for the transactions contemplated under the Advertising Traffic Mutual Supply Agreement and the NGA Exclusive Franchise Agreement and the Proposed Annual Caps for the period from 1 July 2023 and the years ending 31 December 2024 and 2025 at the EGM.

As Mr. Wang Le, an executive Director, is also a director of Infinities B&M and Infinities Cayman, he is deemed to be materially interested in the Joint Venture Agreement, Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement by virtue of his directorship in Infinities B&M, therefore, he has abstained from voting on the relevant resolutions at the Board meeting approving the Joint Venture Agreement, Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement.

## **INTERNAL CONTROL PROCEDURES**

The Company has adopted the following internal control measures to ensure that the transactions contemplated under the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement are and will be conducted in accordance with its pricing policies and terms, and in compliance with the relevant Listing Rules:

- (i) the finance department of the Company shall obtain and monitor the quotations and/or pricing records as reference prices of the transactions under the Advertising Traffic Mutual Supply Agreement to ensure that the prices of the Services to be purchased by the Group from Infinities Cayman are not more favourable than the prices at which the same or comparable types of products are purchased by the Group from Independent Third Parties;

- (ii) the finance department of the Company shall obtain and monitor the quotations and/or pricing records as reference prices of the transactions under the Advertising Traffic Mutual Supply Agreement to ensure that the prices of the Services to be supplied by the Group to Infinities Cayman are not less favourable than the prices at which the same or comparable types of services are supplied by the Group to Independent Third Parties;
- (iii) the finance department of the Company shall obtain and monitor the quotations and/or pricing records as reference prices of the transactions under the NGA Exclusive Franchise Agreement to ensure that the franchise fee of NGA Services to be paid by the Group to Infinities Cayman are not more favourable than the prices at which the same or comparable types of services are purchased by the Group from Independent Third Parties;
- (iv) the finance department of the Company shall monitor and ensure that the transactions contemplated under the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement are and will be conducted in accordance with its terms and the relevant annual caps are not exceeded;
- (v) the Board will continue to periodically review the Company's internal control systems and their effectiveness; and
- (vi) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the continuing connected transactions under the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement and the Proposed Annual Caps in accordance with the requirements of the Listing Rules.

## **GENERAL**

The EGM will be convened to consider and, if thought fit, to approve, among other matters, (i) the Advertising Traffic Mutual Supply Agreement and the Traffic Procurement Transactions and Traffic Supply Transactions contemplated thereunder; (ii) the NGA Exclusive Franchise Agreement and NGA Franchise Transactions contemplated thereunder; and (iii) the Proposed Annual Caps.

The Independent Board Committee comprising Mr. Leung Ming Shu and Mr. Tang Shun Lam, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in connection with (i) the Traffic Procurement Transactions and Traffic Supply Transactions under the Advertising Traffic Mutual Supply Agreement (ii) the NGA Exclusive Franchise Agreement and NGA Franchise Transactions contemplated thereunder; and the related Proposed Annual Caps. The Independent Board Committee shall appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the Advertising Traffic Mutual Supply Agreement; NGA Exclusive Franchise Agreement and the related Proposed Annual Caps.

A circular including, among other things, (i) a letter from the Board containing further details of the Advertising Traffic Mutual Supply Agreement; NGA Exclusive Franchise Agreement (ii) a letter from the Independent Board Committee, setting out its recommendations in connection with the transactions contemplated under the (a)

Advertising Traffic Mutual Supply Agreement; (b) the NGA Exclusive Franchise Agreement; and (c) the Proposed Annual Caps to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice, in connection with the transactions contemplated under the Advertising Traffic Mutual Supply Agreement and the related Proposed Annual Caps, to the Independent Board Committee and the Independent Shareholders; and (iv) notice of the EGM, will be despatched to the Shareholders on or before 14 July 2023.

## DEFINITIONS

In this announcement, the following expressions shall have the following respective meanings:

“Advertising Traffic Mutual Supply Agreement”	the framework agreement dated 23 June 2023 and entered into between Emperor and Infinities Cayman in relation to the Traffic Procurement Transactions and Traffic Supply Transactions
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCT(s)”	continuing connected transactions of the Group to be carried out by the Infinities Group pursuant to the (a) Advertising Traffic Mutual Supply Agreement, including (i) the Traffic Procurement Transactions; and (ii) the Traffic Supply Transactions; and (b) NGA Exclusive Franchise Agreement including NGA Franchise Transactions
“Company”	Infinities Technology International (Cayman) Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	the director(s) of the Company
“Emperor”	Emperor Interactive Entertainment Development Company Limited (九尊互娛發展有限公司), a company incorporated in the BVI with limited liability and is wholly owned by the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely Mr. Leung Ming Shu and Mr. Tang Shun Lam, established for the purpose of advising the Independent Shareholders on the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser of the Company to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement and the transactions contemplated thereunder
“Independent Shareholders”	those Shareholders other than Infinities Global and its associates
“Independent Third Party(ies)”	person(s) who or company(ies) which is/are third party(ies) independent of the Company and its connected person
“Infinities B&M”	Infinities B&M Technology Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of Infinities Cayman as at the date of this announcement
“Infinities Cayman”	Infinities Technology (Cayman) Holding Limited, a company incorporated in the Cayman Islands with limited liability and was held as to approximately 24.76% by its largest shareholder (i.e. Zhouqinhantang Technology Management Ltd.) and approximately 75.24% by 37 minority shareholders as at the date of this announcement. Zhouqinhantang Technology Management Ltd. is a company incorporated in the BVI and was indirectly controlled by Mr. Wang Le (who is an executive Director) as to 50% and Ms. An Fenghua as to 50%
“Infinities Global”	Infinities Global Technology Limited Partnership, a limited company formed in the BVI with limited liability and is owned as to approximately 53.74% by Infinities Worldwide as at the date of this announcement, which is its sole general partner. Infinities Global held approximately 53.69% of the issued Shares as at the date of this announcement
“Infinities Group”	the Infinities Cayman and its subsidiaries, other than the Group

“Infinities Worldwide”	Infinities Worldwide Technology Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of Infinities B&M as at the date of this announcement
“Joint Venture Company”	a limited liability company to be established by the Company and Infinities Cayman in the BVI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NGA”	National Geographic Azeroth (艾澤拉斯國家地理)
“NGA Exclusive Franchise Agreement”	the framework agreement dated 23 June 2023 and entered between Emperor and Infinities Cayman in relation to the NGA Franchise Transactions
“NGA Franchise Transactions”	Purchase an exclusive right from Infinities Cayman to the Group use the trade mark of NGA and provide the NGA Services (applicable for the six months ending 31 December 2023 and two years ended 31 December 2025 pursuant to the NGA Exclusive Franchise Agreement) and any transactions of similar nature that may be entered into between the two groups
“NGA Services”	means providing operations, including but not limited to maintain and develop web pages, application software, registered trademarks, corporate logos, patents, proprietary technologies, etc., related to the actual operation of the business under the brand of NGA
“PRC”	the People’s Republic of China
“Services”	means providing advertisement traffic
“Proposed Annual Cap(s)”	the proposed annual cap(s) of the CCTs set out in the Advertising Traffic Mutual Supply Agreement and NGA Exclusive Franchise Agreement for six months ending 31 December 2023 and the two years ending 31 December 2025
“Qualified Agent(s)”	the qualified agent meeting the specified requirement of different digital media platforms respectively and having the qualification to place advertisement on these platforms
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Traffic Procurement Transactions”	Procurement the Services by the Group from the Infinities Group (applicable for the six months ending 31 December 2023 and two years ending 31 December 2025 pursuant to the Advertising Traffic Mutual Supply Agreement only) and any transactions of similar nature that may be entered into between the two groups
“Traffic Supply Transactions”	Supplying the Services by the Group to the Infinities Group (applicable for the six months ending 31 December 2023 and two years ending 31 December 2025 pursuant to the Advertising Traffic Mutual Supply Agreement only) and any transactions of similar nature that may be entered into between the two groups
“%”	per cent

By Order of the Board  
**Infinities Technology International (Cayman) Holding Limited**  
多牛科技國際（開曼）集團有限公司  
**WANG Le**  
Chairman

Hong Kong, 23 June 2023

*For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.09.*

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wang Le and Mr. Chen Ying, two non-executive Directors namely Mr. Liang Junhua and Mr. Wang Ning and two independent non-executive Directors namely Mr. Leung Ming Shu and Mr. Tang Shun Lam.*

\* *For identification purposes only*