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南海控股有限公司*
NAN HAI CORPORATION LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 680)



SINO-i TECHNOLOGY LIMITED
中國數碼信息有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 250)

JOINT ANNOUNCEMENT
Second Supplemental Agreement
relating to the Sale and Purchase
and
Inside Information

This joint announcement is made by Nan Hai Corporation Limited (“**Nan Hai**”) and Sino-i Technology Limited (“**Sino-i**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the joint announcements of Nan Hai and Sino-i dated 22 December 2020, 4 June 2021 and 26 July 2021, and the announcements of Sino-i dated 24 February 2021, 11 May 2021 and 20 July 2021, and the circular of Sino-i dated 28 June 2021 in relation to the Sale and Purchase and the transactions contemplated thereunder (the “**Announcements and Circular**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and Circular unless otherwise stated.

THE SECOND SUPPLEMENTAL AGREEMENT

On 19 January 2022 (after trading hours), the Purchaser and the Vendor entered into the second supplemental agreement (the “**Second Supplemental Agreement**”), pursuant to which the Vendor has agreed to refund a portion of the Consideration based on the adjustment mechanism (“**Adjustment Mechanism**”) as set out below.

The Purchaser and the Vendor shall jointly procure an auditor to audit the revenue of the Target Group (“**Audited Revenue**”) within four months from the end of 31 December 2021 and 31 December 2022, respectively.

- (1) In the event that the Audited Revenue of the Target Group for the year ended 31 December 2021 (“**2021 Audited Revenue**”) is less than RMB160 million, the Vendor shall refund the following amount to the Purchaser by issuing a promissory note

* For identification purposes only

(“**Promissory Note**”) to the Purchaser within five business days from the date of the receipt of 2021 Audited Revenue. Such Promissory Note will not be interest bearing and will be, unless otherwise provided in the Second Supplemental Agreement, due and payable on the second anniversary from the date of Promissory Note. The amount of refund shall be the equivalent of:

$$\frac{\text{RMB160 million} - \text{2021 Audited Revenue}}{\text{RMB160 million}} \times \text{Consideration of RMB488 million}$$

- (2) In the event that the Audited Revenue of the Target Group for the year ending 31 December 2022 is more than 2021 Audited Revenue but less than RMB160 million, the Promissory Note shall be cancelled forthwith and the Vendor shall refund the following amount within twelve months from the date of the receipt of the Audited Revenue for the year ending 31 December 2022:

$$\frac{\text{RMB160 million} - \text{Audited Revenue for the year ending 31 December 2022}}{\text{RMB160 million}} \times \text{Consideration of RMB488 million}$$

- (3) In the event that the Audited Revenue of the Target Group for the year ending 31 December 2022 is equal to or less than 2021 Audited Revenue, no further adjustment and refund of the Consideration will be made by the Vendor, and for the avoidance of doubt, the Promissory Note shall remain valid and payable by the Vendor in accordance with the terms of the Promissory Note as mentioned above.
- (4) In the event that the Audited Revenue of the Target Group for the year ending 31 December 2022 is equal to or more than RMB160 million, the Promissory Note shall be cancelled forthwith and no refund of the Consideration will be provided by the Vendor.

REASONS FOR THE SECOND SUPPLEMENTAL AGREEMENT

As mentioned in the Announcements and Circular, the Consideration is RMB488 million, which was determined after arm’s length negotiations between the Vendor and the Purchaser with references to the reasons and benefits of the Sale and Purchase as set out in the section headed “Reasons for and Benefits of the Sale and Purchase” in the circular of the Purchaser dated 28 June 2021 and the appraised value of the Sale Equity Interest by an independent valuer of approximately RMB489 million as at 31 March 2021. The valuer has performed an independent valuation using the market approach based on the leading enterprise value-to-sales ratio as at the date of valuation and the forecasted revenue of RMB160 million for the year ended 31 December 2021.

It is estimated that the revenue of the Target Group for the year ended 31 December 2021 will be around RMB120 million, subject to audit. As such, the Purchaser has approached the Vendor in this regard and after arm’s length negotiations between the Vendor and the Purchaser, the parties have agreed to enter into this Second Supplemental Agreement. The Vendor acknowledges that the COVID-19 variant virus was discovered at multiple locations in the PRC and developed rapidly in the second half of 2021 unexpectedly, with cinemas in many places taking various degrees of measures in accordance with prevention and control requirements against the virus such as crowd restrictions, suspension and even closure of cinemas, which had a significant adverse impact on the cinema industry in the PRC and the

box office revenue of the Target Group's customers. Some of the Target Group's revenue is charged based on RMB1 per ticket sold through the system and revenue stream was adversely affected by the variant of the virus and therefore the revenue contributed by new and existing customers did not meet the expectation.

The Vendor and the Purchaser have considered the Second Supplemental Agreement is beneficial to both parties as it would avoid a potential dispute concerning the level of the forecasted revenue for the year ended 31 December 2021 (the forecasted revenue formed the basis of the independent valuation of the appraised value of the Sale Equity Interest as at 31 March 2021).

The Vendor and the Purchaser are of the view that given the unexpected development of COVID-19 variant virus in the second half of 2021, it would be fair and reasonable for both parties to take into account of the Audited Revenue for the year ending 31 December 2022 in the Adjustment Mechanism which allows both parties a longer period to observe the situation. This would also allow the Vendor a basis to claw back the amount otherwise payable by the Vendor to the Purchaser under the Promissory Note.

The shareholders of Nan Hai and Sino-i and their potential investors are advised to exercise caution when dealing in the securities of Nan Hai and Sino-i.

By Order of the Board of
Nan Hai Corporation Limited
Liu Rong
*Executive Director and
Chief Executive Officer*

By Order of the Board of
Sino-i Technology Limited
Liu Rong
Chairlady

Hong Kong, 19 January 2022

As at the date of this announcement, the directors of Nan Hai are:

Executive directors:
Mr. Yu Pun Hoi
Ms. Liu Rong

Non-executive director:
Mr. Lam Bing Kwan

Independent non-executive directors:
Mr. Lau Yip Leung
Mr. Xiao Sui Ning
Mr. Ho Yeung Nang

At the date of this announcement, the directors of Sino-i are:

Executive directors:
Ms. Liu Rong
Mr. Yu Pun Hoi
Mr. Chen Ming Fei

Non-executive directors:
Mr. Lam Bing Kwan
Mr. Cheng Chih-Hung

Independent non-executive directors:
Mr. Fung Wing Lap
Mr. Xiao Sui Ning
Mr. Ho Yeung Nang