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SINO-i TECHNOLOGY LIMITED

中國數碼信息有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 250)

CONTINUING CONNECTED TRANSACTION: INFORMATION SERVICE FRAMEWORK AGREEMENTS

NAN HAI INFORMATION SERVICE FRAMEWORK AGREEMENT

On 30 December 2022 (after trading hours), the Company and Nan Hai entered into the Nan Hai Information Service Framework Agreement, pursuant to which the Company and/or its subsidiaries agreed to provide certain information products and services to Nan Hai Group from 1 January 2023 to 31 December 2025.

GD CINEMA CIRCUIT INFORMATION SERVICE FRAMEWORK AGREEMENT

On 30 December 2022 (after trading hours), the Company and GD Cinema Circuit also entered into the GD Cinema Circuit Information Service Framework Agreement, pursuant to which the Company and/or its subsidiaries agreed to provide certain information products and services to GD Cinema Circuit Group from 1 January 2023 to 31 December 2025.

LISTING RULES IMPLICATIONS

As Nan Hai is the holding company of the Company, Nan Hai is a connected person of the Company. Therefore, the transactions under the Nan Hai Information Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Ms. Liu, a director of both the Company and Nan Hai, owns 80% interest of Dadi Century Beijing, which directly owns 82.49% equity interest of GD Cinema Circuit, and effectively controls 12.95% equity interest of GD Cinema Circuit through Dadi Legend, which is an associate of Ms. Liu. In addition, Mr. YCH, an associate of Mr. YPH (a director of both the Company and Nan Hai), owns 20% interest of Dadi Century Beijing. Given the foregoing, GD Cinema Circuit is a connected person of the Company and the GD Cinema Circuit Information Service Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As Nan Hai and GD Cinema Circuit are connected with each other and the Nan Hai Information Service Framework Agreement and the GD Cinema Circuit Information Service Framework Agreement are of a similar nature, the annual caps of the continuing connected transactions under the above-mentioned agreements will be aggregated for the purpose of calculating the percentage ratios in accordance with Rule 14A.81 of the Listing Rules. As the applicable percentage ratios for the transactions contemplated under the Information Service Framework Agreements exceed 0.1% but less than 5%, the transactions contemplated under the Nan Hai Information Service Framework Agreement and the GD Cinema Circuit Information Service Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As referred to the announcement of the Company dated 31 December 2019, the Company and Nan Hai entered into the former Nan Hai information service framework agreement on 31 December 2019, pursuant to which the Company and/or its subsidiaries agreed to provide certain information products and services to Nan Hai Group from 1 January 2020 to 31 December 2022. Further, as referred to the announcement of the Company dated 26 July 2021, the Company and Nan Hai entered into a supplemental agreement to the former Nan Hai information service framework agreement to amend the scope of information products and services to be provided to Nan Hai Group by the Company and/or its subsidiaries and the annual caps under the former Nan Hai information service framework agreement. The above-mentioned agreements will expire on 31 December 2022.

As referred to the announcement of the Company dated 31 December 2019, the Company and GD Cinema Circuit entered into the former GD Cinema Circuit information service framework agreement on 31 December 2019. Further, as referred to the announcement of the Company dated 26 July 2021, the Company and GD Cinema Circuit entered into a supplemental agreement to the former GD Cinema Circuit information service framework agreement to amend the scope of information products and services to be provided to GD Cinema Circuit Group by the Company and/or its subsidiaries and the annual caps under the former GD Cinema Circuit information service framework agreement. The above-mentioned agreements will expire on 31 December 2022.

As the relevant parties intend to carry out transactions of a similar nature from time to time after 31 December 2022, the Company entered into the Information Service Framework Agreements.

I. NAN HAI INFORMATION SERVICE FRAMEWORK AGREEMENT

On 30 December 2022 (after trading hours), the Company and Nan Hai entered into the Nan Hai Information Service Framework Agreement, details of which are set out below:

Date

30 December 2022

Parties

- (a) the Company; and
- (b) Nan Hai

Information Products and Services

Pursuant to the Nan Hai Information Service Framework Agreement, the Company agreed to provide (or procure its subsidiaries to provide) certain information products and services to Nan Hai Group, including enterprise postal services, office internet connection services, server co-location, ISP (internet service provider), IDC (internet data center) related services, cloud services and cloud value-added services, software technology and development, digital solutions for the cinema industry and other technical services. The Company and/or its subsidiaries will enter into individual information service agreements with members of Nan Hai Group, setting out specific terms including term, consideration for the information products and services and payment terms. Such terms will be consistent with the principles and terms of the Nan Hai Information Service Framework Agreement.

Term

The Nan Hai Information Service Framework Agreement will be effective for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive). The exact term of each individual information service agreement to be entered into under the Nan Hai Information Service Framework Agreement will be determined by each individual agreement.

Pricing Policy and Payment

The products and services fees of the transactions contemplated under the Nan Hai Information Service Framework Agreement shall be determined by arm's length commercial negotiations according to the principles of fairness and reasonableness between relevant parties with reference to the market price for sales of similar information products and services to independent third parties during the same period.

The products and services fees shall be paid by cash in accordance with the terms of each individual information service agreement to be entered into under the Nan Hai Information Service Framework Agreement.

Historical Figures and the Annual Caps

The following table sets out the historical information products and services fees paid by Nan Hai Group to the Group for the three years ended 31 December 2022:

	For the year ended 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total consideration	5,786	21,561 ^{Note 1}	18,403 ^{Note 1}

Note 1: Since the audited figures for the information products and services fees paid by Nan Hai Group to the Group for the years ended 31 December 2021 and 31 December 2022 are not yet available, they are only estimated figures. The Company expects that the information products and services fees paid by Nan Hai Group to the Group for the year ending 31 December 2022 will not exceed its annual cap.

The following table sets out the proposed annual caps of the transaction amounts in respect of the information products and services to be provided to Nan Hai Group by the Company and/or its subsidiaries under the Nan Hai Information Service Framework Agreement:

	For the year ending 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total consideration	19,000	19,500	20,000

The annual caps are determined with reference to:

1. the historical transaction amounts for the information products and services between the Group and Nan Hai Group in the past;
2. the type of information products and services to be provided by the Group to Nan Hai Group and the change in costs of the information products and services; and
3. the estimated demand of Nan Hai Group for information products and services.

The Directors (including the independent non-executive Directors) consider that the above proposed annual caps under the Nan Hai Information Service Framework Agreement are fair and reasonable.

II. GD CINEMA CIRCUIT INFORMATION SERVICE FRAMEWORK AGREEMENT

On 30 December 2022 (after trading hours), the Company and GD Cinema Circuit entered into the GD Cinema Circuit Information Service Framework Agreement, details of which are set out below:

Date

30 December 2022

Parties

- (a) the Company; and
- (b) GD Cinema Circuit

Information Products and Services

Pursuant to the GD Cinema Circuit Information Service Framework Agreement, the Company agreed to provide (or procure its subsidiaries to provide) certain information products and services to GD Cinema Circuit Group, including enterprise postal services, office internet connection services, server co-location, ISP (internet service provider), IDC (internet data center) related services, cloud services and cloud value-added services, software technology and development, digital solutions for cinema industry and other technical services. The Company and/or its subsidiaries will enter into individual information service agreements with members of GD Cinema Circuit Group, setting out specific terms including term, consideration for the information products and services and payment terms. Such terms will be consistent with the principles and terms of the GD Cinema Circuit Information Service Framework Agreement.

Term

The GD Cinema Circuit Information Service Framework Agreement will be effective for a term of three years commencing from 1 January 2023 to 31 December 2025 (both days inclusive). The exact term of each individual information service agreement to be entered into under the GD Cinema Circuit Information Service Framework Agreement will be determined by each individual agreement.

Pricing Policy and Payment

The products and services fees of the transactions contemplated under the GD Cinema Circuit Information Service Framework Agreement shall be determined by arm's length commercial negotiations according to the principles of fairness and reasonableness between relevant parties with reference to the market price for sales of similar information products and services to independent third parties during the same period.

The products and services fees shall be paid by cash in accordance with the terms of each individual information service agreement to be entered into under the GD Cinema Circuit Information Service Framework Agreement.

Historical Figures and the Annual Caps

The following table sets out the historical information products and services fees paid by GD Cinema Circuit Group to the Group for the three years ended 31 December 2022:

	For the year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Total consideration	161	137 ^{Note 2}	136 ^{Note 2}

Note 2: Since the audited figures for the information products and services fees paid by GD Cinema Circuit Group to the Group for the years ended 31 December 2021 and 31 December 2022 are not yet available, they are only estimated figures. The Company expects that the information products and services fees paid by GD Cinema Circuit Group to the Group for the year ending 31 December 2022 will not exceed its annual cap.

The following table sets out the proposed annual caps of the transaction amounts in respect of the information products and services to be provided to GD Cinema Circuit Group by the Company and/or its subsidiaries under the GD Cinema Circuit Information Service Framework Agreement:

	For the year ending 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Total consideration	800	1,200	1,500

The annual caps are determined with reference to:

1. the historical transaction amounts for the information products and services provided by the Group to GD Cinema Circuit Group in the past;
2. the type of information products and services to be provided by the Group to GD Cinema Circuit Group and the change in costs of the information products and services; and
3. the estimated demand of GD Cinema Circuit Group for information products and services.

The Directors (including the independent non-executive Directors) consider that the above proposed annual caps under the GD Cinema Circuit Information Service Framework Agreement are fair and reasonable.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE INFORMATION SERVICE FRAMEWORK AGREEMENTS

The Company and/or its subsidiaries will be able to earn stable income through the provision of certain information products and services pursuant to the Information Service Framework Agreements.

The terms of the Nan Hai Information Service Framework Agreement and the GD Cinema Circuit Information Service Framework Agreement have been agreed upon arm's length negotiations between the Company and Nan Hai and between the Company and GD Cinema Circuit, respectively.

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions contemplated under the terms of Information Service Framework Agreements are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) the terms of the Information Service Framework Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the proposed annual caps of the transactions contemplated under the Information Service Framework Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS

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

1. the relevant personnel of the Group will closely monitor all transactions of the Group under the Information Service Framework Agreements to ensure that the total consideration does not exceed the stipulated annual caps;
2. prior to entering into an information service agreement contemplated under the Information Service Framework Agreements, the relevant personnel of the Group will ensure the products and services fees are negotiated on arm's length basis, with reference to the prevailing products and services fees of comparable information products and services provided to at least two independent third parties during the same period;
3. the management of the Company and/or its subsidiaries, with reference to the terms of agreements in respect of comparable information products and services provided to other independent third parties, will examine each information product and service agreement entered into with Nan Hai Group and GD Cinema Circuit Group, and ensure the products and services fees are fair and reasonable, on normal commercial terms and on terms not less favourable than those entered into with independent third parties;

4. the relevant personnel of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms set out in the respective Information Service Framework Agreements and whether the considerations for the transactions are fair and reasonable and in accordance with the pricing policies set out in the Information Service Framework Agreements;
5. the Company's external auditors will conduct an annual review of the transactions entered into under the Information Service Framework Agreements to ensure the transactions amount are within the annual caps and the transactions are conducted in accordance with the terms set out in the Information Service Framework Agreements; and
6. the Company's independent non-executive Directors will conduct an annual review of the status of the information products and services provided by the Group to ensure the Group has complied with internal approval process, the terms of the Information Service Framework Agreements and the relevant Listing Rules.

V. INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company, the securities of which are listed and traded on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of enterprise cloud services and digital business and information technology services.

Nan Hai

Nan Hai is an investment holding company, the securities of which are listed and traded on the Main Board of the Stock Exchange. Nan Hai Group is principally engaged in (i) culture and media services (mainly in cinemas business on a nationwide basis in the PRC and other media related businesses); (ii) property development; and (iii) enterprise cloud services (through the Group). In the meantime, Nan Hai Group has also tapped into the business sectors in news media and innovative business. As at the date of this announcement, Nan Hai, through a number of wholly-owned subsidiaries, holds approximately 59.11% of the issued share capital of the Company.

GD Cinema Circuit

To the best information, knowledge and belief of the Board, GD Cinema Circuit is a company incorporated in the PRC with limited liability. Its business scope includes motion picture distribution (cinema circuit); advertising agency; sales, installation and maintenance of motion picture projection equipment and other cinema operation facilities; motion picture projection technical services; and leasing of equipment and premises. GD Cinema Circuit has obtained a permit of cross-province cinema circuit issued by the relevant authority.

VI. LISTING RULES IMPLICATIONS

As Nan Hai is the holding company of the Company, Nan Hai is a connected person of the Company. Therefore, the transactions under the Nan Hai Information Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Ms. Liu, a director of both the Company and Nan Hai, owns 80% interest of Dadi Century Beijing, which directly owns 82.49% equity interest of GD Cinema Circuit, and effectively controls 12.95% equity interest of GD Cinema Circuit through Dadi Legend, which is an associate of Ms. Liu. In addition, Mr. YCH, an associate of Mr. YPH (a director of both the Company and Nan Hai), owns 20% interest of Dadi Century Beijing. Given the foregoing, GD Cinema Circuit is a connected person of the Company and the GD Cinema Circuit Information Service Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As Nan Hai and GD Cinema Circuit are connected with each other and the Nan Hai Information Service Framework Agreement and the GD Cinema Circuit Information Service Framework Agreement are of a similar nature, the annual caps of the continuing connected transactions under the above-mentioned agreements will be aggregated for the purpose of calculating the percentage ratios in accordance with Rule 14A.81 of the Listing Rules. As the applicable percentage ratios for the transactions contemplated under the Information Service Framework Agreements exceed 0.1% but less than 5%, the transactions contemplated under the Information Service Framework Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VII. APPROVAL BY THE BOARD

The Board has approved the Nan Hai Information Service Framework Agreement. Since Mr. YPH has a material interest in the Nan Hai Information Service Framework Agreement, he has abstained from voting on the Board resolution to approve the Nan Hai Information Service Framework Agreement.

The Board has also approved the GD Cinema Circuit Information Service Framework Agreement. Since Ms. Liu has a material interest in GD Cinema Circuit, she has abstained from voting on the Board resolution to approve the GD Cinema Circuit Information Service Framework Agreement. For good corporate governance purposes, Mr. YPH has also abstained from voting on the Board resolution to approve the GD Cinema Circuit Information Service Framework Agreement.

VIII. DEFINITIONS

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

“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sino-i Technology Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 250)
“connected person(s)”	has the meaning given to it under the Listing Rules
“Dadi Century Beijing”	大地時代文化傳播(北京)有限公司 (Dadi Century Culture Media (Beijing) Company Limited*), a company incorporated in the PRC, which is an associate of Ms. Liu (an executive Director) and holds 82.49% equity interest of GD Cinema Circuit
“Dadi Legend”	北京大地傳奇投資合夥企業(有限合夥) (Beijing Dadi Legend Investment Partnership (Limited Partnership)*), a limited partnership incorporated in the PRC, which is an associate of Ms. Liu (an executive Director) and holds 12.95% equity interest of GD Cinema Circuit
“Director(s)”	the director(s) of the Company
“GD Cinema Circuit”	廣東大地電影院線股份有限公司(GD Cinema Circuit Company Limited*), a company incorporated in the PRC, and is a connected person of the Company
“GD Cinema Circuit Group”	GD Cinema Circuit, its shareholders, and its subsidiaries
“GD Cinema Circuit Information Service Framework Agreement”	the information service framework agreement entered into between the Company and GD Cinema Circuit on 30 December 2022, pursuant to which the Company shall provide certain information products and services to GD Cinema Circuit Group in accordance with the terms thereunder in 2023, 2024 and 2025
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

* For identification purposes only

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	any person(s) or companies and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected persons
“Information Service Framework Agreements”	the Nan Hai Information Service Framework Agreement and the GD Cinema Circuit Information Service Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. YCH”	Mr. Yu Cheung Hoi (于常海先生), elder brother of Mr. YPH, who is not a substantial shareholder or director or chief executive of the Company or any of its subsidiaries
“Mr. YPH”	Mr. Yu Pun Hoi (于品海先生), a controlling shareholder of the Company and the chairman and executive director of Nan Hai and the executive Director of the Company
“Ms. Liu”	Ms. Liu Rong (劉榮女士), the chairlady and executive director of the Company and an executive director of Nan Hai, who is not a substantial shareholder of the Company and its subsidiaries
“Nan Hai”	Nan Hai Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 680), and is the holding company and a connected person of the Company
“Nan Hai Group”	Nan Hai and its subsidiaries (excluding the Group)
“Nan Hai Information Service Framework Agreement”	the information service framework agreement entered into between the Company and Nan Hai on 30 December 2022, pursuant to which the Company shall provide certain information products and services to Nan Hai Group in accordance with the terms thereunder in 2023, 2024 and 2025

“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022 and will remain suspended until the Company fulfils the Resumption Guidance as set out in the Company’s announcement dated 29 June 2022.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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

Hong Kong, 30 December 2022

As at the date of this announcement, the directors of the Company are as follows:

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent non-executive Directors:</i>
Ms. Liu Rong	Mr. Lam Bing Kwan	Mr. Fung Wing Lap
Mr. Yu Pun Hoi	Mr. Cheng Chih-Hung	Mr. Xiao Sui Ning
Mr. Chen Ming Fei		Mr. Ho Yeung Nang