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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)

CONTINUING CONNECTED TRANSACTIONS

(1) SUPPLEMENTAL ADVERTISING

TRAFFIC MUTUAL SUPPLY AGREEMENT

AND

(2) REVISION OF ANNUAL CAPS

FOR THE ADVERTISING TRAFFIC MUTUAL SUPPLY AGREEMENT

Reference is made to the announcement of the Company dated 23 June 2023 in relation to, among other things, Emperor entered into the Advertising Traffic Mutual Supply Agreement* (廣告流量互供框架協議) with Infinites Cayman to govern the CCTs (i.e., the Traffic Procurement Transactions and Traffic Supply Transactions) between Infinites 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.

SUPPLEMENTAL ADVERTISING TRAFFIC MUTUAL SUPPLY AGREEMENT

In view of (i) the demand amount from the potential customers secured by the Group for the six months ending 31 December 2023 and the year ending 31 December 2024; (ii) the background of potential customers of Emperor; (iii) the estimated prices for procurement and supply of the Services; (iv) the prevailing overall business scale and operational scale of the Group; (v) the anticipated development and growth of the Group in the scale of the advertisement distribution services by the Group; and (vi) the estimated growth of the advertisement distribution services market in the PRC, the Board expects that the Original Annual Caps of the Services covered under the Advertising Traffic Mutual Supply Agreement needs to be revised accordingly. On 6 October 2023 (after trading hours), Infinites Cayman and Emperor entered into the Supplemental Advertising Traffic Mutual Supply Agreement to revise the scope of the Existing Annual Caps.

THE REVISED ANNUAL CAPS

In view of the consideration above, the Company proposes to adopt the Revised Annual Caps in place of the Original Annual Caps.

Save for the Revised Annual Caps, all terms and conditions of Advertising Traffic Mutual Supply Agreement remain unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Infinities Global held approximately 54.77% 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 Advertising Traffic Mutual Supply Agreement entered into between Infinities Cayman and Emperor constitute connected transactions under Chapter 14A of the Listing Rules.

Accordingly, the transactions contemplated under the Advertising Traffic Mutual Supply Agreement, as supplemented by the Supplemental Advertising Traffic Mutual Supply Agreement, constitute continuing connected transactions of the Company 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 Revised 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 Revised 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 Supplemental Advertising Traffic Mutual Supply Agreement for the six months ending 31 December 2023 and the years ending 31 December 2024 and 2025 at the EGM respectively.

INTRODUCTION

Reference is made to the announcement of the Company dated 23 June 2023 regarding, among other things, the Advertising Traffic Mutual Supply Agreement, the transactions contemplated thereunder and the Original Annual Caps.

THE SUPPLEMENTAL ADVERTISING TRAFFIC MUTUAL SUPPLY AGREEMENT

Under the Advertising Traffic Mutual Supply Agreement:

(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.

On 6 October 2023 (after trading hours), Infinities Cayman and Emperor entered into the Supplemental Advertising Traffic Mutual Supply Agreement to revise the Original Annual Caps.

The principal terms of the Supplemental Advertising Traffic Mutual Supply Agreement are summarised below:

Date

6 October 2023

Parties

- (1) Emperor; and
- (2) Infinities Cayman

Subject matter

In view of (i) the demand amount from the potential customers secured by the Group for the six months ending 31 December 2023 and the year ending 31 December 2024; (ii) the background of potential customers of Emperor; (iii) the estimated prices for procurement and supply of the Services; (iv) the prevailing overall business scale and operational scale of the Group; (v) the anticipated development and growth of the Group in the scale of the advertisement distribution services by the Group; and (vi) the estimated growth of the advertisement distribution services market in the PRC, the Company proposes to adopt the Revised Annual Caps in place of the Original Annual Caps.

Save for the Revised Annual Caps, all other terms and conditions of the Advertising Traffic Mutual Supply Agreement remain unchanged. Please refer to the announcement of the Company dated 23 June 2023 for a summary of the principal terms of the Advertising Traffic Mutual Supply Agreement.

THE REVISED ANNUAL CAPS

The Company shall adopt the Revised Annual Caps in place of the Original Annual Caps for the period from 1 July 2023 to 31 December 2023, and two years ending 31 December 2024 and 2025 as follows:

	For the period ending from 1 July 2023 to 31 December 2023 RMB million	For the year ending from 1 January 2024 to 31 December 2024 RMB million	For the year ending from 1 January 2025 to 31 December 2025 RMB million
<i>Traffic Procurement Transaction</i>			
Original Annual Caps	220	440	660
Revised Annual Caps	150	400	400
<i>Traffic Supply Transactions</i>			
Original Annual Caps	66	132	198
Revised Annual Caps	45	120	120

Basis for the Revised Annual Caps

Traffic Procurement Transactions

Based on (i) the new purchase amount secured by the Group from potential customers in relation to their demand in the Qualified Area; (ii) the capability of the Group to deliver the Services to the customers by the Group including the expected sales and marketing team expansion; and (iii) Infinities Group's annual business scale of not less than RMB900 million in the Qualified Area, the Board considered that the Revised Annual Caps of approximately RMB150 million for the period ending from 1 July 2023 to 31 December 2023 and the Revised Annual Caps of approximately RMB400 million for the year ending from 1 January 2024 to 31 December 2024, and for the year ending from 1 January 2025 to 31 December 2025, are fair and reasonable.

Traffic Supply Transactions

Based on (i) the client demand from Infinities Group, (ii) the increasement of business scale in advertisement distribution services market in the PRC due to the Traffic Procurement Transactions, and (iii) the historical ratio of approximately 30% for the traffic volume Infinities Group engaged in order to cater the demand from their clients towards the total traffic volume Infinities Group provided to their client, the Board considered that the Revised Annual Caps of approximately RMB45 million for the period ending from 1 July 2023 to 31 December 2023 and the Revised Annual Caps of approximately RMB120 million for the year ending from 1 January 2024 to 31 December 2024 and from 1 January 2025 to 31 December 2025, are fair and reasonable.

Shareholders and potential investors should note that the Revised Annual Caps should not be construed as an assurance or forecast by the Company as to the future revenues of the Group.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE SUPPLEMENTAL ADVERTISING TRAFFIC MUTUAL SUPPLY AGREEMENT AND REVISING THE ORIGINAL ANNUAL CAPS

The benefits to the Group from entering in the Supplemental Advertising Traffic Mutual Supply Agreement is the same as the Advertising Traffic Mutual Supply Agreement which we outlined in the announcement of the Company dated 23 June 2023.

After considering the basis for the Revised Annual Caps, the Directors consider that it is in the best interests of the Group to enter into the Supplemental Advertising Traffic Mutual Supply Agreement and revise the Original Annual Caps.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Advertising Traffic Mutual Supply Agreement, as supplemented by the Supplemental Advertising Traffic Mutual Supply Agreement, and the Revised Annual Caps in respect of the transactions contemplated under the Advertising Traffic Mutual Supply Agreement, as supplemented by the Supplemental Advertising Traffic Mutual Supply Agreement, are in the ordinary and usual course of business of the Group, fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole.

CONNECTION BETWEEN THE PARTIES INVOLVED AND LISTING RULES IMPLICATIONS

As at the date of this announcement, Infinities Global held approximately 54.77% 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 Advertising Traffic Mutual Supply Agreement entered into between Infinities Cayman and Emperor constitute connected transactions under Chapter 14A of the Listing Rules.

Accordingly, the transactions contemplated under the Advertising Traffic Mutual Supply Agreement, as supplemented by the Supplemental Advertising Traffic Mutual Supply Agreement, constitute continuing connected transactions of the Company 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 Revised 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 Revised 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 Revised Annual Caps for the six months ending 31 December 2023 and the years ending 31 December 2024 and 2025 at the EGM respectively.

DEFINITIONS

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

“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”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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(s)”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Directors”	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 People’s Republic of China
“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 54.77% 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Annual Caps”	the original annual cap amounts for the six months ending 31 December 2023 and the two years ending 31 December 2025 in respect of the Advertising Traffic Mutual Supply Agreement as disclosed in the announcement of the Company dated 23 June 2023
“Percentage Ratios”	the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Qualified Area”	the education, property and related advertisement of Xiaomi (小米) platform, and the core Qualified Agent of the Jinri Toutiao (今日頭條) and Kuaishou (快手)
“Revised Annual Caps”	the proposed annual cap amounts for six months ending 31 December 2023 and the two years ending 31 December 2025 in respect of the Advertising Traffic Mutual Supply Agreement as supplemented by the Supplemental Advertising Traffic Mutual Supply Agreement, as disclosed in this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Services”	providing advertisement traffic
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	any entity which falls within the definition of “subsidiary” ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supplemental Advertising Traffic Mutual Supply Agreement”	the Supplemental Advertising Traffic Mutual Supply Agreement entered into between Emperor and Infinities Cayman in relation to the Traffic Procurement Transactions and Traffic Supply Transactions
“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, 6 October 2023

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.