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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)**

### **MAJOR AND CONNECTED TRANSACTION**

Reference is made to the joint announcement dated 29 May 2009 of the Company and Nan Hai and the circular of the Company dated 12 June 2009 in relation to the Advance made by the Lender to the Borrower pursuant to the Loan Agreement.

On 20 May 2011 after trading hours, the Company and Nan Hai entered into a Loan Extension Agreement under which the Company conditionally agrees to extend the due date of repayment of the Outstanding Principal by Nan Hai for a period of two (2) years from 30 June 2011 to 29 June 2013.

The extension of the Outstanding Principal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules. As Nan Hai is the holding company of the Company, the extension of the Outstanding Principal also constitutes a connected transaction for the Company under the Listing Rules and will be subject to the approval of the independent shareholders of the Company at an extraordinary general meeting.

An extraordinary general meeting will be convened and held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Loan Extension Agreement and the transactions contemplated thereunder. Nan Hai and its associates will abstain from voting on the ordinary resolution(s) to approve the Loan Extension Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, details of the Loan Extension Agreement, the recommendation of Mr. Fung Wing Lap, an independent non-executive director of the Company, the advice of the independent financial adviser, together with a notice of the extraordinary general meeting will be despatched to the Shareholders on or before 10 June 2011.

## **INTRODUCTION**

Reference is made to the joint announcement dated 29 May 2009 (the “Announcement”) of the Company and Nan Hai and the circular of the Company dated 12 June 2009 (the “Circular”) in relation to the Advance by the Lender to the Borrower pursuant to the Loan Agreement. Unless otherwise stated herein, terms used in the Announcement and the Circular shall have the same meaning as used herein.

## **LOAN EXTENSION AGREEMENT**

On 20 May 2011 after trading hours, the Company and Nan Hai entered into a Loan Extension Agreement under which the Company conditionally agrees to extend the due date of repayment of the Outstanding Principal to Nan Hai for a period of two (2) years from 30 June 2011 to 29 June 2013, terms of which are set out below:

### **Date**

20 May 2011

### **Parties**

Lender : The Company

Borrower : Nan Hai

### **Loan**

The Company has fully advanced HK\$1,645,530,000 to Nan Hai on 30 June 2009, which was applied directly for Nan Hai’s full settlement of the consideration in the amount of HK\$1,645,530,000 to the Company under the SPA in relation to, among other things, the acquisition of the Listar Sale Shares by Nan Hai from the Company. The SPA was completed on 31 December 2007 and the consideration was paid on 30 June 2009.

### **Interest Rate**

6% per annum which shall be paid in arrears during the extension period of the Outstanding Principal.

The interest rate of 6% per annum was set with reference to the prevailing prime lending rates in Hong Kong.

### **Default Interest Rate**

If the Borrower fails to pay any sum payable under the Loan Extension Agreement when due, the Borrower shall pay default interest on such sum at the rate of 8% per annum.

## **Extension of Repayment of the Outstanding Principal**

The extension of repayment of the Outstanding Principal will be two (2) years commencing from 30 June 2011 and will expire on 29 June 2013.

### **Conditions**

The Loan Extension Agreement is conditional upon:

- (a) Nan Hai having settled in full the interest accrued on the outstanding principal amount under the Loan Agreement on or before 29 June 2011, being approximately HK\$179,488,000; and
- (b) the independent shareholders of the Company having approved the terms and conditions of the Loan Extension Agreement and the transactions contemplated thereunder in accordance with the provisions of the Listing Rules.

If the conditions set out above are not fulfilled by a date falling forty (40) days after the date of the Loan Extension Agreement, being 29 June 2011, or such later date as the parties may agree, the Loan Extension Agreement will be null and void and of no further effect.

Save as amended by the Loan Extension Agreement, all other terms and conditions of the Loan Agreement remain unchanged.

### **REASON FOR EXTENSION OF THE OUTSTANDING PRINCIPAL**

On 1 July 2009, Nan Hai has repaid to the Company HK\$150,000,000. Accordingly, as of the date of this announcement, the balancing outstanding amount is HK\$1,495,530,000.

In order to increase the portion of the coastal premises with panoramic view which command a higher selling price, Nan Hai Group has altered the land planning of its flag-ship property project – “The Peninsula” in 2010. As a result, the overall alteration progress has delayed the development of Phase 3 of “The Peninsula” from April 2010 to about the end of 2011. Couple with the recent changes of policy in the property market in China, it is expected that the sales condition of new phases of “The Peninsula” may be affected. Accordingly, Nan Hai would need extra time to prepare funding and it is expected that the sale of the remaining phases of “The Peninsula” would generate sufficient revenues for the repayment of the Outstanding Principal in the next 24 months from the date hereof.

Comparing with the prevailing interest rate for time deposits being offered by banks to the public, the interest rate under the Loan Extension Agreement (which is the same as the interest rate of 6% per annum payable by Nan Hai under the Loan Agreement) remains attractive. The Company considers that the Loan Extension Agreement will generate a stable interest income and offer a higher return to the Group when comparing with the interest to be earned by making a Hong Kong dollar time deposit with financial institutions in Hong Kong.

The Board (excluding the independent non-executive directors whose views will be subject to the opinion of an independent financial adviser to be appointed in connection with the Loan Extension Agreement) considers that the Loan Extension Agreement and the transactions contemplated therein are on normal commercial terms and the terms and conditions of the Loan Extension Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

As both Mr. Huang Yaowen and Prof. Jiang Ping, two of the three independent non-executive directors of the Company, are also the independent non-executive directors of Nan Hai, they are not considered sufficiently independent to give advice or recommendation to the independent shareholders of the Company in relation to the Loan Extension Agreement. Accordingly, Mr. Fung Wing Lap, the remaining independent non-executive director of the Company, has been appointed to advise the independent shareholders of the Company, and an independent financial adviser will be appointed to advise Mr. Fung Wing Lap in relation to the Loan Extension Agreement.

### **INFORMATION ON NAN HAI**

Nan Hai is an investment holding company whose securities are listed and traded on the Main Board of the Stock Exchange. The Nan Hai Group is principally engaged in property development and culture and media services. It also through the Company engages in the information technology business. As at the date of this announcement, Nan Hai, through a number of wholly-owned subsidiaries, holds approximately 62.85% of the issued share capital of the Company.

### **INFORMATION ON THE COMPANY**

The Company is an investment holding company whose securities are listed and traded on the Main Board of the Stock Exchange. The Group is principally engaged in the information technology business, including the provision of corporate IT application services, financial information services and distance learning education services.

### **IMPLICATION UNDER THE LISTING RULES**

The extension of the Outstanding Principal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

As Nan Hai is the holding company of the Company, extension of the Outstanding Principal also constitutes a connected transaction for the Company under the Listing Rules. Accordingly, the Loan Extension Agreement will be subject to the approval of the independent shareholders of the Company at an extraordinary general meeting. An extraordinary general meeting will be convened and held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Loan Extension Agreement and the transactions contemplated thereunder. Nan Hai and its associates will abstain from voting on the ordinary resolution(s) to approve the Loan Extension Agreement and the transactions contemplated thereunder.

Mr. Fung Wing Lap, the independent non-executive director of the Company, has been appointed to give recommendations to the independent shareholders of the Company in respect of the Loan Extension Agreement. An independent financial adviser will also be appointed to advise Mr. Fung Wing Lap.

## **GENERAL**

A circular containing, amongst other things, details of the Loan Extension Agreement, the recommendation of Mr. Fung Wing Lap and the advice of the independent financial adviser, together with a notice of the EGM, will be despatched to the Shareholders on or before 10 June 2011.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company” or the “Lender”	Sino-i Technology Limited, a company incorporated in Hong Kong with limited liability the ordinary share capital of which is listed and traded on the Main Board of the Stock Exchange and a subsidiary of Nan Hai (stock code: 250)
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Loan Extension Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Listar”	Listar Properties Limited, a company incorporated in the British Virgin Islands with limited liability
“Listar Sale Shares”	10,200,000 shares of US\$1.00 each in Listar, representing 51% of its issued share capital
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	a conditional loan agreement entered into between the Company as the lender and Nan Hai as the borrower on 29 May 2009 in relation to the Advance
“Loan Extension Agreement”	a conditional loan extension agreement entered into between the Company as the lender and Nan Hai as the borrower on 20 May 2011 in relation to the extension of the repayment period of the Outstanding Principal

“Nan Hai” or the “Borrower”	Nan Hai Corporation Limited, a company incorporated in Bermuda with limited liability, the ordinary share capital of which is listed and traded on the main board of the Stock Exchange and the holding company of the Company (stock code: 680)
“Nan Hai Group”	Nan Hai and its subsidiaries
“Outstanding Principal”	the loan in the outstanding principal amount of HK\$1,495,530,000 advanced by the Company to Nan Hai pursuant to the Loan Agreement
“SPA”	the agreement entered into between the Company as the vendor and Nan Hai as the purchaser on 13 November 2007 in connection with the sale and purchase of, among other things, the Listar Sale Shares, further details of which are set out in the joint announcement of the Company and Nan Hai dated 14 November 2007 and the circular of the Company dated 5 December 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board of  
**Sino-i Technology Limited**  
**Yu Pun Hoi**  
*Director*

Hong Kong, 20 May 2011

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

<i>Executive directors:</i>	<i>Non-executive directors:</i>	<i>Independent non-executive directors:</i>
Mr. Yu Pun Hoi	Mr. Qin Tian Xiang	Mr. Huang Yaowen
Ms. Chen Dan	Mr. Lam Bing Kwan	Prof. Jiang Ping
Ms. Liu Rong		Mr. Fung Wing Lap
Mr. Wang Gang		