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## **SINO-i TECHNOLOGY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 250)**

### **MAJOR AND CONNECTED TRANSACTION LOAN EXTENSION**

References are made to (1) the joint announcement of the Company and Nan Hai dated 29 May 2009 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; (2) the announcement dated 20 May 2011 and circular dated 10 June 2011 of the Company in relation to the extension of the repayment of the outstanding principal for two (2) years from 30 June 2011 to 29 June 2013 pursuant to the First Supplemental Agreement; (3) the announcement dated 31 October 2012 and circular dated 21 November 2012 of the Company in relation to (i) variation of the security under the Loan Agreement (as supplemented by the First Supplemental Agreement) by substituting the Listar Share Mortgage with the NHD Share Mortgage, and (ii) release of the Listar Share Mortgage pursuant to the Second Supplemental Agreement; (4) the announcement dated 9 May 2013 and circular dated 24 May 2013 of the Company in relation to the second extension of the repayment of the outstanding principal for two (2) years from 30 June 2013 to 29 June 2015 pursuant to the Third Supplemental Agreement; and (5) the announcement dated 30 April 2015 and circular dated 18 May 2015 of the Company in relation to the third extension of the repayment of the outstanding principal for two (2) years from 30 June 2015 to 29 June 2017 pursuant to the Fourth Supplemental Agreement.

On 2 May 2017 after trading hours, the Company and Nan Hai entered into the Fifth Supplemental Agreement under which the Company conditionally agreed to extend the due date of repayment of the Remaining Outstanding Principal by Nan Hai to the Company under the Loan Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) for a period of two (2) years from 30 June 2017 to 29 June 2019.

The Fifth Supplemental Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As Nan Hai is the holding company of the Company, the Fifth Supplemental Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Fifth Supplemental Agreement will be subject to the approval of the independent Shareholders at the EGM.

Nan Hai and its associates shall abstain from voting on the ordinary resolution(s) to approve the Fifth Supplemental Agreement and the transactions contemplated thereunder at the EGM.

Mr. Xiao Sui Ning, an independent non-executive Director, is also an independent non-executive director of Nan Hai. Thus, Prof. Jiang Ping and Mr. Fung Wing Lap, the remaining independent non-executive Directors, have been appointed to form the Independent Board Committee and to give recommendations to the independent Shareholders in respect of the Fifth Supplemental Agreement and the transactions contemplated thereunder. An independent financial adviser will also be appointed to advise the Independent Board Committee.

A circular containing, amongst other things, details of the Fifth Supplemental Agreement, the recommendation of the Independent Board Committee, the advice of the independent financial adviser, together with a notice of the EGM will be despatched to the Shareholders on or before 24 May 2017.

## **INTRODUCTION**

References are made to:

- (1) the joint announcement of the Company and Nan Hai dated 29 May 2009 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;
- (2) the announcement dated 20 May 2011 and circular dated 10 June 2011 of the Company in relation to the extension of the repayment of the outstanding principal for two (2) years from 30 June 2011 to 29 June 2013 pursuant to the First Supplemental Agreement;
- (3) the announcement dated 31 October 2012 and circular dated 21 November 2012 of the Company in relation to (i) variation of the security under the Loan Agreement (as supplemented by the First Supplemental Agreement) by substituting the Listar Share Mortgage with NHD Share Mortgage, and (ii) release of the Listar Share Mortgage pursuant to the Second Supplemental Agreement;
- (4) the announcement dated 9 May 2013 and circular dated 24 May 2013 of the Company in relation to the second extension of the repayment of the outstanding principal for two (2) years from 30 June 2013 to 29 June 2015 pursuant to the Third Supplemental Agreement; and
- (5) the announcement dated 30 April 2015 and circular dated 18 May 2015 of the Company in relation to the third extension of the repayment of the outstanding principal for two (2) years from 30 June 2015 to 29 June 2017 pursuant to the Fourth Supplemental Agreement.

As of the date of this announcement, the Outstanding Principal and outstanding accrued interest are approximately HK\$1,317,149,000 and HK\$82,293,000 respectively, which are being secured by the NHD Share Mortgage.

## **THE FIFTH SUPPLEMENTAL AGREEMENT**

On 2 May 2017 after trading hours, the Company and Nan Hai entered into the Fifth Supplemental Agreement under which the Company conditionally agreed to extend the due date of repayment of the Remaining Outstanding Principal by Nan Hai to the Company under the Loan Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) for a period of two (2) years from 30 June 2017 to 29 June 2019, the material terms and conditions of which are set out below:

### **Date**

2 May 2017

### **Parties**

- (1) Lender: The Company
- (2) Borrower: Nan Hai

### **Remaining Outstanding Principal**

Approximately HK\$1,117,149,000.

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

The due date for repayment of the Remaining Outstanding Principal shall be extended for two (2) years from 30 June 2017 to 29 June 2019.

### **Interest Rate**

8.0% per annum during the extension period which shall accrue from day to day, be calculated on the basis of the actual number of days lapsed and a 365-day year, and be paid in arrears when the Remaining Outstanding Principal (or the relevant part thereof) shall be repaid/prepaid. The interest rate of 8.0% per annum was set with reference to the prevailing prime lending rates in Hong Kong and the weighted average cost of finance of the Company at approximately 4.6% per annum as at 31 December 2016.

### **Default Interest Rate**

10% per annum on the default amount, which shall accrue from day to day on the basis of a 365-day year commencing from and including the due date of payment to the date of actual payment.

## **Security**

Repayment of the Remaining Outstanding Principal and outstanding accrued interest will continue to be secured by share mortgage (by way of first fixed charge) in respect of the NHD Shares, representing 100% of the issued share capital of Nan Hai Development. Details of Nan Hai Development are set out below.

## **Conditions**

The Fifth Supplemental Agreement is conditional upon:

- (a) Nan Hai having settled in full the outstanding interest accrued on the Outstanding Principal on or before 29 June 2017, being approximately HK\$99,037,000 up to 29 June 2017;
- (b) the Borrower having repaid the Partial Principal Repayment Amount on or before 29 June 2017; and
- (c) the independent Shareholders having approved the Fifth Supplemental 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 29 June 2017, or such later date as the parties may agree, the Fifth Supplemental Agreement will be null and void and of no further effect.

Save as amended by the Fifth Supplemental Agreement, all other terms and provisions of the Loan Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) shall remain unchanged and in full force and effect and binding on both the Lender and the Borrower.

## **REASONS FOR AND BENEFITS OF THE FIFTH SUPPLEMENTAL AGREEMENT**

As at the date of this announcement, the Outstanding Principal and outstanding accrued interest are approximately HK\$1,317,149,000 and HK\$82,293,000 respectively.

Nowadays, competition among cinemas has becomes increasingly keen, and the trend of merger and acquisition of film industry is sweeping across the PRC. Nan Hai is also committed to consolidate its position in the theater market. Moreover, for the purpose of enhancing its position in the entire film industrial chain and diversify profitability, Nan Hai will spare no effort to lay the groundwork for distribution and content products and map out the crucial deployment for content industry. As a result, Nan Hai continues to require the loan contemplated under the Fifth Supplemental Agreement for financing its operations.

Nan Hai expects that it is able to repay the Remaining Outstanding Principal within two years, i.e. an extra twenty four (24) months from 30 June 2017 are required.

Comparing with the prevailing interest rate for time deposits being offered by banks to the public, the interest rate under the Fifth Supplemental Agreement remains attractive. The Company considers that the Fifth Supplemental 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 Group does not have material funding requirement in the next two (2) years despite it will keep on spending in research and development for maintaining the competitiveness of its product lines. As a result, the Group considers the opportunity of gaining the interest at the relatively higher rate of 8.0% per annum from Nan Hai to be beneficial to the Group.

The Board (excluding (i) members of the Independent Board Committee whose views will be subject to the opinion of an independent financial adviser to be appointed in connection with the Fifth Supplemental Agreement, and (ii) Mr. Yu Pun Hoi who is deemed to be interested in Nan Hai and has abstained from voting on the relevant resolution at the board meeting) considers that the Fifth Supplemental Agreement and the transactions contemplated therein are on normal commercial terms and the terms and conditions of the Fifth Supplemental Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

As Mr. Xiao Sui Ning, an independent non-executive Director, is also an independent non-executive director of Nan Hai, he is not considered sufficiently independent to give advice or recommendation to the independent Shareholders in relation to the Fifth Supplemental Agreement. Accordingly, Prof. Jiang Ping and Mr. Fung Wing Lap, the remaining independent non-executive Directors, have been appointed to form the Independent Board Committee to advise the independent Shareholders, and an independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Fifth Supplemental Agreement.

## **INFORMATION ON NAN HAI DEVELOPMENT**

Nan Hai Development is an investment holding company incorporated in Hong Kong with limited liability, which directly holds 100% of the issued share capital of LWD and 100% of the issued share capital of Listar.

LWD ultimately holds 100% equity interest in a property project namely “The Peninsula” in Shenzhen City, Guangdong Province, the PRC. “The Peninsula” is a large-scale residential property development project and consists of five phases. “The Peninsula” occupies a total site area of approximately 313,000 sq.m., with a total GFA of approximately 873,000 sq.m.. As per the valuation report dated 14 March 2017 issued by an independent valuer to Nan Hai, the total value of “The Peninsula” as of 31 December 2016 was approximately RMB24,870,000,000 (equivalent to approximately HK\$28,085,827,000). Listar ultimately holds 100% equity interest in a property project namely “Free Man Garden” in Guangzhou City, Guangdong Province, the PRC. “Free Man Garden” is a large-scale residential property development project and consists of eight phases. “Free Man Garden” occupies a total site area of approximately 615,000 sq.m., with a total GFA of approximately 1,033,000 sq.m.. As per the valuation report dated 14 March 2017 issued by an independent valuer to Nan Hai, the total value of “Free Man Garden” as of 31 December 2016 was approximately RMB3,605,620,000 (equivalent to approximately HK\$4,071,846,000).

## **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 (i) culture and media services (mainly in cinemas business on a nationwide basis in the PRC in addition to film distribution and other media related businesses); (ii) property development; and (iii) corporate IT application services (through the Group) as at the date of this announcement. In 2015, the Nan Hai Group also started to tap into new business segments such as “New Media” and “Innovative Business” and it plans to step up its efforts in establishing these two business segments as the new growth points of Nan Hai. As at the date of this announcement, Nan Hai, through a number of wholly-owned subsidiaries, holds approximately 64.45% 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 provision of corporate IT application services.

## **IMPLICATION UNDER THE LISTING RULES**

The Fifth Supplemental Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As Nan Hai is the holding company of the Company, the Fifth Supplemental Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Fifth Supplemental Agreement will be subject to the approval of the independent Shareholders at the EGM. Nan Hai and its associates shall abstain from voting on the ordinary resolution(s) to approve the Fifth Supplemental Agreement and the transactions contemplated thereunder at the EGM. Mr. Xiao Sui Ning, an independent non-executive Director, is also an independent non-executive director of Nan Hai. Thus, Prof. Jiang Ping and Mr. Fung Wing Lap, the remaining independent non-executive Directors, have been appointed to form the Independent Board Committee and to give recommendations to the independent Shareholders in respect of the Fifth Supplemental Agreement and the transactions contemplated thereunder. An independent financial adviser will also be appointed to advise the Independent Board Committee.

## **GENERAL**

A circular containing, amongst other things, details of the Fifth Supplemental Agreement, the recommendation of the Independent Board Committee and the advice of the independent financial adviser, together with a notice of the EGM, will be despatched to the Shareholders on or before 24 May 2017.

## DEFINITIONS

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

“Advance”	the loan in the principal amount of HK\$1,645,530,000 advanced by the Company to Nan Hai pursuant to the Loan Agreement
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“Company” or the “Lender”	Sino-i Technology Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Stock Exchange (stock code: 250) and a subsidiary of Nan Hai
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Fifth Supplemental Agreement and the transactions contemplated thereunder
“Fifth Supplemental Agreement”	the conditional loan extension agreement entered into between the Company as lender and Nan Hai as borrower on 2 May 2017 in relation to the extension of the repayment date for the Remaining Outstanding Principal for two (2) years from 30 June 2017 to 29 June 2019
“First Supplemental Agreement”	the conditional loan extension agreement entered into between the Company as lender and Nan Hai as borrower on 20 May 2011 in relation to the extension of the repayment date for the outstanding principal under the Loan Agreement for two (2) years from 30 June 2011 to 29 June 2013
“Fourth Supplemental Agreement”	the conditional loan extension agreement entered into between the Company as lender and Nan Hai as borrower on 30 April 2015 in relation to the extension of the repayment date for the outstanding principal under the Loan Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) for two (2) years from 30 June 2015 to 29 June 2017
“GFA”	gross floor area
“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 Prof. Jiang Ping and Mr. Fung Wing Lap, the independent non-executive Directors, established for the purpose of making recommendations to the Independent Shareholders in respect of the Fifth Supplemental Agreement and the transactions contemplated thereunder
“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 connected persons (as defined under the Listing Rules) of the Company
“Listar”	Listar Properties Limited, a company incorporated in the British Virgin Islands, which is an indirect wholly-owned subsidiary of Nan Hai
“Listar Sale Shares”	10,200,000 shares of US\$1.00 each in Listar, representing 51% of its issued share capital
“Listar Share Mortgage”	the share mortgage executed by Nan Hai as mortgagor in favour of the Company as mortgagee by way of first fixed charge in respect of the Listar Sale Shares as a continuing security for the payment by Nan Hai of the Advance and all interest accrued thereon
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement entered into between the Company as lender and Nan Hai as borrower on 29 May 2009 in relation to the Advance
“LWD”	Liu Wan Development (BVI) Company Limited, a company incorporated in the British Virgin Islands, which is an indirect wholly-owned subsidiary of Nan Hai
“Nan Hai” or the “Borrower”	Nan Hai Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Stock Exchange (stock code: 680), the holding company and a connected person of the Company as defined under the Listing Rules

“Nan Hai Development”	Nan Hai Development Limited, a company incorporated in Hong Kong which is a wholly-owned subsidiary of Nan Hai
“Nan Hai Group”	Nan Hai and its subsidiaries
“NHD Share Mortgage”	the share mortgage executed by Nan Hai as mortgagor in favour of the Company as mortgagee by way of first fixed charge in respect of the NHD Shares as a continuing security for the payment by Nan Hai of the Outstanding Principal (or any part thereof) and all interest accrued thereon
“NHD Shares”	Two (2) shares having paid up capital of HK\$2 in Nan Hai Development, representing 100% of its issued share capital
“Outstanding Principal”	the outstanding principal being owed by Nan Hai to the Company under the Loan Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) (i.e. approximately HK\$1,317,149,000 as at the date of this announcement)
“Partial Principal Repayment Amount”	HK\$200,000,000, which shall be repaid by Nan Hai on or before 29 June 2017
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Remaining Outstanding Principal”	the Outstanding Principal as at the date of the Fifth Supplemental Agreement less the Partial Principal Repayment Amount
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the agreement entered into between the Company as lender and Nan Hai as borrower on 31 October 2012 in relation to variation of certain terms and provisions of the Loan Agreement (as supplemented by the First Supplemental Agreement)
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Third Supplemental Agreement”

the conditional loan extension agreement entered into between the Company as lender and Nan Hai as borrower on 9 May 2013 in relation to, among other things, the extension of the repayment date for the outstanding principal under the Loan Agreement (as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement) for two (2) years from 30 June 2013 to 29 June 2015

“sq.m.”

square meter(s)

“%”

per cent.

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB0.8855 = HK\$1 has been used for currency translation, where applicable. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or RMB has been, could have been or may be converted at such or any other rates.*

By the order of the Board  
**Sino-i Technology Limited**  
**Liu Rong**  
*Executive Director*

Hong Kong, 2 May 2017

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

*Executive Directors:*    *Non-executive Director:*

Mr. Yu Pun Hoi            Mr. Lam Bing Kwan  
Ms. Liu Rong  
Mr. Chen Ming Fei

*Independent non-executive Directors:*

Prof. Jiang Ping  
Mr. Fung Wing Lap  
Mr. Xiao Sui Ning