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SINO-i TECHNOLOGY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 250)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE NAN HAI INFORMATION SERVICE FRAMEWORK AGREEMENT AND THE GD CINEMA CIRCUIT INFORMATION SERVICE FRAMEWORK AGREEMENT — INCREASE OF ANNUAL CAPS

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

Reference is made to the announcement of the Company dated 10 January 2017 in relation to the Nan Hai Information Service Framework Agreement entered into between Xinet and Nan Hai, and the GD Cinema Circuit Information Service Framework Agreement entered into between Xinet and GD Cinema Circuit. Unless otherwise defined, terms used in this announcement shall have the same meaning as those defined in the announcement of the Company dated 10 January 2017.

NAN HAI SUPPLEMENTAL AGREEMENT

On 30 August 2017 (after trading hours), Xinet and Nan Hai entered into the Nan Hai Supplemental Agreement to increase the annual caps for the continuing connected transactions under the Nan Hai Information Service Framework Agreement.

GD CINEMA CIRCUIT SUPPLEMENTAL AGREEMENT

On 30 August 2017 (after trading hours), Xinet and GD Cinema Circuit entered into the GD Cinema Circuit Supplemental Agreement to increase the annual caps for the continuing connected transactions under the GD Cinema Circuit Information Service Framework Agreement.

LISTING RULES IMPLICATIONS

As Nan Hai is the holding company of the Company, Nan Hai is a connected person of the Company. Accordingly, the Nan Hai Supplemental Agreement and the transactions contemplated thereunder 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% of Dadi Century Beijing, which directly owns 82.49% equity interest of GD Cinema Circuit, and has an effective control of 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 the Company), owns 20% of Dadi Century Beijing. Given the foregoing, GD Cinema Circuit is a connected person of the Company. Accordingly, the GD Cinema Circuit Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules before the relevant existing annual caps are exceeded.

As Nan Hai and GD Cinema Circuit are connected with each other and the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement are of a similar nature, the annual caps of the continuing connected transactions under each of the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement 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 Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement (as aggregated) exceed 0.1% but less than 5%, the transactions contemplated under the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

Reference is made to the announcement of the Company dated 10 January 2017 (the “**Announcement**”) in relation to the Nan Hai Information Service Framework Agreement entered into between Xinnet and Nan Hai, and the GD Cinema Circuit Information Service Framework Agreement entered into between Xinnet and GD Cinema Circuit. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

NAN HAI SUPPLEMENTAL AGREEMENT

On 30 August 2017 (after trading hours), Xinnet and Nan Hai entered into the supplemental agreement to the Nan Hai Information Service Framework Agreement (“**Nan Hai Supplemental Agreement**”), pursuant to which the parties agreed to increase the annual caps for each of the two years ending 31 December 2018 and 31 December 2019 for the continuing connected transactions under the Nan Hai Information Service Framework Agreement.

Pursuant to the Nan Hai Information Service Framework Agreement, Xinnet agreed to provide to Nan Hai Group certain information products and service. The parties will enter into individual information service agreements with members of Nan Hai Group, setting out specific terms including term, consideration of the information service and payment terms. Such terms will be consistent with the principles and terms of the Nan Hai Information Service Framework Agreement.

Pursuant to the Nan Hai Supplemental Agreement, the caps of the maximum aggregate transaction amounts under the Nan Hai Information Service Framework Agreement for each of the two years ending 31 December 2018 and 31 December 2019 will be revised from HK\$4,500,000 and HK\$5,000,000 to HK\$6,000,000 and HK\$6,600,000, respectively (the “**Revised Nan Hai Annual Caps**”). Save for the Revised Nan Hai Annual Caps, other terms of the Nan Hai Information Service Framework Agreement (including the annual cap for the year ending 31 December 2017) remain unchanged.

For the period from 1 January 2017 to the date of this announcement, the aggregate transaction amount under the Nan Hai Information Service Framework Agreement amounted to approximately HK\$2,000,000, which has not exceeded the annual cap of HK\$4,000,000 for the year ending 31 December 2017 as stated in the Announcement.

The Revised Nan Hai Annual Caps were estimated with reference to (i) the historical transaction amount for the information service provided by Xinnet to Nan Hai Group in the past; (ii) the increase in information service cost; and (iii) the expected increase in the need of information services by Nan Hai Group after taking into account the launch of new generation cloud computing product by Xinnet.

GD CINEMA CIRCUIT SUPPLEMENTAL AGREEMENT

On 30 August 2017 (after trading hours), Xinnet and GD Cinema Circuit entered into the supplemental agreement to the GD Cinema Circuit Information Service Framework Agreement (“**GD Cinema Circuit Supplemental Agreement**”), pursuant to which the parties agreed to increase the annual caps for the continuing connected transactions under the GD Cinema Circuit Information Service Framework Agreement.

Pursuant to the GD Cinema Circuit Information Service Framework Agreement, Xinnet agreed to provide to GD Cinema Circuit Group certain information products and service. The parties will enter into individual information service agreements with members of GD Cinema Circuit Group, setting out specific terms including term, consideration of the information service and payment terms. Such terms will be consistent with the principles and terms of the GD Cinema Circuit Information Service Framework Agreement.

Pursuant to the GD Cinema Circuit Supplemental Agreement, the caps of the maximum aggregate transaction amounts under the GD Cinema Circuit Information Service Framework Agreement for each of the three years ending 31 December 2017, 31 December 2018 and 31 December 2019 will be revised from HK\$400,000, HK\$500,000 and HK\$600,000 to HK\$2,100,000, HK\$3,100,000 and HK\$3,700,000, respectively (the “**Revised GD Cinema Circuit Annual Caps**”). Save for the Revised GD Cinema Circuit Annual Caps, other terms of the GD Cinema Circuit Information Service Framework Agreement remain unchanged.

For the period from 1 January 2017 to the date of this announcement, the aggregate transaction amount under the GD Cinema Circuit Information Service Framework Agreement amounted to approximately HK\$310,000, which has not exceeded the annual cap of HK\$400,000 for the year ending 31 December 2017 as stated in the Announcement.

The Revised GD Cinema Circuit Annual Caps were estimated with reference to (i) the historical transaction amount for the information service provided by Xinet to GD Cinema Circuit Group in the past; (ii) the increase in information service cost; and (iii) the expected increase in the need of information services by GD Cinema Circuit Group after taking into account the launch of new generation cloud computing product by Xinet.

REASONS FOR AND BENEFITS OF NAN HAI SUPPLEMENTAL AGREEMENT AND GD CINEMA CIRCUIT SUPPLEMENTAL AGREEMENT

Xinet actively develops various cloud application and value-added services alongside with the evolution of global technological revolution. In January 2017, Xinet officially launched “Arrow Cloud (箭頭雲)”, its self-developed new generation cloud computing product. The traditional information services could not meet the business development of Nan Hai and GD Cinema Circuit in respect of its demand for cloud business. The launch of “Arrow Cloud (箭頭雲)” and other cloud products could satisfy the cloud business development needs of Nan Hai and GD Cinema Circuit. The Company estimates the transaction amounts will exceed the annual caps contemplated under the Information Service Framework Agreements with the expected increase of cloud business demand of Nan Hai and GD Cinema Circuit. By entering into the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement, Xinet will be able to increase its earnings and earn stable income.

The terms of each of the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement have been agreed upon arm’s length negotiations between Xinet and Nan Hai and between Xinet 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 each of the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Company; and (ii) the terms of each of the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement are fair and reasonable; and in the interests of the Company and the Shareholders as a whole; and (iii) the Revised Nan Hai Annual Caps and Revised GD Cinema Circuit Annual Caps of the transactions contemplated under each of the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS

To safeguard the interest of the Group, the Group will continue to adopt the following internal control measures:

1. the relevant personnel of the Group will closely monitor the aggregate transactions of the Group under the Information Service Framework Agreements, the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement 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 purchase fee are negotiated on arm's length basis, with reference to the prevailing purchase fee of comparable information products and service located at the Service Provided Site provided to at least two independent third parties during the same period;
3. the management of Xinnet, with reference to the terms of agreements in respect of comparable information products and service provided to other independent third parties, will examine each information products and service agreement entered into with Nan Hai Group and GD Cinema Circuit Group and ensure the purchase fee 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, the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement and whether the consideration for the transaction 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, the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement to ensure the transactions amount are within the annual caps and the transactions are in accordance with the terms set out in the Information Service Framework Agreements, the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement; and
6. the Company's independent non-executive Directors will conduct an annual review of the status of the information service provided by the Group to ensure the Group has complied with internal approval process, the terms of the Information Service Framework Agreements, the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement and the relevant Listing Rules.

INFORMATION ON THE PARTIES

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 enterprise cloud services.

Xinnet

Xinnet is a limited liability company incorporated in the PRC and is effectively 100% controlled by XWHT through various structured agreements, and is deemed as a subsidiary of XWHT pursuant to the Companies Ordinance, Chapter 622 of the Laws of Hong Kong. XWHT is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. Xinnet and its existing subsidiaries are principally engaged in cloud services such as IaaS (Infrastructure as a Service), domain name registration business, cloud computing business and synergistic communication business, and actively developed various cloud application and value-added services for small and medium enterprises through online direct sales and distributor channels established across the PRC.

Nan Hai

Nan Hai is an investment holding company whose securities are listed and traded on the Main Board of the Stock Exchange. Nan Hai Group is principally engaged in (i) culture and media services; (ii) property development; and (iii) enterprise cloud services through the Company. In the meantime, Nan Hai Group has achieved steady growth in new media and innovative business, the new business sectors which the Nan Hai Group tapped into. 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.

GD Cinema Circuit

To the best information, knowledge and belief of the Board, GD Cinema Circuit is a limited liability company incorporated in the PRC. Its business scope is motion picture distribution (cinema circuit); design, production, publication and agency of various advertisements; sale, installation and maintenance of motion picture projection equipment and other cinema operation facilities; motion picture projection technical services; leasing of equipment and arenas. GD Cinema Circuit has obtained a permit of cross-province cinema circuit issued by SAPPRFT.

LISTING RULES IMPLICATIONS

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As at the date of this announcement, Ms. Liu, a director of both the Company and Nan Hai, owns 80% of Dadi Century Beijing, which directly owns 82.49% equity interest of GD Cinema Circuit, and has an effective control of 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 the Company), owns 20% of Dadi Century Beijing. Given the foregoing, GD Cinema Circuit is a connected person of the Company. Accordingly, the GD Cinema Circuit Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules before the relevant existing annual caps are exceeded.

As Nan Hai and GD Cinema Circuit are connected with each other and the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement are of a similar nature, the annual caps of the continuing connected transactions under each of the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement 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 Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement (as aggregated) exceed 0.1% but less than 5%, the transactions contemplated under the Nan Hai Supplemental Agreement and the GD Cinema Circuit Supplemental Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BOARD'S APPROVAL

The Board has approved the Nan Hai Supplemental Agreement (including the Revised Nan Hai Annual Caps). Since Mr. YPH has material interest in the Nan Hai Supplemental Agreement, he has abstained from voting on the relevant meeting of the Board to approve the Nan Hai Supplemental Agreement.

The Board has also approved the GD Cinema Circuit Supplemental Agreement (including the Revised GD Cinema Circuit Annual Caps). Since Ms. Liu has a material interest in GD Cinema Circuit, she has abstained from voting on the relevant meeting of the Board to approve the GD Cinema Circuit Supplemental Agreement. For good corporate governance purposes, Mr. YPH has also abstained from voting on the relevant meeting of the Board to approve the GD Cinema Circuit Supplemental Agreement.

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

Hong Kong, 30 August 2017

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

Executive directors:

Mr. Yu Pun Hoi
Ms. Liu Rong
Mr. Chen Ming Fei

Non-executive director:

Mr. Lam Bing Kwan

Independent non-executive directors:

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