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If you have sold or transferred all your shares in Sino-i Technology Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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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
AND
NOTICE OF GENERAL MEETING**

**Independent financial adviser to
the Independent Director and the Independent Shareholders**



FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

A notice convening the GM (as defined herein) to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 June 2015 at 10:00 a.m. is set out on pages 34 to 35 of this circular. A form of proxy for use in connection with the GM is enclosed with the circular. Whether or not you intend to attend the GM, please complete and return the enclosed form of proxy in accordance with the instructions printed hereon to the share registrar of the Company, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the GM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM (or any adjourned meeting thereof) should you so wish.

18 May 2015

CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Board	
Introduction	5
The Fourth Supplemental Agreement	6
Reasons for the Fourth Supplemental Agreement	7
Possible financial effects of the Fourth Supplemental Agreement	9
Information on Nan Hai Development	10
Information on Nan Hai	10
Information on the Company	10
Implication under the Listing Rules	10
GM	11
Further information	12
Letter from the Independent Director	13
Letter from First Shanghai	14
Appendix I — Financial information of the Group	24
Appendix II — General information	28
Notice of the GM	34

DEFINITIONS

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

“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
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Company” or “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 (stock code: 250) and a subsidiary of Nan Hai
“Directors”	the directors of the Company
“First Shanghai”	First Shanghai Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Director
“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 for two (2) years from 30 June 2015 to 29 June 2017
“GFA”	gross floor area
“GM”	a general meeting of the Company to be convened and held to consider and, if thought fit, approve the Fourth Supplemental Agreement and the transactions contemplated thereunder

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Director”	Mr. Fung Wing Lap, an independent non-executive Director, appointed to advise the Independent Shareholders in respect of the Fourth Supplemental Agreement
“Independent Shareholders”	Shareholders other than Nan Hai and its associates
“Latest Practicable Date”	12 May 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listar”	Listar Properties Limited, a company incorporated in the British Virgin Islands with limited liability, which is an associated company 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 dated 30 June 2009 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”	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 a wholly-owned subsidiary of Nan Hai
“Model Code”	Mode Code for Securities Transactions by Directors of Listed Issuers
“Nan Hai” or “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 (stock code: 680) and the holding company of the Company

DEFINITIONS

“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 dated 7 December 2012 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 and all interest accrued thereon
“NHD Shares”	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 and the Third Supplemental Agreement), i.e. approximately HK\$1,317,149,000 as at the Latest Practicable Date
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular
“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)
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary shares of the Company
“Shareholders”	registered holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meter(s)
“%”	per cent.

For the purpose of this circular, unless otherwise indicated, the exchange rate of RMB0.8006=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.



SINO-i TECHNOLOGY LIMITED

中國數碼信息有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 250)

Executive Directors:

Mr. Yu Pun Hoi

Ms. Chen Dan

Ms. Liu Rong

Registered office:

26/F., Siu On Centre,

188 Lockhart Road,

Wanchai,

Hong Kong

Non-executive Directors:

Mr. Wang Gang

Mr. Lam Bing Kwan

Independent Non-executive Directors:

Prof. Jiang Ping

Mr. Hu Bin

Mr. Fung Wing Lap

18 May 2015

To the Shareholders

Dear Sir and Madam,

MAJOR AND CONNECTED TRANSACTION

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 the 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; and (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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Outstanding Principal and the accrued interest are approximately HK\$1,317,149,000 and HK\$184,581,000 respectively which are being secured by the NHD Share Mortgage.

The Fourth 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 Fourth Supplemental Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Fourth Supplemental Agreement will be subject to the approval of the Independent Shareholders at the GM (i.e. Nan Hai and its associates shall abstain from voting at the GM).

The purposes of this circular are:

1. to provide the Independent Shareholders with the details of the Fourth Supplemental Agreement; and
2. to give the Independent Shareholders notice of the GM at which ordinary resolution(s) will be proposed for the Independent Shareholders to consider and if thought fit, to approve the Fourth Supplemental Agreement and the transactions contemplated thereunder.

THE FOURTH SUPPLEMENTAL AGREEMENT

On 30 April 2015 after trading hours, the Company and Nan Hai entered into the Fourth Supplemental Agreement under which the Company conditionally agreed to extend the due date of repayment of the Outstanding Principal by Nan Hai to the Company under the Loan Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) for a period of two (2) years from 30 June 2015 to 29 June 2017, the material terms and conditions of which are set out below:

Date

30 April 2015

Parties

Lender: the Company

Borrower: Nan Hai

Outstanding Principal

Approximately HK\$1,317,149,000

Extension of Repayment of the Outstanding Principal

The due date for repayment of the Outstanding Principal shall be extended for two (2) years from 30 June 2015 to 29 June 2017.

LETTER FROM THE BOARD

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 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 6.7% per annum as at 31 December 2014.

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 Outstanding Principal and accrued interest will continue to be secured by NHD Share Mortgage. Details of Nan Hai Development are set out below.

Conditions

The Fourth Supplemental 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 2015, being approximately HK\$197,572,000 up to 29 June 2015; and
- (b) the Independent Shareholders having approved the terms and conditions of the Fourth 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 2015, or such later date as the parties may agree, the Fourth Supplemental Agreement will be null and void and of no further effect.

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

REASONS FOR THE FOURTH SUPPLEMENTAL AGREEMENT

As at the Latest Practicable Date, Nan Hai has settled a total sum of approximately HK\$328,381,000. Accordingly, the Outstanding Principal and accrued interest are approximately HK\$1,317,149,000 and HK\$184,581,000 respectively.

LETTER FROM THE BOARD

As disclosed in the announcement dated 9 May 2013 of the Company that Nan Hai Group was awaiting the final judgment from the People's court in Shenzhen, the PRC, regarding an administrative proceeding in the PRC initiated by Nan Hai Group against the governing authority in respect of disapproval of the revised design plans of Phase 3 of "The Peninsula" for increasing the portion of coastal premises with panoramic view commanding a higher selling price. Subsequent to a favourable judgment in the final trial obtained by Nan Hai Group in 2013, Nan Hai Group started to devise detailed design and construction plans in relation to Phase 3 of "The Peninsula". For fulfillment of complicated and lengthy procedural matters laid down by the PRC governing authority in respect of application for mandatory permit of construction works of Phase 3 of "The Peninsula" by Nan Hai Group, a considerable time in devising and revising details of such plans was involved. The construction works of Phase 3 of "The Peninsula" was formally commenced in about October 2014 subsequent to issue of the aforesaid permit of construction works. It is expected that pre-sales of Phase 3 of "The Peninsula" will commence in the first quarter of 2016 in view of the past experience in the development of Phases 1 and 2, and that sales of Phase 3 will be in an optimistic condition in view of the previous sales history; positive public praise of Phases 1 and 2; sales condition of the other residential properties in the vicinity of "The Peninsula"; and its irresistible panoramic view, which in turn will lead to satisfactory sales proceeds and such proceeds will be recognized as revenue upon the transfer of ownership to the purchasers in about the first half of 2017.

Given the above, Nan Hai expects that it is able to repay the Outstanding Principal in the first half of 2017, i.e. an extra twenty four (24) months from 30 June 2015 are required.

Despite the Group's net current liabilities were approximately HK\$491.0 million as at 31 December 2014, and the Group was mainly financed by banking facilities and borrowings with floating rate of 7.2% per annum and fixed rates ranging from 2.4% to 7.8% per annum, the weighted average cost of financing of the Group was approximately 6.7% per annum. Given the fact that a new interest rate of 8.0% per annum is to be generated by the Outstanding Principal as per the Fourth Supplemental Agreement, which is higher than the above mentioned weighted average cost of finance of the Group by 1.3% per annum. In view of the Group's total interest-bearing borrowings of approximately HK\$314.7 million as at 31 December 2014, the borrowings are substantially less than the Outstanding Principal by approximately HK\$1,002.4 million (representing approximately 23.9%). Interest to be generated at the rate of 8.0% per annum by having the Outstanding Principal extended would substantially outweigh the weighted average cost of finance borne by the Group for its borrowings. In addition, 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 would have lost the opportunity of gaining the interest at the relatively higher rate of 8.0% per annum if full repayment of the Outstanding Principal were made by Nan Hai.

Comparing with the prevailing interest rate for time deposits being offered by commercial banks in Hong Kong to the public, the interest rate of 8.0% per annum on the Outstanding Principal under the Fourth Supplemental Agreement remains attractive. The Company considers

LETTER FROM THE BOARD

that the Fourth 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 Directors (including Mr. Fung Wing Lap basing on the advice of First Shanghai, but excluding Mr. Yu Pun Hoi, the Director, who is deemed to have interest in Nan Hai, has abstained from voting in the Board meeting dated 30 April 2015 for considering and approving the Company to enter into the Fourth Supplemental Agreement) consider that the Fourth Supplemental Agreement and the transactions contemplated therein are on normal commercial terms and the terms and conditions of the Fourth Supplemental Agreement are fair and reasonable and in the interests of the Shareholders as a whole notwithstanding such transactions are not in the ordinary and usual course of business of the Company. Accordingly, the Directors (excluding Mr. Yu Pun Hoi) recommend the Independent Shareholders to vote for the resolution approving the Fourth Supplemental Agreement and the transactions contemplated therein.

As both Prof. Jiang Ping and Mr. Hu Bin, being two of the three independent non-executive Directors, 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 in relation to the Fourth Supplemental Agreement. Accordingly, Mr. Fung Wing Lap, the remaining independent non-executive Director, has been appointed to advise the Independent Shareholders, and First Shanghai has been appointed to advise Mr. Fung Wing Lap in relation to the Fourth Supplemental Agreement.

POSSIBLE FINANCIAL EFFECTS OF THE FOURTH SUPPLEMENTAL AGREEMENT

The Fourth Supplemental Agreement will vary the interest rate from 7.5% per annum to 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 Outstanding Principal (or the relevant part thereof) remaining unpaid and receivable from Nan Hai. As a result, the Fourth Supplemental Agreement will have the following financial effects on the earnings, assets and liabilities of the Group.

Earnings

The Directors expect that the earnings of the Group will be increased by the amount of interest to be received from Nan Hai.

Assets

The amount due from Nan Hai under the Loan Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) has been reflected in the Group's 2014 financial statements. The Directors expect that the assets will only be increased by the amount of interest receivables from Nan Hai.

LETTER FROM THE BOARD

Liabilities

The Directors do not expect any immediate material effect of the Fourth Supplemental Agreement on the liabilities of the Group.

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 43% of the issued share capital of Listar.

LWD ultimately holds 100% equity interest in a property project namely “The Peninsula” in Shenzhen, 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 26 March 2015 issued by an independent valuer to Nan Hai, the total value of “The Peninsula” as of 31 December 2014 was approximately RMB10,597,200,000 (equivalent to approximately HK\$13,243,189,000 at the exchange rate of RMB0.8002=HK\$1 as at 31 December 2014). Listar ultimately holds 100% equity interest in a property project namely “Free Man Garden” in Guangzhou, the PRC. “Free Man Garden” is a large-scale residential property development project and consists of five 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 26 March 2015 issued by the same independent valuer to Nan Hai, the total value of “Free Man Garden” as of 31 December 2014 was approximately RMB2,401,100,000 (equivalent to approximately HK\$3,000,625,000 at the exchange rate of RMB0.8002=HK\$1 as at 31 December 2014).

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 culture and media services and property development, and through the Company engaged in the provision of corporate IT application services. As at the Latest Practicable Date, 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 provision of corporate IT application services.

IMPLICATION UNDER THE LISTING RULES

The Fourth Supplemental Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

As Nan Hai is the holding company of the Company, the Fourth Supplemental Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Fourth Supplemental Agreement will be subject to the approval of the Independent Shareholders at the GM. Nan Hai and its associates, collectively interested in 12,515,795,316 Shares (representing approximately 62.85% of the total issued Shares), are required to and will abstain from voting on the ordinary resolution(s) to approve the Fourth Supplemental Agreement and the transactions contemplated thereunder at the GM. As at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding entered into by binding upon each of Nan Hai and its associates; (ii) no obligation or entitlement of each of Nan Hai and its associates, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case by case basis; and (iii) no discrepancy between Nan Hai and its associates' beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which Nan Hai and its associates will control or will be entitled to exercise control over the voting right at the GM.

GM

A notice of the GM to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 June 2015 at 10:00 a.m. is set out on pages 34 to 35 of this circular. At the GM, the ordinary resolution will be proposed to consider and, if thought fit, to approve the Fourth Supplemental Agreement and the transactions contemplated therein.

The ordinary resolution to be proposed at the GM to approve the Fourth Supplemental Agreement and the transactions contemplated therein will be determined by way of poll by the Independent Shareholders in accordance with the Listing Rules.

A form of proxy for use in connection with the GM is enclosed with this circular. Whether or not you intend to attend the GM, please complete and return the enclosed form of proxy in accordance with the instructions printed hereon to the share registrar of the Company, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event by not less than 48 hours before the time appointed for holding of the GM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM (or any adjourned meeting thereof) should you so wish.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). Accordingly, the chairman of the GM will arrange all the proposed resolutions set out in the notice of the GM to be voted on by poll. The poll results will be published on the websites of the Company and the Stock Exchange on the day of the GM.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is also drawn to the “Letter from the Independent Director” as set out in page 13 of this circular, the “Letter from First Shanghai” as set out in pages 14 to 23 of this circular and further information contained in the appendices to this circular.

By order of the Board
Sino-i Technology Limited
Chen Dan
Director



SINO-i TECHNOLOGY LIMITED

中國數碼信息有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 250)

18 May 2015

To the Independent Shareholders

Dear Sir and Madam,

MAJOR AND CONNECTED TRANSACTION

I have been appointed as the Independent Director to advise the Independent Shareholders in respect of the Fourth Supplemental Agreement and the transactions contemplated thereunder, details of which are set out in the circular dated 18 May 2015 (the “Circular”) to the Shareholders. First Shanghai has been appointed as the independent financial adviser to advise me in this respect. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the “Letter from the Board” containing, amongst others, details of the Fourth Supplemental Agreement and the “Letter from First Shanghai” containing its advice to us as set out in the Circular.

Having taken into account (i) the factors referred to in the section headed “Reasons for the Fourth Supplemental Agreement” in the “Letter from the Board”; and (ii) the factors referred to in the “Letter from First Shanghai”, I consider the terms of the Fourth Supplemental Agreement are fair and reasonable, on normal commercial terms, so far as the interests of the Independent Shareholders are concerned and that the entering into of the Fourth Supplemental Agreement is in the interests of the Company and the Independent Shareholders as a whole notwithstanding such transactions are not in the ordinary and usual course of business of the Company. Accordingly, I recommend the Independent Shareholders to vote for the resolution approving the Fourth Supplemental Agreement and the transactions contemplated thereunder.

Yours faithfully,

Fung Wing Lap

Independent Non-executive Director

LETTER FROM FIRST SHANGHAI

The following is the text of a letter to the Independent Director and the Independent Shareholders from First Shanghai in respect of the terms of the extension of the Outstanding Principal to Nan Hai pursuant to the Fourth Supplemental Agreement prepared for the purpose of incorporation in this circular.



19th Floor
Wing On House
71 Des Voeux Road Central
Hong Kong

18 May 2015

*To the Independent Director and
the Independent Shareholders*

Sino-i Technology Limited
26th Floor, Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Director and the Independent Shareholders in respect of the terms of the advance to Nan Hai in the Outstanding Principal amount of approximately HK\$1,317,149,000 (i.e. the Company has fully advanced HK\$1,645,530,000 to Nan Hai on 30 June 2009 pursuant to the Loan Agreement. Subsequent to the Loan Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement (collectively, the “**Three Supplemental Agreements**”), Nan Hai has settled a total sum of approximately HK\$328,381,000 up to the Latest Practicable Date). Accordingly, the Outstanding Principal amount of approximately HK\$1,317,149,000 is to be extended for a period of two (2) years from 30 June 2015 to 29 June 2017 pursuant to the Fourth Supplemental Agreement, details of which are set out in the “Letter from the Board” contained in the circular dated 18 May 2015 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

LETTER FROM FIRST SHANGHAI

On 30 April 2015, the Company and Nan Hai entered into the Fourth Supplemental Agreement under which the Company conditionally agreed to extend the due date of repayment of the Outstanding Principal by Nan Hai to the Company under the Loan Agreement (as supplemented by the Three Supplemental Agreements) for a period of two (2) years from 30 June 2015 to 29 June 2017.

The Fourth 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, indirectly holding approximately 62.85% of the issued share capital of the Company as at the Latest Practicable Date, the Fourth Supplemental Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and will be subject to the approval of the Independent Shareholders at the GM. As Nan Hai is a controlling Shareholder, Nan Hai and its associates are required to and will abstain from voting on the ordinary resolution(s) to approve the Fourth Supplemental Agreement and the transactions contemplated thereunder at the GM.

As both Prof. Jiang Ping and Mr. Hu Bin, being two of the three independent non-executive Directors, 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 in relation to the Fourth Supplemental Agreement. Accordingly, the remaining independent non-executive Director, namely Mr. Fung Wing Lap, has been appointed to advise the Independent Shareholders on whether the entering into of the Fourth Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

As the independent financial adviser to the Independent Director and the Independent Shareholders, our role is to give an independent opinion to the Independent Director and the Independent Shareholders as to (i) whether the entering into of the Fourth Supplemental Agreement is conducted in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Fourth Supplemental Agreement and the transactions contemplated thereunder at the GM.

BASIS OF OUR OPINION

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided, and opinion expressed to us, by the Directors and the management of the Company (the “**Management**”). We have assumed that all such information and representations made or referred to in the Circular and provided, and opinion expressed, to us by the Directors and the Company were true, accurate and complete at the time they were made and continued to be true as at the date hereof. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided

LETTER FROM FIRST SHANGHAI

to us by the Directors and the Company and the information contained in the Circular. We have also been advised by the Directors and the Company that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors nor have we conducted any form of investigation into the business, operations, financial condition, affairs or future prospects of the Group and Nan Hai Group. We confirm that we have taken all the reasonable steps, which are applicable to the Fourth Supplemental Agreement, as referred to and required under Rule 13.80(2)(b) of the Listing Rules (including its annexed notes) in forming our opinion.

The Independent Shareholders should note that, within the past two years from the Latest Practicable Date, we were engaged as the independent financial adviser by the Company for one occasion (i.e. the provision of independent financial advice to the then Independent Director and Independent Shareholders for a major and connected transaction in the same nature in respect of the previous extension of the Outstanding Principal of the Advance to Nan Hai) as detailed in the circular of the Company dated 24 May 2013. Given (i) our independent role in that previous engagement; (ii) none of the members of our parent group is a direct party to the Fourth Supplemental Agreement; and (iii) our fees for this present engagement in addition to that previous engagement represented an insignificant percentage of revenue of our parent group, we consider that previous engagement would not affect our independence to form our opinion in respect of the transactions contemplated under the Fourth Supplemental Agreement.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion for and recommendation on the extension of the Outstanding Principal pursuant to the Fourth Supplemental Agreement, we have taken into account, among other things, the following principal factors and reasons:

1. Background of the Group

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.

2. Background of 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 culture and media services and property development. It also through the Company engages in the provision of corporate IT application services. As at the Latest Practicable Date, Nan Hai, through a number of wholly-owned subsidiaries, held approximately 62.85% of the issued share capital of the Company.

3. Reasons for and benefits of the Fourth Supplemental Agreement

As at the Latest Practicable Date, Nan Hai has settled a total sum of approximately HK\$328,381,000. Accordingly, the Outstanding Principal and accrued interest are approximately HK\$1,317,149,000 and HK\$184,581,000 respectively.

As disclosed in the announcement dated 9 May 2013 of the Company that Nan Hai Group was awaiting the final judgment from the People's court in Shenzhen, the PRC, regarding an administrative proceeding in the PRC initiated by Nan Hai Group against the governing authority in respect of disapproval of the revised design plans of Phase 3 of "The Peninsula" for increasing the portion of coastal premises with panoramic view commanding a higher selling price. Subsequent to a favourable judgment in the final trial obtained by Nan Hai Group in 2013, Nan Hai Group started to devise detailed design and construction plans in relation to Phase 3 of "The Peninsula". For fulfillment of complicated and lengthy procedural matters laid down by the PRC governing authority in respect of application for mandatory permit of construction works of Phase 3 of "The Peninsula" by Nan Hai Group, a considerable time in devising and revising details of such plans was involved. The construction works of Phase 3 of "The Peninsula" was formally commenced in around October 2014 subsequent to issue of the aforesaid permit of construction works. It is expected that pre-sales of Phase 3 of "The Peninsula" will commence in the first quarter of 2016 in view of the past experience in the development of Phases 1 and 2, and that sales of Phase 3 will be in an optimistic condition in view of the previous sales history; positive public praise of Phases 1 and 2; sales condition of the other residential properties in the vicinity of "The Peninsula"; and its irresistible panoramic view, which in turn will lead to satisfactory sales proceeds and such proceeds will be recognized as revenue upon the transfer of ownership to the purchasers in the first half of 2017.

Given the above, Nan Hai expects that it is able to repay the Outstanding Principal in the first half of 2017, i.e. an extra twenty four (24) months from 30 June 2015 are required.

Despite the Group's net current liabilities were approximately HK\$491.0 million as at 31 December 2014, and the Group was mainly financed by bank facilities and borrowings with floating rate of 7.2% per annum and fixed rates ranging from 2.4% to 7.8% per annum, the weighted average cost of financing of the Group was approximately 6.7% per annum. Given the fact that a new interest rate of 8.0% per annum is to be generated by the Outstanding Principal as per the Fourth Supplemental Agreement, which is higher than the above mentioned weighted average cost of finance of the Group by 1.3% per annum. In view of the Group's total interest-bearing borrowings of approximately HK\$314.7 million as at 31 December 2014, the borrowings are substantially less than the Outstanding Principal by approximately HK\$1,002.4 million, representing approximately 23.9% thereof. Interest to be generated at the rate of 8.0% per annum by having the Outstanding Principal extended would substantially outweigh the weighted average cost of finance borne by the Group for its borrowings. In addition, 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

LETTER FROM FIRST SHANGHAI

product lines. As a result, the Group would have lost the opportunity of gaining the interest at the relatively higher rate of 8.0% per annum if full repayment of the Outstanding Principal were made by Nan Hai.

Comparing with the prevailing interest rate for time deposits being offered by commercial banks in Hong Kong to the general public, the interest rate of 8.0% per annum on the Outstanding Principal under the Fourth Supplemental Agreement remains attractive. The Company considers that the Fourth 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 in an amount equivalent to the Outstanding Principal with financial institutions in Hong Kong.

The Board considers that the Fourth Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms, and the terms and conditions of the Fourth Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, notwithstanding such transactions are not conducted in the ordinary and usual course of business of the Company.

Based on our discussion with and understanding from the Management, the Group currently anticipates that it would not have material funding requirements in the coming two years; and it has compromised with Nan Hai to request for any possible partial early repayment from time to time within the period from 30 June 2015 to 29 June 2017 if the Group has unpredictable immediate funding need. In addition, the Group has forecasted that full repayment of the Outstanding Principal by Nan Hai to the extent of approximately HK\$1,317.1 million would greatly remain as idle fund of the Group, so that it might have lost the opportunity of gaining a satisfactory amount of interest income at the revised interest rate of 8.0% per annum. On such basis, we concur with the Management's view that the extension of the Outstanding Principal pursuant to the Fourth Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

Given that (i) the Group has no immediate material funding needs in the near future; (ii) the extremely low interest rate for time deposits being offered by commercial banks in Hong Kong to the general public; and (iii) the recoverability of the Outstanding Principal is considered to be more secured because of Nan Hai's holding company relationship with the Group, we are of the view that the extension of the Outstanding Principal, though not being conducted in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole, and fair and reasonable so far as the Independent Shareholders are concerned.

4. Principal terms of the Fourth Supplemental Agreement

The Company had 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 sale and purchase agreement (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.

LETTER FROM FIRST SHANGHAI

Nan Hai has settled a total sum of approximately HK\$328,381,000 so far subsequent to the Loan Agreement, as a result, the Outstanding Principal amount owed by Nan Hai to the Company and accrued interest are approximately HK\$1,317,149,000 and HK\$184,581,000 respectively as at the Latest Practicable Date, which are being secured by the NHD Share Mortgage.

On 30 April 2015, the Company and Nan Hai entered into the Fourth Supplemental Agreement under which the Company conditionally agreed to extend the due date of repayment of the Outstanding Principal by Nan Hai to the Company under the Loan Agreement (as supplemented by the Three Supplemental Agreements) for a period of two (2) years from 30 June 2015 to 29 June 2017, the material terms of which are set out below:

Outstanding Principal

Approximately HK\$1,317,149,000.

Extension of repayment of the Outstanding Principal

The due date of repayment of the Outstanding Principal shall be extended for two (2) years from 30 June 2015 to 29 June 2017.

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 Outstanding Principal (or the relevant part thereof) shall be repaid or prepaid.

The interest rate of 8.0% per annum was set with reference to the prevailing prime lending rates ranging from 5.0% to 5.25% per annum offered by major commercial banks in Hong Kong, and the weighted average cost of financing of the Company at approximately 6.7% per annum as at 31 December 2014.

We also noted from the website of The People's Bank of China at <http://www.pbc.gov.cn> that the standard lending rates for loans are currently offered by banks and financial institutions in the PRC ranging from 5.10% to 5.65% for period below one year up to more than five years; while the interest rate of 8.0% per annum attributable to the Outstanding Principal is well above that range. However, based on our understanding from the Management, since the Company and Nan Hai are both companies listed on the Main Board of the Stock Exchange while the Advance was originally denominated in Hong Kong dollars and would have been kept at banks in Hong Kong if the Advance were not made to Nan Hai, we consider that it would be more appropriate to make reference to, and compare with, the prevailing prime lending rates offered by major commercial banks in Hong Kong.

LETTER FROM FIRST SHANGHAI

Default interest rate

10.0% 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 (after as well as before judgment).

Conditions precedent

The Fourth Supplemental 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 2015, being approximately HK\$197,572,000 up to 29 June 2015; and
- (b) the Independent Shareholders having approved the terms and conditions of the Fourth 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 2015, or such later date as the parties may agree, the Fourth Supplemental Agreement will be null and void and of no further effect.

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

Security

Repayment of the Outstanding Principal and accrued interest will continue to be secured by the NHD 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.

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 43% of the issued share capital of Listar.

LWD ultimately holds 100% equity interest in a property project, namely “The Peninsula”, located at Liu Wan, Shekou, Nanshan District, Shenzhen City, the 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 26 March 2015 issued by an independent professional valuer to Nan Hai, the total value of “The Peninsula” as of 31 December 2014 was approximately RMB10,597,200,000 (equivalent to approximately HK\$13,243,189,000). Listar ultimately holds 100% equity interest in a property project, namely “Free Man Garden”, located at Dongjing Section of

LETTER FROM FIRST SHANGHAI

Guanghua Gonglu, Xinhua Town Huadu District, Guangzhou City, the Guangdong Province, the PRC. “Free Man Garden” is a large-scale residential property development project and consists of five 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 26 March 2015 issued by the same independent valuer to Nan Hai, the total value of “Free Man Garden” as of 31 December 2014 was approximately RMB2,401,100,000 (equivalent to approximately HK\$3,000,625,000).

Based on the above information, the fair market value of the indirect equity interest attributable to the NHD Shares to the extent of 100% of LWD and 43% of Listar would represent an aggregate pledge value of approximately HK\$14,533.4 million, or almost 10 times over the Outstanding Principal amount of approximately HK\$1,317.1 million, which we consider to be much more than sufficient and therefore acceptable, having considered the particular relationship that Nan Hai is the holding company of the Company instead of a third party.

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

Given that (i) an interest rate of 8.0% per annum will be accrued on the Outstanding Principal (or any part thereof) remaining unpaid, which is higher than (a) the prime lending rates currently offered by the major commercial banks in Hong Kong ranging from 5.0% to 5.25% per annum and (b) the weighted average cost of financing of the Company at approximately 6.7% per annum; and (ii) the NHD Shares will continue to be pledged by Nan Hai in favour of the Company until full settlement of the Outstanding Principal and its accrued interest, if any, by Nan Hai, we are of the view that the terms of the Fourth Supplemental Agreement are on normal commercial terms, fair and reasonable, in the interests of the Company and the Shareholders as a whole and insofar as the Independent Shareholders are concerned.

5. Possible financial effects of the Fourth Supplemental Agreement on the Group

Earnings

According to the Fourth Supplemental Agreement, the Outstanding Principal of HK\$1,317,149,000 shall originally be repaid by Nan Hai within 24 months from 30 June 2015 or any other date to be mutually agreed by the Company and Nan Hai together with an interest of 8.0% per annum accrued on the Outstanding Principal remaining unpaid. For illustration purpose only, assuming that the whole of the Outstanding Principal is not repaid within six months after the date of extension of the Outstanding Principal (i.e. 30 June 2015) and up to 31 December 2015, the Company will receive interest income from Nan Hai of approximately HK\$53.4

LETTER FROM FIRST SHANGHAI

million for the second half of 2015. On an annualised basis, the Group would receive interest income of approximately HK\$105.4 million, if the Outstanding Principal would not be repaid for a full financial year.

Working capital

Based on the annual report of the Company for the year ended 31 December 2014 (the “**Annual Report**”), the Group had current assets and current liabilities of approximately HK\$283.9 million and HK\$774.9 million, respectively, as at 31 December 2014. These represent a net current liability position and current ratio of approximately HK\$491.0 million and 36.7% (which is calculated as total current assets divided by total current liabilities of the Group), respectively.

Based on our discussion with and understanding from the Management, the Group currently anticipates that it would not have material funding requirements in the coming two years; and it has compromised with Nan Hai to request for any possible partial repayment from time to time within the period from 30 June 2015 to 29 June 2017 if the Group has unpredictable immediate funding needs. We further noted from the Annual Report that the Group had net cash generated from operating activities of approximately HK\$112.5 million and HK\$34.3 million for the two years ended 31 December 2013 and 2014 respectively while the interest accrued on the Outstanding Principal amount up to 29 June 2015 of approximately HK\$197.6 million will be repaid to the Group by Nan Hai by 29 June 2015, so it is expected that the net current liability position as at 31 December 2014 would not be significantly deteriorated. As mentioned in the Circular, the Directors are of the opinion that the Group will have sufficient working capital to satisfy its present requirements and the requirements in the next 12 months. On such basis, we are of the view that the extension of the Outstanding Principal would have no material adverse impact on the working capital position of the Group.

We noted from the Annual Report that the Group’s net current liabilities of approximately HK\$491.0 million have mainly been financed by banking facilities and borrowings with floating rates of 7.2% per annum and fixed rates ranging from 2.4% to 7.8% per annum, which implied weighted average cost of financing of the Group at approximately 6.7% per annum as at 31 December 2014. Based on our discussion with the Management, the Group has forecasted that full repayment of the Outstanding Principal by Nan Hai to the extent of approximately HK\$1,317.1 million would substantially remain as idle fund of the Group, so that it might have lost the opportunity of gaining a satisfactory amount of interest income at the revised interest rate of 8.0% per annum.

Given the fact that an interest rate of 8.0% per annum will be accrued on the Outstanding Principal (or any part thereof) remaining unpaid, which is higher than the weighted average cost of financing of the Company at approximately 6.7% per annum, we are of the view that the extension of the Outstanding Principal and the

LETTER FROM FIRST SHANGHAI

terms of the Fourth Supplemental Agreement are fair and reasonable, in the interests of the Company and the Shareholders as a whole and insofar as the Independent Shareholders are concerned.

Net asset value

According to the Annual Report, the audited consolidated net asset value (excluding minority interests) of the Group was approximately HK\$1,708.9 million as at 31 December 2014, which will remain unchanged immediately following the extension of the Outstanding Principal is provided.

Gearing

Based on the Annual Report, the Group had interest-bearing bank borrowings and finance lease liabilities of approximately HK\$314.7 million in aggregate, representing a gearing position of approximately 18.4% (which is calculated as the aggregate of interest-bearing borrowings and finance lease liabilities divided by net asset value of the Group) as at 31 December 2014, which can be regarded as a healthy level and will remain unchanged immediately following the extension of the Outstanding Principal is provided. Should any accrued interest, if any, be recognised for whole or part of the unpaid portion of the Outstanding Principal, the Group's net asset value will increase as a result of the relevant interest income to be recognised and in turn, its gearing position would be improved.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the entering into of the Fourth Supplemental Agreement, though not being conducted in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole, and that the terms of the Fourth Supplemental Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Director to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the GM to approve the Fourth Supplemental Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Fanny Lee

Nicholas Cheng

Managing Director

Director

Note:

Ms. Fanny Lee and Mr. Nicholas Cheng have been the Responsible Officers of Type 6 (advising on corporate finance) regulated activity under the SFO and have many years of experience in corporate finance industry. Both of them have participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the provision of corporate IT application services in the PRC. During the year of 2014, the turnover of the Group was approximately HK\$784.8 million, representing a growth of approximately 14.8% by comparing with the turnover for the year of 2013. However, net loss attributable to the owners of the Company was approximately HK\$115.4 million for the year of 2014, representing an increase in loss by comparing with the loss of approximately HK\$28.8 million for the year of 2013. Increase in loss was mainly due to the following reasons:

Firstly, resulting from the unexpected rapid development of information technology and the Internet, the market advantage of certain products of the Group diminished substantially, so products had to be changed and upgraded speedy for maintaining its market position. Accordingly, the Group's R&D expenses were increased substantially in 2014, and a considerable amount of amortization on intangible assets was made for those technological out-dated products.

Secondly, a company controlled by and whose performance was consolidated into the Group as if a subsidiary of the Group, conducted its reform in its operating system during the year of 2014. As a result, costs increased in the short term.

Thirdly, the Group's main target customer group is SMEs in the PRC. Given the environment of economic slowdown in China, enterprises' IT investment remained conservative. As a result, the Group's overall revenue experienced limitation on growth.

Fourthly, increase investment in the R&D of new products and platform renovation. The Group launched various products catering demands and characteristics of the industry in respect of the development of its self-developed e-commerce platform and application services. The products were still in the introduction stage of the product life cycle, their results have yet been realized.

Notwithstanding the growth rate of economy in the PRC started to slow down in 2014, economic growth in the PRC is expected to rely more on innovation, service and domestic consumption. In light of national policies encouraging entrepreneurship and healthy development of small-scale enterprises; and the commercialization of 4G, continuous development of e-commerce and rapid development of mobile Internet which, in turn, push SMEs forward to increase in demand for e-commerce applications, new opportunities for business development of the Group is expected.

Despite the Group had a substantial increase in loss in 2014, a large portion of such loss was attributable to amortization. Looking forward in 2015, with respect to corporate IT application services, the continuous rapid development of new technology such as big data, cloud computing, mobile Internet and 4G etc. will further facilitate the development and maturation of the information technology market, which in turn will bring new business opportunities to the Group. In 2015, the Group will speed up the R&D of new products in

corporate IT application services with a view to achieve sustainable development of corporate IT application services and upgrading of models, thereby strengthening and enhancing the presence and influence of the Group in the market of corporate IT application services. In addition, the Group will continue to optimize its internal governance and improve operating efficiency.

2. INDEBTEDNESS

Borrowings, secured

As at 31 March 2015, the Group's borrowings were repayable as follows:

	As at 31 March 2015 HK\$'000
Within one year	
— Bank borrowings, secured and guaranteed	313,390
— Finance lease liabilities	<u>405</u>
	313,795
More than one year	
— Finance lease liabilities	<u>674</u>
	<u><u>314,469</u></u>

Security and guarantees

At the close of business on 31 March 2015, the Group's bank borrowings were secured by way of charge over the following assets:

	As at 31 March 2015 HK\$'000
Property, plant and equipment	602,307
Intangible assets	4,181
Prepaid land lease payments under operating leases	<u>26,164</u>
	<u><u>632,652</u></u>

In addition, the Group's bank borrowings were secured by guarantees given by certain directors of the Company and a director of certain subsidiaries.

At the close of business on 31 March 2015, the Group's finance leases liabilities were secured by the underlying assets where the lessors have the rights to revert in event of default.

Contingent liabilities

Guarantees were given in connection with credit facilities granted to:

	As at 31 March 2015 HK\$'000
An associate (<i>note</i>)	17,320
Third parties (<i>note</i>)	<u>38,526</u>
	<u><u>55,846</u></u>

Note: There have been no material developments in pending litigation against BDO Unibank Inc. (formerly known as Banco de Oro-EPCI Inc. and Equitable PCI Bank Inc.) ("BDO Bank"), a Filipino bank, and Waterfront Philippines Inc. ("Waterfront"), a Filipino company, as disclosed in the Group's annual audited financial statements for the year ended 31 December 2014. Due to the pending litigation, the Group cannot ascertain the fair value of the guarantee in respect of the loan made available by BDO Bank to the Company's associate.

Up to the Latest Practicable Date, information of the outstanding balance of the indebtedness of the ICBC Loan (as defined in the Company's 2014 annual report) ("ICBC Indebtedness") disclosed in the Group's annual audited financial statements for the year ended 31 December 2014 for ascertaining the fair value of the guarantee for ICBC Indebtedness has yet been available.

Except for the above, the Group has some litigations as at 31 March 2015 which the Group considered that it would not incur a material outflow of resources as a result of these litigations. For details, please refer to point 7 of Appendix II of this circular.

Saved as aforesaid and apart from intra-group liabilities and normal accounts payable, the Group did not have any outstanding indebtedness in respect of any mortgages, charges or debentures, loan capital, bank loans and overdrafts, loans debt securities or other similar indebtedness, or hire purchase commitments, finance lease commitments, guarantees or other material contingent liabilities as at the close of business on 31 March 2015.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources available to the Group (including its internally generated funds and banking facilities), the Group after completion of the transactions contemplated under the Fourth Supplemental Agreement, will have sufficient working capital to satisfy its present requirements and the requirements in the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGES

The Directors are not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

The Company

Long position in Shares in issue

Name of Director	Number of Shares			Total interest	Approximately percentage holding
	Personal interest	Corporate interest	Family interest		
Yu Pun Hoi ("Mr. Yu")	—	12,515,795,316 (Note 1)	—	12,515,795,316	62.85%
Fung Wing Lap	10,000	—	—	10,000	0.00005%

Note 1:

Mr. Yu by means of his corporate interest controls the exercise of more than one-third of the voting power at general meetings of Nan Hai. These 12,515,795,316 Shares were collectively held by Goalrise Investments Limited, View Power Investments Limited and Wise Advance Investments Limited, all of which are wholly-owned subsidiaries of Nan Hai. As such, Mr. Yu was taken to be interested in these Shares for the purposes of Part XV of the SFO.

Associated Corporations

As disclosed above, Mr. Yu is entitled to control the exercise of more than one-third of the voting power at general meetings of Nan Hai. As such, Mr. Yu is taken to be interested in the shares of the associated corporations of the Company within the meaning of Part XV of the SFO. Nan Hai is a company the shares of which are listed on the Stock Exchange, and is an associated corporation of the Company within the meaning of Part XV of the SFO. As at the Latest Practicable Date, the interests of the Directors in shares and underlying shares of Nan Hai were as follows:

*Nan Hai**Long position in shares in issue*

Name of Director	Number of shares of HK\$0.01 each				Approximately percentage holding
	Personal interest	Corporate interest	Family interest	Total interest	
Mr. Yu	—	36,096,430,679 (Note 1)	—	36,096,430,679	52.58%
Chen Dan	32,000,000	—	—	32,000,000	0.05%
Wang Gang	8,500,000	—	—	8,500,000	0.01%
Fung Wing Lap	15,756	—	—	15,756	0.00002%

Notes:

1. These 36,096,430,679 shares were collectively held by Rosewood Assets Ltd., Pippen Limited, Staverley Assets Limited and First Best Assets Limited, companies indirectly wholly owned by Mr. Yu through Dadi Holdings Limited, a company wholly owned by Mr. Yu.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the directors nor chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under the provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

The Company

Name of person holding as interest in Shares which has been disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO	Nature of interest	Number of Shares in issue subject to long position	Approximate percentage of issued share capital of the Company	<i>Note</i>
CITIC Capital Holdings Limited	Corporate interest	10,200,000,000	51.22%	1
CITIC Capital Credit Limited	Security interest	10,200,000,000	51.22%	1
Nan Hai	Corporate interest	12,515,795,316	62.85%	

Note:

1. CITIC Capital Credit Limited is a wholly-owned subsidiary of CITIC Capital Holdings Limited. CITIC Capital Holdings Limited was taken to be interested in those shares in which CITIC Capital Credit Limited held a security interest.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director of the Company, no person had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

3. MATERIAL CONTRACTS

Save for the Fourth Supplemental Agreement, no contract, not being contracts in the ordinary course of business of the Company or any of its subsidiaries, has been entered into by the members of the Group within the two (2) years immediately preceding the Latest Practicable Date.

4. SERVICE CONTRACTS

None of the Directors had entered into any service and proposed service contracts with the Company or any other member of the Group (excluding contracts expiring or determinable by the employer within one (1) year without payment of compensation (other than statutory compensation)) as at the Latest Practicable Date.

5. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

6. EXPERT QUALIFICATIONS AND CONSENT

The following is the qualifications of the expert who has given opinion or advice contained in this circular:

Name	Qualifications
First Shanghai	a licensed corporation registered under the SFO to carry out type 6 (advising on corporate finance) regulated activity

First Shanghai is not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

First Shanghai has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appear.

As at the Latest Practicable Date, First Shanghai (a) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up; and (b) did not have any shareholding interest in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, apart from the following matters, no litigation or claim of material importance is known to be pending or threatened by or against the companies in the Group:

- (a) In respect of the purported sale of the 74,889,892 shares (“Philippines Shares”) of Acesite (Philippines) Hotel Corporation Inc. (“Acesite Phils.”), which were mortgaged by Acesite Limited (“Acesite”), by BDO Bank to Waterfront in February 2003, Acesite, a former subsidiary of the Company; Evallon Investment Limited, a wholly-owned subsidiary of the Company; Mr. Yu, the chairman and executive director of both the Company and Nan Hai, the holding company of the Company; and South Port Development Limited, a former wholly-owned subsidiary of the Company as first, second, third and fourth plaintiff respectively issued a claim against BDO Bank and Waterfront, on the grounds that the purported sale of the

Philippines Shares was unlawful as such sale was in breach of the terms of the mortgage; in breach of a compromise agreement reached in January 2003; and in other breaches, for damages; further or other relief; interest and costs and etc., in February 2006 under High Court Number of HCCL 5 of 2006 (“Case”). The Case is still in progress and no date has been fixed for trial.

- (b) Dadi Media Limited (“Dadi Media”), a wholly-owned subsidiary of the Company as plaintiff, issued a claim against two minority shareholders of CE Dongli Technology Group Company Limited (now known as 數碼慧谷置業管理股份有限公司), a subsidiary of the Company, for the sum of HK\$27,750,498 together with interest thereon and costs in May 2004 under High Court Number of HCA1130 of 2004. The two defendants filed a defence and counterclaim in June 2004 and then an amended defence and counterclaim in September 2004. The counterclaim was further amended and re-amended. In December 2004, the two defendants issued a claim against China Enterprise ASP Limited (“CE ASP”), a wholly-owned subsidiary of Dadi Media under High Court Number HCA2892 of 2004, for (1) the sum of HK\$806,250; (2) an award of compensation pursuant to section 32P of the Employment Ordinance; (3) the sum of HK\$13,000; and (4) interest and costs. CE ASP filed a defence in March 2005. These two cases are still in progress and no trial date has been fixed.

The Group considered that the above litigations would not have material financial and operational impact, therefore, no provision has been made.

8. GENERAL

- (a) As at the Latest Practicable Date, every Director was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group, which was subsisting at the date of this circular.
- (c) The company secretary of the Company is Mr. Watt Ka Po James, who is a fellow member of Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators.
- (d) The registered office of the Company is 26th Floor, Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong.
- (e) The share registrar of the Company is Tricor Abacus Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (f) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text for the purpose of interpretation.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company, at 26th Floor, Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong, during normal business hours (other than Saturday) from the date of this circular up to and including the date of the GM:

- (a) the Loan Agreement;
- (b) the First Supplemental Agreement;
- (c) the Second Supplemental Agreement;
- (d) the Third Supplemental Agreement;
- (e) the Fourth Supplemental Agreement;
- (f) the articles of association of the Company;
- (g) the annual reports of the Company for each of the two years ended 31 December 2013 and 2014;
- (h) the letter of consent from First Shanghai referred to in the section headed “Expert Qualifications and Consent” in this appendix;
- (i) the valuation reports of “The Peninsula” and “Free Man Garden” referred to in the section headed “Information on Nan Hai Development” in the “Letter from the Board”; and
- (j) this circular.



SINO-i TECHNOLOGY LIMITED

中國數碼信息有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 250)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the general meeting (the “GM”) of Sino-i Technology Limited (the “Company”) will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 June 2015 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the terms of the fourth supplemental agreement dated 30 April 2015 (“Fourth Supplemental Agreement”) entered into between Nan Hai Corporation Limited (“Nan Hai”) as borrower and the Company as lender in relation to the extension of repayment period of the outstanding principal amount of approximately HK\$1,317,149,000 for two (2) years from 30 June 2015 to 29 June 2017 pursuant to the Fourth Supplemental Agreement (a copy of which has been produced to this meeting marked “A” and initialed by the chairman of the GM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company be and are hereby authorized to do all such acts and things and execute further documents which in their opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the Fourth Supplemental Agreement and the transactions contemplated thereunder.”

By order of the Board
Sino-i Technology Limited
Watt Ka Po James
Company Secretary

Hong Kong, 18 May 2015

NOTICE OF THE GM

Notes:

1. Any shareholder of the Company entitled to attend and vote at the GM is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf in accordance with the articles of association of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the share registrar of the Company, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the GM or any adjournment thereof.
3. Where there are joint registered holders of any share(s) of the Company, any one of such joint holders may attend and vote at the GM, either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the GM or any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the name stands in the register of members of the Company in respect of the joint holding.
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the GM or any adjournment thereof if he/she so desires. If a shareholder of the Company attends the GM after having deposited the form of proxy, his/her form of proxy will be deemed to have been revoked.
5. Voting of the ordinary resolution as set out in this notice will be by poll.
6. As at the date of this notice, the directors of the Company are:

Executive directors:

Mr. Yu Pun Hoi
Ms. Chen Dan
Ms. Liu Rong

Non-executive directors:

Mr. Wang Gang
Mr. Lam Bing Kwan

Independent non-executive directors:

Prof. Jiang Ping
Mr. Hu Bin
Mr. Fung Wing Lap