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**HNA Technology Investments Holdings Limited**  
**海航科技投資控股有限公司**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2086)**

**CONTINUING CONNECTED TRANSACTION  
RELATING TO PROVISION OF ADVISORY SERVICES**

**MANDATE**

The Board is pleased to announce that on 2 November 2017, HNA Technology and HNA Tech Group entered into the Mandate, pursuant to which HNA Technology was appointed as a consultant to HNA Tech Group in connection with the provision of advisory services relating to the projects specified in the Mandate.

**LISTING RULES IMPLICATION**

As at the date of this announcement, the Company is held as to 75% by HNA EcoTech Pioneer Acquisition, which is an indirect subsidiary of HNA Group, and HNA Tech Group is a subsidiary of HNA Group.

Accordingly, HNA Tech Group is a connected person of the Company and the entering into of the Mandate constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the proposed annual caps in relation to the advisory services provided by HNA Technology under the Mandate for the three years ending 31 December 2019 exceed 5%, the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019 are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) information on the Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019; (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019; and (iv) the notice convening the EGM is expected to be despatched to the Shareholders on or before 23 November 2017.

## **INTRODUCTION**

The Board is pleased to announce that on 2 November 2017, HNA Technology and HNA Tech Group entered into the Mandate, pursuant to which HNA Technology was appointed as a consultant to HNA Tech Group in connection with the provision of advisory services relating to the projects specified in the Mandate.

## **THE MANDATE**

The principal terms of the Mandate are set out below:

**Date of the Mandate**            2 November 2017

**Parties:**                            (1) HNA Technology; and  
  (2) HNA Tech Group

## **Scope of Services**

Under the Mandate, HNA Technology is appointed by HNA Tech Group as a consultant to provide the following services:

- (1) to deliver a consultancy report in relation to the business plan of the HNA Tech Group Affiliate (including introduction of appropriate projects to the HNA Tech Group Affiliate) and identify and help resolve any significant issues in relation to the business plan, to deliver a business due diligence report to HNA Tech Group in relation to appropriate target of the HNA Tech Group Affiliate, to prepare introduction materials for potential target of the HNA Tech Group Affiliate and to discuss and brief the management of HNA Tech Group on the reports as well as HNA Technology's advice and to answer their questions relating thereto;
- (2) to deliver a consultancy report in relation to the expansion and development of the e-commerce business of HNA Tech Group and identify and help resolve any significant issues in relation to expansion and development of the e-commerce business, to deliver a business due diligence report of potential target under the e-commerce business of HNA Tech Group, to prepare introduction materials in relation to the e-commerce business of HNA Tech Group and to discuss and brief the management of HNA Tech Group on the reports as well as HNA Technology's advice and to answer their questions relating thereto; and
- (3) other advisory services which HNA Technology and HNA Tech Group consider necessary or in the view of HNA Technology are reasonably requested by HNA Tech Group.

## **Term**

The term of the Mandate commences from 2 November 2017 and ends on 31 December 2019. Either party may terminate the Mandate by giving the other a fifteen days' prior written notice.

## **Consideration and payment terms**

Pursuant to the Mandate, HNA Tech Group shall pay HNA Technology a lump sum service fee of HK\$10,000,000 and HK\$6,000,000 for the services provided by HNA Technology under items (1) and (2) in the subsection headed "Scope of Services" above, respectively.

The consideration payable for the advisory services was determined after arm's length negotiations with reference to the market price of similar advisory services and the amount of work to be performed by HNA Technology under the Mandate.

The advisory fee shall be paid by HNA Tech Group to HNA Technology in the following manner:

- (1) in relation to the services provided by HNA Technology under item (1) in the subsection headed “Scope of Services” above, 30% of the lump sum service fee of HK\$10,000,000 shall be payable upon the signing of the Mandate and the remaining balance, out-of-pocket expenses, third party disbursements and/or additional fee shall be payable upon delivery and acceptance by HNA Tech Group of the consultancy report in relation to the business plan of the HNA Tech Group Affiliate and the business due diligence report to HNA Tech Group in relation to appropriate target of the HNA Tech Group Affiliate; and
- (2) in relation to the services provided by HNA Technology under item (2) in the subsection headed “Scope of Services” above, 30% of the lump sum service fee of HK\$6,000,000 will be payable upon the signing of the Mandate and the remaining balance, out-of-pocket expenses, third party disbursements and/or additional fee shall be payable upon delivery and acceptance by HNA Tech Group of the consultancy report in relation to the expansion and development of the e-commerce business of HNA Tech Group and the business due diligence report of potential target under the e-commerce business of HNA Tech Group.

HNA Technology will refund the lump sum fees received by it to HNA Tech Group if the conditions under the subsection headed “Conditions” below are not fulfilled.

## **CONDITIONS**

The provision of advisory services by HNA Technology under the Mandate will take effect upon the following conditions are fulfilled:

- (1) the passing of resolution(s) by the Shareholders other than those who are required to abstain under the Listing Rules from voting at the EGM for the resolution(s) approving the Mandate and the transactions contemplated hereunder, if applicable; and
- (2) HNA Technology obtaining all necessary written consents, licences and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the Mandate, if applicable.

## **PROPOSED ANNUAL CAPS FOR THE ADVISORY SERVICES**

Pursuant to the Mandate, the annual caps for the fees payable by HNA Tech Group to HNA Technology under the Mandate is HK\$18,000,000, HK\$50,000,000 and HK\$50,000,000 for each of three years ending 31 December 2017, 2018 and 2019, respectively.

The proposed annual caps were determined after considering, including but not limited to, the estimated usage of advisory services provided by HNA Technology and a buffer for any possible additional services that may be required by HNA Tech Group.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in development, sales and distribution of smart card products, both hardware and software, provision of smart card related services and investment in and asset management of technology related business.

## **INFORMATION OF HNA TECH GROUP**

To the best of the knowledge of the Board, based on the publicly available information, the business scope of HNA Tech Group is the development, transfer, consulting and provision of service of the technology for computer technology, information technology and electronic technology, integration of computer system and software development, website design and production, sales of computer hardware and software and daily consumables, import and export of goods and technology, business information consulting, logistics agency for goods, storage and loading services (excluding dangerous goods).

## **REASONS FOR THE TRANSACTION**

On 1 August 2017, the Company announced that the Group would like to develop and engage in the business of investment in and asset management of technology related business. The Company has been taking steps to expand into this new business, including recruiting qualified staff and applying for necessary licences. The entering into the Mandate enable the Group to expand into the business of advisory services, prepare the Group for further expansion into investment and asset management business and enable the Group to broaden its business portfolio and diversify its income source.

The Directors (excluding the independent non-executive Directors who will provide their advice after having received the advice from Gram Capital) are of the view that the Mandate was entered into in the ordinary and usual course of business of the Group and the terms contained therein (including the proposed annual cap for the three years ending 31 December 2019) are normal commercial terms and the Mandate are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company is held as to 75% by HNA EcoTech Pioneer Acquisition, which is an indirect subsidiary of HNA Group, and HNA Tech Group is a subsidiary of HNA Group.

Accordingly, HNA Tech Group is a connected person of the Company and the entering into of the Mandate constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the proposed annual caps in relation to the advisory services provided by HNA Technology under the Mandate for the three years ending 31 December 2019 exceed 5%, the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019 are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019.

Since HNA Tech Group is a connected person of the Company and is interested in the Mandate, (i) Mr. Tong Fu, Mr. Wang Hao and Mr. Zhang Tao, due to their roles and positions in HNA Tech Group and/or its holding companies, did not form part of the quorum of the Board meeting and did not vote on the Board resolution(s) in relation to the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019; and (ii) HNA EcoTech Pioneer Acquisition and its associates shall abstain from voting at the EGM in respect of the resolution(s) approving the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019.

Save as disclosed above, as at the date of this announcement, (i) no other Director has a material interest in the Mandate which requires any of them to abstain from voting on the Board resolution(s) in relation to the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019; and (ii) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) approving the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Guo Dan and Ms. Kaung Cheng Xi Dawn, has been established to advise the Independent Shareholders in relation to the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) information on the Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019; (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019; and (iv) the notice convening the EGM is expected to be despatched to the Shareholders on or before 23 November 2017.

## DEFINITIONS

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

“associate(s)”	have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	HNA Technology Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2086)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the terms of the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019 in relation to the advisory services provided by HNA Technology under the Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HNA Group”	HNA Group Co., Ltd.* (海航集團有限公司), a limited liability company established in the PRC and an indirect controlling shareholder of the Company
“HNA Tech Group”	HNA Technology Group Co., Ltd.* (海航科技集團有限公司), a limited liability company established in the PRC and a subsidiary of HNA Group
“HNA Tech Group Affiliate”	any affiliates of HNA Tech Group as may be designated by HNA Tech Group
“HNA Technology”	HNA Technology Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

\* For identification purposes only



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Guo Dan and Ms. Kaung Cheng Xi Dawn, which has been established to make recommendations to the Independent Shareholders in respect of the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019
“Independent Shareholders”	Shareholders who are not required to abstain under the Listing Rules from voting at the EGM for the resolution(s) approving the Mandate and the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate”	the mandate dated 2 November 2017 entered into between HNA Technology and HNA Tech Group relating to the appointment of HNA Technology as a consultant to HNA Tech Group in connection with the provision of advisory services relating to the projects specified in the Mandate by HNA Technology
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company



“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board of  
**HNA Technology Investments Holdings Limited**  
**Peng Fang**  
*Executive Director*

Hong Kong, 2 November 2017

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Tong Fu, Mr. Wang Hao, Mr. Peng Fang, Mr. Zhang Tao and Mr. Wong Chi Ho, and two independent non-executive Directors, namely Mr. Guo Dan and Ms. Kaung Cheng Xi Dawn.*