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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)

CLARIFICATION ANNOUNCEMENT REVISED ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008 AND RESUMPTION OF TRADING

CLARIFICATION OF THE ANNOUNCEMENT

Reference is made to the announcement of the Company dated 17 April 2009 in relation to the Final Results for the year ended 31 December 2008 (the "Announcement"). Capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement, unless otherwise stated therein.

The board of the directors of the Company (the "Board") would like to clarify that an interest receivable of HK\$131,967,000 from Nan Hai Corporation Limited ("Nan Hai"), the listed ultimate holding company of the Group, for the year ended 31 December 2008 was omitted in the Announcement. Interest income of HK\$131,967,000 is derived from the payment term under the agreement ("Agreement") entered into between the Company as a vendor and Nan Hai as a purchaser on 13 November 2007 in respect of the sale and purchase of 51% issued share capital of Listar Properties Limited ("Listar") and the inter-company loan of Listar due to the Group. As per the payment term under the Agreement, the total consideration of HK\$1,645,530,000 to be satisfied in cash within 18 months upon completion or any other date to be mutually agreed by the parties thereof together with an interest of 8% per annum accrued on the total consideration remains unpaid following the completion. As the completion was taken place on 31 December 2007, there was no interest effect on the Group for the year ended 31 December 2007. The omission of interest income in the final results of the Group for the year ended 31 December 2008 was accidentally oversight by the Company.

Resulting from the omission of interest income, the corresponding income tax expense was omitted, the losses shared to the minority interests were overstated, and other relevant figures in the Consolidated Income Statement and Consolidated Balance Sheet shall be revised accordingly.

In order to ensure no such omission will happen in the future, the Company will enhance internal training of its accounting staff, and will work closely with both its audit committee and the auditors.

The correct figures of the loss of the Group for the year 2008 should be HK\$91,266,000 instead of HK\$206,778,000.

Adjustments in the related items and figures between the Announcement and this Revised Announcement are summarized as follows:–

Consolidated Income Statement

Items	Announcement <i>HK\$'000</i>	Revised Announcement <i>HK\$'000</i>
Other operating income	19,753	151,720
Income tax credit/(expense)	9,913	(6,542)
Loss for the year	(206,778)	(91,266)
Loss attributable to equity holders of the Company	(190,316)	(76,537)
Loss attributable to minority interests	(16,462)	(14,729)
Basic and diluted loss per share from continuing operations	HK cents (1.19)	HK cents (0.62)
Basic and diluted loss per share	HK cents (0.95)	HK cents (0.38)

Consolidated Balance Sheet

Items	Announcement <i>HK\$'000</i>	Revised Announcement <i>HK\$'000</i>
Amount due from ultimate holding company	1,563,384	1,695,351
Provision for tax	28,995	45,450
Reserves	1,904,655	2,018,434
Equity attributable to the Company's equity holders	2,142,994	2,256,773
Minority interests	64,801	66,534
Net assets/Total equity	2,207,795	2,323,307

Save and except for the above, the Directors confirm that the contents of the Announcement are accurate.

The following revised result announcement has incorporated all of the above adjustments:

RESULTS

The directors of Sino-i Technology Limited (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Continuing operations:			
Revenue/Turnover	3(a)	439,032	666,109
Cost of sales and services provided		(140,923)	(126,307)
Gross profit		298,109	539,802
Other operating income	3(b)	151,720	6,069
Gain on disposal and dissolution of subsidiaries	9	20,181	–
Gain arising on acquisition of additional interests in subsidiaries		9,991	30,292
Impairment loss on goodwill		(17,000)	–
Selling and marketing expenses		(244,164)	(215,407)
Administrative expenses		(229,086)	(195,153)
Other operating expenses		(115,203)	(90,171)
Finance costs	5	(6,257)	(13,690)
(Loss)/Profit before income tax	6	(131,709)	61,742
Income tax expense	7	(6,542)	(5,729)
(Loss)/Profit for the year from continuing operations		(138,251)	56,013
Discontinued operation:			
Profit for the year from discontinued operation	8	46,985	636,752
(Loss)/Profit for the year		(91,266)	692,765
Attributable to:			
Equity holders of the Company		(76,537)	689,800
Minority interests		(14,729)	2,965
(Loss)/Profit for the year		(91,266)	692,765
		HK cents	HK cents
(Loss)/Earnings per share for (loss)/profit from continuing operations attributable to the equity holders of the Company during the year 10			
– Basic		(0.62)	0.25
– Diluted		(0.62)	0.25
Earnings per share for profit from discontinued operation attributable to the equity holders of the Company during the year			
– Basic		0.24	3.21
– Diluted		0.24	3.21
(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year			
– Basic		(0.38)	3.46
– Diluted		(0.38)	3.46

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		127,547	132,585
Investment property		12,015	–
Prepaid land lease payments under operating leases		57,408	55,212
Interest in an associate		–	–
Available-for-sale financial assets		324	324
Goodwill		81,789	57,524
Deposits		141,650	58,989
Other intangible assets		76,451	98,020
		497,184	402,654
Current assets			
Inventories		–	318,267
Financial assets at fair value through profit or loss		2,195	2,763
Trade receivables	11	26,441	86,041
Deposits, prepayments and other receivables		299,636	287,667
Amount due from ultimate holding company		1,695,351	1,640,830
Cash and cash equivalents		103,692	58,321
		2,127,315	2,393,889
Current liabilities			
Trade payables	12	27,804	24,292
Other payables and accruals		86,020	113,816
Deferred revenue		54,731	50,261
Provision for tax		45,450	28,145
Amount due to a director		6,157	40,863
Amounts due to shareholders		5,006	5,006
Amount due to a minority shareholder		12,000	12,000
Amount due to an associate		5,507	5,507
Bank borrowings, secured		27,935	10,892
		270,610	290,782
Net current assets		1,856,705	2,103,107
Total assets less current liabilities		2,353,889	2,505,761
Non-current liabilities			
Bank borrowings, secured		30,582	55,099
		30,582	55,099
Net assets		2,323,307	2,450,662
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	13	199,145	199,145
Share premium		39,194	39,194
Reserves		2,018,434	2,122,967
		2,256,773	2,361,306
Minority interests		66,534	89,356
Total equity		2,323,307	2,450,662

Notes:

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and its principal place of business is 39th Floor, New World Tower I, 16-18 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Group are principally engaged in corporate IT application services, financial information services and distance learning education services.

The ultimate parent company of the Group is Nan Hai Corporation Limited ("Nan Hai"), a company incorporated and domiciled in Bermuda and its shares are listed on the Hong Kong Stock Exchange.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Impact of new and amended HKFRSs which are effective during the year

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2008:

HK (IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets

The new HKFRSs had no material effect on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

2.2 Impact of new and amended HKFRSs which are issued but not yet effective

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39 (Amendment)	Eligible Hedged Items ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ²
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ¹
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement – Embedded Derivatives ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ²
HK(IFRIC) – Int 18	Transfers of Assets from Customers ²
Various	Annual Improvements to HKFRSs 2008 ⁶

Notes:

- ¹ Effective for annual periods beginning on or after 1 January 2009
- ² Effective for annual periods beginning on or after 1 July 2009
- ³ Effective for annual periods beginning on or after 1 July 2008
- ⁴ Effective for annual periods beginning on or after 1 October 2008
- ⁵ Effective for annual periods ending on or after 30 June 2009
- ⁶ Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncements.

Among these new standards and interpretations, HKAS 1(Revised) Presentation of Financial Statements is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 Operating Segments may result in new or amended disclosures. The directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors are currently assessing the impact of other new and amended HKFRSs upon initial application but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

3. REVENUE/TURNOVER AND OTHER OPERATING INCOME

(a) The Group's turnover represents revenue from:

	2008	2007
	HK\$'000	HK\$'000
<i>Continuing operations</i>		
Corporate IT application services	394,323	628,064
Financial information services	22,549	21,647
Royalty income	–	137
Distance learning education services	7,171	7,095
Culture and media services	14,989	9,166
	439,032	666,109

(b) Other operating income:

	2008	2007
	HK\$'000	HK\$'000
<i>Continuing operations</i>		
Bank interest income	662	394
Other interest income	141,499	–
Net fair value gain on financial assets at fair value through profit or loss	–	2,046
Rental income	4,483	–
Government grants	2,242	372
Sundry income	2,834	3,257
	151,720	6,069
<i>Discontinued operation</i>		
Sundry income	–	199
	–	199

Government grants have been received from the PRC governmental bodies in the form of the subsidies to the design, research and development of new products by certain subsidiaries of the Group. The purpose of the subsidy is to encourage innovation by granting financial assistance to commercial entities whose research and development projects meet certain criteria. There are no unfulfilled conditions or contingencies attaching to these grants.

The Group's property development business was discontinued with effect from 20 March 2008. Accordingly, it was treated as discontinued operation in current and in last year.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (a) on a primary segment reporting basis, by business segments; and (b) on a secondary segment reporting basis, by geographical segments.

Summary details of the business segments are as follows:

- (a) Financial information services
- (b) Corporate IT application services
- (c) Property development
- (d) Distance learning education services
- (e) Other segments include trading of securities and culture and media services

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the locations of the customers, and assets are attributed to the segments based on the locations of the assets.

The Group's inter-segment sales during the year were related to the provision of corporate IT application services and distance learning education services. Inter-segment revenue is determined by directors and is based on pricing policies similar to those contracted with independent third parties, where applicable.

(a) Business segments**2008**

	Continuing operations					Discontinued operation		Consolidated HK\$'000
	Financial information services HK\$'000	Corporate IT application services HK\$'000	Distance learning education services HK\$'000	Other segments HK\$'000	Elimination HK\$'000	Property Total development HK\$'000		
Segment revenue								
– Sales to external customers	22,549	394,323	7,171	14,989	–	439,032	–	439,032
– Inter-segment sales	–	33,704	2,415	–	(36,119)	–	–	–
	22,549	428,027	9,586	14,989	(36,119)	439,032	–	439,032
Segment results	(37,942)	(193,917)	(1,744)	(5,898)	(33,704)	(273,205)	(16)	(273,221)
Bank interest income								662
Other interest income								141,499
Gain on disposal and dissolution of subsidiaries								67,182
Gain arising on acquisition of additional interests in subsidiaries								9,991
Unallocated corporate expenses								(24,580)
Finance costs								(6,257)
Loss before income tax								(84,724)
Income tax expense								(6,542)
Loss for the year								(91,266)
Segment assets	7,770	677,424	5,732	1,876	–	692,802	–	692,802
Unallocated assets								1,931,697
Total assets								2,624,499
Segment liabilities	(21,683)	(131,974)	(2,172)	(6)	–	(155,835)	–	(155,835)
Unallocated liabilities								(145,357)
Total liabilities								(301,192)
Other information								
Capital expenditure	111	40,991	12	738	–	41,852	–	41,852
Depreciation and amortisation	799	66,330	402	391	–	67,922	–	67,922
Impairment loss on goodwill	–	17,000	–	–	–	17,000	–	17,000
Other non-cash expenses	404	14,879	358	4,039	–	19,680	–	19,680

2007

	Continuing operations					Discontinued operation		Consolidated HK\$'000
	Financial information services HK\$'000	Corporate IT application services HK\$'000	Distance learning education services HK\$'000	Other segments HK\$'000	Elimination HK\$'000	Total HK\$'000	Property development HK\$'000	
Segment revenue								
- Sales to external customers	21,647	628,064	7,095	9,303	-	666,109	-	666,109
- Inter-segment sales	15,485	-	9,859	-	(25,344)	-	-	-
	37,132	628,064	16,954	9,303	(25,344)	666,109	-	666,109
Segment results	(17,290)	111,930	(1,659)	(6,627)	(15,485)	70,869	(3,928)	66,941
Bank interest income								394
Gain on disposal of subsidiaries								640,820
Gain arising on acquisition of additional interests in subsidiaries								30,292
Unallocated corporate expenses								(26,224)
Finance costs								(13,729)
Profit before income tax								698,494
Income tax expense								(5,729)
Profit for the year								692,765
Segment assets	8,311	601,762	11,974	25,888	-	647,935	318,808	966,743
Unallocated assets								1,829,800
Total assets								2,796,543
Segment liabilities	(17,336)	(90,306)	(2,323)	(23,002)	-	(132,967)	(8,583)	(141,550)
Unallocated liabilities								(204,331)
Total liabilities								(345,881)
Other information								
Capital expenditure	1,525	194,145	281	2,391	-	198,342	740	199,082
Depreciation and amortisation	747	42,821	401	682	-	44,651	-	44,651
Other non-cash expenses	1,259	15,550	852	6,527	-	24,188	-	24,188

(b) Geographical segments

2008

	Continuing operations		Discontinued operation	Total
	Hong Kong	Mainland	Mainland	
	HK\$'000	China	China	HK\$'000
Segment revenue				
Sales to external customers	171	438,861	–	439,032
Other segment information				
Segment assets	2,636	690,166	–	692,802
Unallocated assets				1,931,697
Total assets				2,624,499
Capital expenditure	–	41,852	–	41,852

2007

	Continuing operations		Discontinued operation	Total
	Hong Kong	Mainland	Mainland	
	HK\$'000	China	China	HK\$'000
Segment revenue				
Sales to external customers	53,390	612,719	–	666,109
Other segment information				
Segment assets	95,503	741,402	318,808	1,155,713
Unallocated assets				1,640,830
Total assets				2,796,543
Capital expenditure	850	197,492	740	199,082

5. FINANCE COSTS

	2008	2007
	HK\$'000	HK\$'000
Interest charges on:		
<i>Continuing operations</i>		
Bank loans wholly repayable within five years	5,471	11,612
Other borrowings wholly repayable within five years	–	241
Amounts due to securities brokers and margin financiers	772	1,437
Other payables	14	400
	6,257	13,690
<i>Discontinued operation</i>		
Finance charges on finance leases	–	39
Total interest expenses	6,257	13,729

6. (LOSS)/PROFIT BEFORE INCOME TAX

	Continuing operations 2008 HK\$'000	Discontinued operation 2008 HK\$'000	Continuing operations 2007 HK\$'000	Discontinued operation 2007 HK\$'000
(Loss)/Profit before income tax is arrived at after charging/(crediting):				
Auditors' remuneration	2,813	16	2,558	–
Net foreign exchange loss	660	–	176	546
Depreciation of leased assets*	–	–	–	265
Gross depreciation of property, plant and equipment – owned assets	30,913	–	21,155	32
Less: Amounts included in cost of provision of corporate IT application services	(158)	–	(105)	–
Amounts included in research and development expenses	(120)	–	–	–
Amounts capitalised in intangible assets	(84)	–	(145)	–
Net depreciation of owned assets*	30,551	–	20,905	32
Depreciation of investment property*	643	–	–	–
Gross operating lease charges on land and buildings	41,536	–	39,114	208
Less: Amounts included in cost of provision of corporate IT application services	(804)	–	(1,251)	–
Amounts included in research and development expenses	(156)	–	–	–
Amounts capitalised in intangible assets	(244)	–	(1,403)	–
Net operating charges on land and buildings	40,332	–	36,460	208
Operating lease charges on prepaid land lease	1,295	–	738	–
Gross retirement benefit contributions	60,483	–	25,335	320
Less: Amounts included in research and development expenses	(1,797)	–	–	–
Amounts capitalised in intangible assets	(1,244)	–	(1,728)	–
Net retirement benefit contributions	57,442	–	23,607	320
Cost of provision of corporate IT application services	115,361	–	105,078	–
Cost of provision of financial information services	10,875	–	9,163	–
Cost of provision of culture and media services	13,408	–	8,846	–
Cost of inventories sold – distance learning materials	1,279	–	3,220	–
Cost of sales and services provided	140,923	–	126,307	–
Provision for impairment of receivables*	16,269	–	12,539	–
Bad debt written off *	449	–	10,181	–
Net loss/(gain) on disposal of property, plant and equipment*	75	–	(54)	–
Amortisation of intangible assets *	35,071	–	23,199	–
Write-off of intangible assets *	–	–	1,070	–
Write-off of property, plant and equipment *	1,108	–	452	–
Net fair value loss on financial assets at fair value through profit or loss*	1,779	–	–	–
Research and development expenses*	10,335	–	–	–

* included in other operating expenses

7. INCOME TAX EXPENSE

	2008 HK\$'000	2007 HK\$'000
<i>Continuing operations</i>		
Hong Kong Profits Tax		
Current tax expense	12,184	–
PRC Enterprise Income Tax		
Current tax (credit)/expense	(5,563)	5,308
(Over)/Under provision in respect of prior years	(79)	421
	6,542	5,729

For the year ended 31 December 2008, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year.

For the year ended 31 December 2007, no Hong Kong profits tax was provided in the financial statements as the companies within the Group either did not derive any assessable profits in Hong Kong or had unused tax losses brought forward to offset against the current year's assessable profits in Hong Kong.

PRC Enterprise Income Tax ("EIT") has been provided on the estimated assessable profits of subsidiaries operating in Mainland China at 25% (2007: 33%), unless preferential rates are applicable in the cities where the subsidiaries are located.

Certain subsidiaries of the Group are wholly-owned foreign enterprises in accordance with the Income Tax Law of the PRC for Enterprise with Foreign Investment and Foreign Enterprises and are entitled to full exemption from EIT for two years and a 50% reduction in the following three years thereafter starting from the first profit making year after offsetting prior years' tax losses.

In addition, certain subsidiaries that are located in the Beijing Economic-Technological Development Area are entitled to preferential PRC EIT rate of 15% (2007: 15%).

The Hong Kong SAR Government enacted a reduction in the profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Pursuant to the tax law passed by the Tenth National People's Congress on 16 March 2007, the new EIT rates for domestic and foreign enterprises in Mainland China are unified at 25% with effective from 1 January 2008.

8. DISCONTINUED OPERATION

On 20 March 2008, a subsidiary of the Company entered into an agreement to dispose of its 100% equity interest in another subsidiary. The subsidiary was engaged in property development and, since its disposal, the Group ceased its property development operation. The results and cash flows from property development operation included in the consolidated financial statement are as follows:

	Notes	2008 HK\$'000	2007 HK\$'000
Result			
Other operating income	3(b)	–	199
Administrative expenses		(16)	(2,828)
Other operating expenses		–	(1,400)
Finance costs	5	–	(39)
Loss before income tax	6	(16)	(4,068)
Income tax expense	7	–	–
Loss for the year		(16)	(4,068)
Gain on disposal of subsidiaries	9	47,001	640,820
Profit for the year from discontinued operation		46,985	636,752
Cash flows			
Operating activities		(16)	(8,021)
Investing activities		–	(1,590)
Financing activities		–	(324)
Net cash outflow		(16)	(9,935)

9. DISPOSAL AND DISSOLUTION OF SUBSIDIARIES

	2008 HK\$'000	2007 HK\$'000
Net assets disposed of:		
Property, plant and equipment	2,036	1,702
Inventories	329,855	717,832
Trade receivables	56	–
Deposits, prepayments and other receivables	56,008	376,315
Cash and cash equivalents	80	10,013
Minority interests	–	(95,550)
Trade payables	(2,155)	–
Other payables and accruals	(10,291)	(294)
Amounts due to group companies	(115,403)	(909,723)
Amount due to a director	(70,655)	–
Finance lease liabilities	–	(844)
	189,531	99,451
Exchange reserve realised on disposal and dissolution	(49,073)	(28,298)
General reserve released on disposal and dissolution	–	(401)
Net gain on disposal and dissolution of subsidiaries	67,182	640,820
	207,640	711,572
Satisfied by:		
Cash – receivable from ultimate holding company	–	711,572
Cash	54,353	–
Consideration receivable included in other receivables	153,287	–
	207,640	711,572

Included in total of net gain on disposal and dissolution of subsidiaries, HK\$47,001,000 (2007: HK\$640,820,000) and HK\$20,181,000 (2007: Nil) was related to gain on disposal and dissolution of subsidiaries from discontinued operation (note 8) and continuing operation respectively.

10. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of basic (loss)/earnings per share from continuing and discontinued operations is based on the (loss)/profit for the year attributable to the equity holders of the Company of HK\$76,537,000 (2007: profit of HK\$689,800,000) and on 19,914,504,877 (2007: 19,914,504,877) ordinary shares in issue during the year.

(b) From continuing operations

The basic (loss)/earnings per share from continuing operations attributable to the equity holders of the Company is calculated based on the following data:

(Loss)/earnings figures are calculated as follows:

	2008 HK\$'000	2007 HK\$'000
(Loss)/Profit for the year from continuing operations	(138,251)	56,013
Less: (Loss)/Profit for the year attributable to minority interests		
from continuing operations	(14,729)	5,037
	(123,522)	50,976

The denominators used are the same as those detailed above for basic (loss)/earnings per share from continuing and discontinued operations.

(c) From discontinued operation

The basic earnings per share from discontinued operation attributable to the equity holders of the Company is calculated based on the following data:

Earnings figures are calculated as follows:

	2008	2007
	HK\$'000	HK\$'000
Profit for the year from discontinued operation	46,985	636,752
Less: Loss for the year attributable to minority interests from discontinued operation	–	(2,072)
	46,985	638,824

The denominators used are the same as those detailed above for basic (loss)/earnings per share from continuing and discontinued operations.

- (d)** The share options have no dilutive effect on the (loss)/earnings per share for the years ended 31 December 2008 and 2007 as the exercise price of the options outstanding during the year exceeds the average market price of ordinary shares.

11. TRADE RECEIVABLES

Trade receivables are due on presentation of invoices. The aging analysis of the trade receivables is as follows:

	2008	2007
	HK\$'000	HK\$'000
0 – 90 days	7,548	14,320
91 – 180 days	1,645	79,987
181 – 270 days	1,268	1,669
271 – 360 days	920	1,226
Over 360 days	24,566	17,118
Trade receivables, gross	35,947	114,320
Less: Provision for impairment of receivables	(9,506)	(28,279)
Trade receivables, net	26,441	86,041

12. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	2008	2007
	HK\$'000	HK\$'000
0 – 90 days	11,410	12,100
91 – 180 days	6,670	9,128
181 – 270 days	1,549	1,306
271 – 360 days	1,039	242
Over 360 days	7,136	1,516
	27,804	24,292

13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	HK\$'000
Authorised:		
At 1 January 2007, 31 December 2007 and 31 December 2008	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2007, 31 December 2007 and 31 December 2008	19,914,504,877	199,145

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

FINAL DIVIDEND

The directors of the Company have resolved not to recommend the declaration of any final dividend for the year ended 31 December 2008 (2007: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 8 June 2009. For details of the annual general meeting, please refer to the Notice of Annual General Meeting which is expected to be published on or before 30 April 2009.

CLOSURE OF REGISTER

The register of members will be closed from 2 June 2009 to 8 June 2009, both days inclusive, during which period no transfer of shares will be effected for the purpose of determining the identity of members who are entitled to attend and vote at the forthcoming annual general meeting. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m on 1 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The Group was principally engaged in corporate IT application services, financial information services and distance learning education services.

The prevailing global financing crisis has ruined the global economy, and there is no exception to China. Business performance of the Group's various businesses emerged deterioration.

During the year, the turnover and net loss were HK\$439.0 million (2007: HK\$666.1 million) and HK\$91.3 million (2007: a net profit of HK\$692.8 million) respectively. The net assets of the Group including minority interests was approximately HK\$2,323.3 million (2007: HK\$2,450.7 million), representing a value of HK\$0.117 per share.

Corporate IT Application Services

Due to the adverse effect by such factors as market deterioration by macro-economic control and slowing down of the development in IT industry, the business results of the Group emerged a certain extent of slump in 2008. Despite the severe market competition, this division kept making adjustment and improvement by launching innovative products and comprehensive services. During the year, the turnover of this division was approximately HK\$428.0 million (2007: HK\$628.1 million) and the net loss was approximately HK\$193.9 million (2007: a net profit of HK\$111.9 million). In recent years, the business results and contributions of various subsidiaries of the Company in this division have been accredited from different sectors in the society, and won many awards.

CE Dongli Technology Group Company Limited, a subsidiary of the Company, was awarded many titles, such as “Top 100 High-Growth Enterprises of China’s Creative Industry”, “2008 Golden Software Award” and “2008 Beijing E-Business Credit Enterprise”.

北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited) (“Xinnet”), a subsidiary of the Company, was certified as “2007 CN Domain Name Gold Medal Registration Service Organization”, and was accredited as “Five-star Registration Service Organization” by China Internet Network Information Center (CNNIC) twice in 2008. Meanwhile, Xinnet was also one of the pioneers participating in establishing the Anti-Phishing Alliance of China, and contributing substantial effort in maintaining a clean internet environment and eliminating illegal information.

北京紅旗中文貳仟軟件技術有限公司 (Beijing Redflag Chinese 2000 Software Technology Company Limited) (“Redflag 2000”), a subsidiary of the Company, had encouraging results in the areas of specialized project tendering and award assessment. Redflag 2000 obtained the development fund support by successfully bidding the “Optimizing Domestic Office Software Suit based on UOF Standard” project under the 2008 Ministry of Industry and Information Technology Development Fund. Meanwhile, it also obtained the support from the 2008 Small and Medium Technology Enterprise Innovative Fund, and its “Optimizing and Application of Linux Desktop Office Environment for e-Government Services” project also obtained the support from Beijing Technology Project. Besides, Redflag 2000 also obtained many other awards such as “High-tech Enterprise of China Recommended by Editors of China Information World in 2007”, “Outstanding Domestic Software Provider of County-Level e-Government Solutions” and “2008 China Open Source Software Productivity Booster Award”.

Financial Information Services

During the year, turnover of this division was approximately HK\$22.5 million (2007: HK\$37.1 million) and the net loss was approximately HK\$37.9 million (2007: HK\$17.3 million).

北京世華國際金融信息有限公司 (Beijing Shihua International Financial Information Company Limited), a subsidiary of the Company, will continue to invest in a prudent manner and promote its new product line. The Group is confident that the business performance of this division will be improved in the near future, which in turn will generate satisfactory return for the Group.

Distance Learning Education Services

During the year, turnover of this division was approximately HK\$9.6 million (2007: HK\$17.0 million) and the net loss was approximately HK\$1.7 million (2007: HK\$1.7 million).

In terms of business strategies, 北京華夏大地遠程教育網絡服務有限公司 (Beijing Chinese Dadi Distance Education Company Limited) (“Chinese Dadi”), a subsidiary of the Company, will continue to strengthen its market share through cooperation with educational institutes. Chinese Dadi has begun to expand its product range from merely sales of online study course materials to online interactive learning programs. The management also decided to cut down all technical outsource service since profit from this business is sporadic. The management will continue to closely monitor the business development of this division and will expect the performance of this division will be improved further in the near future.

Chinese Dadi was accredited “Top 10 National Online Education Institute” and “2007 Top 10 Online Education Institute”.

Culture and Media Services

Resulting from the strategic decision in focusing on the initial development of digital cinema business in both Shenzhen and Guangzhou and its respective surrounding areas, which in turn will have a synergy effect on the property projects of Nan Hai, the holding company of the Company, in Shenzhen and Guangzhou, the culture and media business segment was repositioned to Nan Hai in 2008 and has become one of its main businesses.

TECHNOLOGY RESEARCH & DEVELOPMENT

In 2008, 北京中企開源信息技術有限公司 (Beijing CE Open Source Software Co., Ltd.) (“CE Open”), a subsidiary of the Company, whose leading position in SaaS (Software as a Service) territory, was reinforced and further developed. As the chairing unit of the internet information services working team of Changfeng Open Standards Platform Software Alliance, an organization led by Beijing Municipal Science & Technology Commission and Beijing Software Promotion Center, CE Open jointly with domestic hardware manufacturers, basic software developers and application software developers, built up a SaaS product chain which was recognized by relevant government authority and the industry in China. CE Open not only won many awards such as “2008 Annual High-development Enterprise Award in China’s Information Industry” and “2008 Top Business Innovation Award in China’s Information Service Industry” etc. but also it obtained High-tech Enterprise Approval Certificate, Software Enterprise Qualification Certificate and ISO9000 Certificate in management system. In respect of innovative research, CE Open successfully registered for 25 patents, and became the “Trial Patent Enterprise in Beijing”.

CE Open’s strong competitive advantage in market, distribution channel and large customer base etc. has created ample space for the fast development of technology R&D and technology operations. With long term consistent investment and development, service operational capabilities, product R&D abilities and services adjustment abilities of CE Open have enhanced rapidly, and competitive advantage of CE Open has gradually formed in technology R&D and service operations, thus a solid foundation for enhancing operational efficiency and effective cost control for service operations has been built up.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL

The Group continues to adopt prudent funding and treasury policies. As at 31 December 2008, the net assets of the Group attributable to the equity holders amounted to approximately HK\$2,256.8 million (2007: HK\$2,361.3 million) including cash and bank balances of approximately HK\$103.7 million (2007: HK\$58.3 million) (which were denominated mainly in Renminbi and Hong Kong dollars). As at 31 December 2008, the Group’s aggregate borrowings were HK\$58.5 million (2007: HK\$66.0 million). All of such borrowings were bearing interest at floating rates. The gearing ratio of the Group as at 31 December 2007, which is net debt divided by the adjusted capital plus net debt, was 0.31%. Gearing ratio was not applicable for 2008 because the Group recorded net cash resulting from the sales proceeds from disposal of a subsidiary and advancement from Nan Hai.

The Group’s contingent liabilities at 31 December 2008 were HK\$77.7 million due to the guarantees given in connection with credit facilities.

As at 31 December 2008, prepaid land lease payments under operating lease, investment property and buildings with net book value of approximately HK\$91.8 million were secured for the Group’s credit facilities and certain shareholders of Nan Hai have pledged their shareholdings in Nan Hai for the Group’s credit facilities.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

The majority of the Group’s borrowings and transactions were denominated in Renminbi and Hong Kong dollars. Both the operating expenses and revenues were primarily in Renminbi. It is expected that the exchange rate of Renminbi will continue to appreciate resulting from the continuous economic growth in China. The Group’s reporting assets, liabilities and profits may be affected by the Renminbi exchange rate. Although the Renminbi exchange risk exposure is not significant during the year under review, the Group will keep on reviewing and monitoring the exchange risks between Renminbi and Hong Kong dollars, and may proceed to have some kind of foreign exchange hedging arrangements when appropriate and necessary.

EMPLOYEE

The Company employs and remunerates its employees based on their qualifications, experience and performance. In addition to basic salary payments, other benefits include housing, contributions to mandatory provident fund, group medical insurance, group personal accident insurance and examination leave. Employees are eligible to be granted share options under the Company’s share option scheme at the discretion of the Board. In general, salary review is conducted annually. As at 31 December 2008, the Group had approximately 6,550 employees (2007: 8,102 employees). The salaries of and allowances for employees for the year ended 31 December 2008 were approximately HK\$409.0 million (2007: HK\$339.4 million).

PROSPECT

Looking forward, the Group will keep focusing on expanding its core businesses, and plan to integrate its upstream and downstream resources through mergers and acquisitions so as to increase market share and strengthen its leading position and advantage in the market and to enhance the overall economic benefits. Leading and innovative products and services as well as strong management power are the main fundamentals for the continuous growth of the Group. Therefore, the Group will deploy more resources in technology R&D and operations as usual, and will continue to launch and perfect products and services with competitive power. On the other hand, it will continue to strengthen its management power and train up and build up middle to high level management team for providing a solid foundation for fast development in the future. Besides, as the macro-economic environment may get worse in the future, the Group will fully utilize its own abilities to increase sales, and to build up and enhance brand recognition so as to well equip itself for long term development in the future and to generate higher investment return for the shareholders of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2008, except for the deviations mentioned below:

Code Provision A.2.1 stipulated that the roles of chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual.

The Company has not appointed a CEO. The role of CEO is also performed by Mr. Yu Pun Hoi who is the chairman of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

Code Provision A.4.1 stipulated that non-executive directors should be appointed for a specific term subject to re-election.

The non-executive directors of the Company are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation requirements in accordance with the Company’s articles of association. As such, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the revised annual results of the Company for the year. The figures in respect of the revised announcement of the Group’s results for the year ended 31 December 2008 have been agreed by the Company’s auditors, Grant Thornton, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton on the revised announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Hong Kong Stock Exchange and the Company (<http://www.sino-i.com>). The 2008 annual report of the Company containing all the relevant information required by Appendix 16 to the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and the Company and despatched to shareholders of the Company on or before 30 April 2009.

2008 INTERIM RESULTS

The Board would also like to clarify that the interest receivable from Nan Hai for the six months ended 30 June 2008 in the amount of HK\$65,984,000 was also omitted in the interim results for the six months ended 30 June 2008. As a result, the corresponding income tax expense was omitted and accordingly the losses shared to the minority interests for the six months ended 30 June 2008 were overstated. The correct figures of the loss of the Group for the six months ended 30 June 2008 should be HK\$11,926,000 instead of HK\$70,510,000.

Consolidated Income Statement

Items	Announcement <i>HK\$'000</i>	Revised Announcement <i>HK\$'000</i>
Other operating income	3,994	69,978
Income tax credit	9,935	2,535
Loss for the period	(70,510)	(11,926)
Loss attributable to equity holders of the Company	(60,602)	(2,885)
Loss attributable to minority interests	(9,908)	(9,041)
Basic and diluted loss per share from continuing operations	HK cents (0.540)	HK cents (0.250)
Basic and diluted loss per share	HK cents (0.304)	HK cents (0.014)

Consolidated Balance Sheet

Items	Announcement <i>HK\$'000</i>	Revised Announcement <i>HK\$'000</i>
Amount due from ultimate holding company	1,585,508	1,651,492
Provision for tax	29,088	36,488
Reserves	2,037,359	2,095,076
Equity attributable to the Company's equity holders	2,275,698	2,333,415
Minority interests	81,531	82,398
Net assets/Total equity	2,357,229	2,415,813

RESUMPTION OF TRADING

Trading in the shares of the Company on the Hong Kong Stock Exchange was suspended with effect from 9:30 a.m. on 23 April 2009 at the request of the Company pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the shares of the Company with effect from 9:30 a.m. on 27 April 2009.

By order of the Board
Yu Pun Hoi
Chairman

Hong Kong, 24 April 2009

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

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