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SINO-i TECHNOLOGY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 250)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013, together with the comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Revenue/Turnover	*4(a)*	**683,401**	659,106
Cost of sales and services provided		**(118,351)**	(162,950)
Gross profit		**565,050**	496,156
Other operating income	*4(b)*	**124,364**	93,797
Selling and marketing expenses		**(328,594)**	(291,674)
Administrative expenses		**(160,794)**	(197,902)
Other operating expenses		**(201,572)**	(153,086)
Finance costs	*6*	**(15,353)**	(19)
Share of results of an associate		**–**	–
Loss before income tax	*7*	**(16,899)**	(52,728)
Income tax expense	*8*	**(13,477)**	(11,220)
Loss for the year		**(30,376)**	(63,948)
Loss for the year attributable to:			
Owners of the Company		**(28,809)**	(59,912)
Non-controlling interests		**(1,567)**	(4,036)
		(30,376)	(63,948)
		HK cent	*HK cent*
Loss per share for loss attributable to the owners of the Company during the year	*9*		
— Basic		**(0.14)**	(0.30)
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 *HK$'000*	2012 *HK$'000*
Loss for the year	**(30,376)**	(63,948)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**15,185**	3,719
Total comprehensive income for the year	**(15,191)**	(60,229)
Total comprehensive income attributable to:		
Owners of the Company	**(15,021)**	(56,439)
Non-controlling interests	**(170)**	(3,790)
	(15,191)	(60,229)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**674,109**	474,447
Prepaid land lease payments under operating leases		**27,766**	27,510
Interest in an associate		**–**	–
Available-for-sale financial assets		**324**	324
Goodwill		**86,496**	53,720
Other intangible assets		**128,854**	107,057
Deposits and other receivables		**2,182**	135,205
Loan to ultimate holding company	*10*	**1,367,219**	1,436,406
		2,286,950	2,234,669
Current assets			
Trade receivables	*11*	**11,843**	18,102
Deposits, prepayments and other receivables		**239,402**	327,117
Time deposits maturing over three months		**653**	–
Cash and cash equivalents		**65,762**	16,640
		317,660	361,859
Current liabilities			
Trade payables	*12*	**25,900**	45,068
Other payables and accruals		**243,873**	128,279
Deferred revenue		**17,643**	45,664
Provision for tax		**92,684**	77,845
Amount due to a director		**3,574**	10,473
Amounts due to shareholders		**5,006**	5,006
Amount due to an associate		**5,501**	5,501
Bank borrowings, secured		**230,976**	247,512
Finance lease liabilities		**116**	110
		625,273	565,458
Net current liabilities		**(307,613)**	(203,599)
Total assets less current liabilities		**1,979,337**	2,031,070

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000*
Non-current liabilities			
Finance lease liabilities		**110**	226
Amount due to ultimate holding company		**117,474**	164,139
Deferred tax liabilities		**10,239**	–
		127,823	164,365
Net assets		**1,851,514**	1,866,705
EQUITY			
Share capital	*13*	**199,145**	199,145
Reserves		**1,620,664**	1,635,685
Equity attributable to the Company's owners		**1,819,809**	1,834,830
Non-controlling interests		**31,705**	31,875
Total equity		**1,851,514**	1,866,705

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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 26/F., Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The ultimate parent company of the Company 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.

On 15 November 2013, 新網華通信息技術有限公司 (Xinnet Technology Information Company Limited), a wholly-owned subsidiary of the Company, entered into various contractual agreements with 北京中企華通信息科技有限公司 (Beijing Zhong Qi Hua Tong Information Technology Limited) ("ZQHT") and its ultimate beneficial owner to obtain an effective 100% control over 北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited) ("Beijing Xinnet"), a company incorporated in the People's Republic of China (the "PRC") and also a wholly-owned subsidiary of ZQHT (the "Acquisition"). Beijing Xinnet and its existing subsidiary (collectively as "Beijing Xinnet Group") are principally engaged in the provision of virtual server hosting and maintenance services, provision of email services and registration of domain names in the PRC. The Acquisition was completed on 15 November 2013 and further details about the Acquisition are disclosed in note 14.

2. BASIS OF PREPARATION

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").

The financial statements have been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group was making losses in consecutive years and had net current liabilities of HK$307,613,000. Having reviewed the cash flow projection of the Group for the next 12 months from the reporting date, the Board of Directors (the "Board") is of the opinion that the Group will have sufficient resources to satisfy its working capital and other financing requirement in the foreseeable future based on the followings: (i) the Board foresees that the Group is able to generate positive cash flows from operation in 2014; (ii) the Group has renewed certain of the existing credit facilities amounting to RMB110,000,000 (equivalent to approximately HK$141,000,000); and (iii) the Group has obtained new credit facilities from three PRC financial institutions amounting to RMB132,000,000 (equivalent to approximately HK$169,101,000).

In view of the above, the Board is of the opinion that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, the financial statements have been prepared on a going concern basis.

3. ADOPTION OF NEW/AMENDED HKFRSs

3.1 New/amended HKFRSs which are effective during the year

In the current year, the Group has applied for the first time the following new/amended 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 2013:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

Except as explained below, the adoption of these new/amended HKFRSs has no material impact on the Group's financial statements.

HKFRSs (Amendments) — Annual Improvements 2009-2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

3. ADOPTION OF NEW/AMENDED HKFRSs (Continued)

3.1 New/amended HKFRSs which are effective during the year (Continued)

Amendments to HKFRS 7 — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32. The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

The Board made an assessment as at the date of initial application of HKFRS 10, it is concluded that the adoption does not change any of the control conclusion reached by the Group in respect of its involvement with other entities.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

3. ADOPTION OF NEW/AMENDED HKFRSs (Continued)

3.1 New/amended HKFRSs which are effective during the year (Continued)

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively. HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance.

3.2 New/amended HKFRSs early adopted

Amendments to HKAS 36 — Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period.

3.3 New/amended HKFRSs which are issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
HK(IFRIC) 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

3. ADOPTION OF NEW/AMENDED HKFRSs (Continued)

3.3 New/amended HKFRSs which are issued but not yet effective (Continued)

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

HK(IFRIC) 21–Levies

HK(IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

Save as the main changes described above, the Group is in the process of making an assessment of the potential impact of these new/amended HKFRSs and the Board is not yet in a position to quantity the effects on the Group's financial statements.

4. REVENUE/TURNOVER AND OTHER OPERATING INCOME

(a) The Group's turnover represents revenue from corporate IT application services.

(b) Other operating income:

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**95**	101
Other interest income	**92,845**	83,577
Gain on disposal of property, plant and equipment	**58**	–
Government grants *(note)*	**321**	–
Rental income	**8,415**	8,191
Write-back of long outstanding payables	**19,027**	–
Sundry income	**3,603**	1,928
	124,364	93,797

Note: Government grant were granted during the year ended 31 December 2013 to subsidise software development projects of the Group in the PRC, of which the prescribed conditions in relation to the grant had been fulfilled.

5. SEGMENT INFORMATION

The Board has identified the corporate IT application services as the only business component in internal reporting for their decisions about resources allocation and performance review.

	2013	2012
	HK$'000	*HK$'000*
Reportable segment revenue	**683,401**	659,106
Reportable segment results	**(96,050)**	(122,058)
Bank interest income	**3**	5
Other interest income	**92,845**	83,577
Depreciation and amortisation	**(111)**	(64)
Unallocated corporate expenses	**(13,586)**	(14,188)
Loss before income tax	**(16,899)**	(52,728)
Reportable segment assets	**1,151,332**	1,080,592
Loan to ultimate holding company	**1,367,219**	1,436,406
Cash and cash equivalents	**10,145**	1,315
Available-for-sale financial assets	**324**	324
Other financial and corporate assets	**75,590**	77,891
Group assets	**2,604,610**	2,596,528
Reportable segment liabilities	**513,059**	424,052
Amount due to ultimate holding company	**117,474**	164,139
Amount due to a director	**3,574**	10,473
Amounts due to shareholders	**5,006**	5,006
Amount due to an associate	**5,501**	5,501
Provision for tax	**92,684**	77,845
Deferred tax liabilities	**10,239**	–
Other corporate liabilities	**5,559**	42,807
Group liabilities	**753,096**	729,823
Bank interest income	**92**	96
Finance costs	**(15,353)**	(19)
Depreciation and amortisation of non-financial assets	**(95,074)**	(71,219)
Additions to non-current assets during the year	**328,850**	111,259

5. SEGMENT INFORMATION (Continued)

The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from external customers		**Specified non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China (domicile)	**683,265**	659,106	**919,106**	797,607
Hong Kong	**136**	–	**301**	332
	683,401	659,106	**919,407**	797,939

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical and operating location of the assets. The Company is an investment holding company incorporated in Hong Kong where the Group has the majority of its operations and workforce in Mainland China, and therefore, Mainland China is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**15,340**	11,241
Interest on finance leases	**13**	19
Total finance costs on financial liabilities not at fair value through profit or loss	**15,353**	11,260
Less: Amount capitalised into construction in progress*	**–**	(11,241)
Amount recognised in profit or loss	**15,353**	19

* For the year ended 31 December 2012, the finance costs were capitalised at a rate of 9.71% per annum.

7. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging:

	2013 HK$'000	2012 HK$'000
Auditors' remuneration	**2,872**	3,368
Net foreign exchange loss*	**–**	1
Gross depreciation of property, plant and equipment — owned assets	**44,863**	31,124
Less: Amounts included in research and development expenses	**–**	(574)
Amounts included in cost of sales and services provided	**(96)**	–
Net depreciation of owned assets*	**44,767**	30,550
Depreciation of leased assets*	**173**	173
Operating lease charges on land and buildings	**37,536**	43,634
Annual charges of prepaid operating lease payments*	**560**	365
Gross retirement benefit contributions	**58,912**	60,057
Less: Amounts included in research and development expenses	**(10,330)**	(9,846)
Amounts included in cost of sales and services provided	**(10,551)**	(9,759)
Amounts capitalised in intangible assets	**(82)**	(1,366)
Net retirement benefit contributions	**37,949**	39,086
Cost of sales and services provided	**118,351**	162,950
Provision for impairment of available-for-sale financial assets*	**–**	155
Amortisation of intangible assets other than goodwill*	**49,589**	39,621
Property, plant and equipment written off*	**585**	509
Other intangible assets written off*	**–**	905
Research and development expenses*	**62,793**	52,244
Provision for impairment of trade receivables*	**8,141**	–
Provision for impairment of other receivables*	**24,765**	–
Bad debt written off*	**1,192**	–

* included in other operating expenses

8. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
Hong Kong Profits Tax		
— tax charge for the year	**10,557**	9,369
— (Over)/Under-provision in respect of prior years	**(268)**	67
	10,289	9,436
PRC Enterprise Income Tax		
— tax charge for the year	**3,188**	1,784
	13,477	11,220

8. INCOME TAX EXPENSE (Continued)

For the years ended 31 December 2013 and 2012, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

PRC Enterprise Income Tax ("EIT") has been provided on the estimated assessable profits of subsidiaries operating in Mainland China at 25% (2012: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

A subsidiary of the Group is a wholly-owned foreign enterprise in accordance with the Income Tax Law of the PRC for Enterprise with Foreign Investment and Foreign Enterprises and is 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% (2012: 15%).

9. LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK$28,809,000 (2012: HK$59,912,000) and on 19,914,504,877 (2012: 19,914,504,877) ordinary shares in issue during the year.

Diluted loss per share for both years was not presented as there was no potential dilutive ordinary share in issue during the years.

10. LOAN TO ULTIMATE HOLDING COMPANY

On 29 May 2009, the Group entered into a loan agreement with its ultimate holding company to advance a loan of HK$1,645,530,000 which bore interest at 6.00% per annum and would be repayable on or before 29 June 2011 and was secured by a share mortgage.

On 20 May 2011, loan extension agreement in respect of the loan agreement dated 29 May 2009 was signed and was conditional upon its ultimate holding company having settled in full, the interest accrued on the outstanding principal amount under the loan agreement on or before 29 June 2011. It was agreed that the repayment date for the outstanding principal to be extended for two years to 29 June 2013 and the loan was secured by a share mortgage.

On 9 May 2013, loan extension agreement in respect of the loan agreement dated 29 May 2009 was signed and was conditional upon its ultimate holding company having settled in full, the interest accrued on the outstanding principal amount under the loan agreement on or before 29 June 2013. It was agreed that the repayment date for the outstanding principal to be extended for two years to 29 June 2015 and the loan was secured by share mortgage of a fellow subsidiary. The rate of interest applicable to the outstanding principal amount of the loan during the extension period is 7.50% per annum.

As at 31 December 2013, included in the balances of the Group, approximately HK$1,317,149,000 (2012: HK$1,317,149,000) was interest bearing at 7.50% (2012: 6.00%) per annum, and the remaining balance was interest-free.

11. TRADE RECEIVABLES

Based on the invoice dates, the aging analysis of the trade receivables is as follows:

	2013	2012
	HK$'000	*HK$'000*
0–90 days	**1,530**	12,739
91–180 days	**10,441**	3,812
181–270 days	**2,836**	2,855
271–360 days	**1,078**	2,097
Over 360 days	**15,199**	7,198
Trade receivables, gross	**31,084**	28,701
Less: Provision for impairment of receivables	**(19,241)**	(10,599)
Trade receivables, net	**11,843**	18,102

Trade receivables are due on presentation of invoices.

12. TRADE PAYABLES

Based on invoice dates, the aging analysis of the trade payables is as follows:

	2013	2012
	HK$'000	*HK$'000*
0–90 days	**2,279**	8,833
91–180 days	**2,459**	2,464
181–270 days	**630**	229
271–360 days	**9,740**	2,101
Over 360 days	**10,792**	31,441
	25,900	45,068

All amounts are short term and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of their fair value.

13. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each	***HK$'000***
Authorised:		
At 1 January 2012, 31 December 2012 and **31 December 2013**	**30,000,000,000**	**300,000**
Issued and fully paid:		
At 1 January 2012, 31 December 2012 and **31 December 2013**	**19,914,504,877**	**199,145**

14. BUSINESS COMBINATION

As mentioned in note 1, the Group completed the acquisition of 100% effective control over Beijing Xinnet Group on 15 November 2013 (the "Acquisition Date"). The fair values of the identifiable assets and liabilities of Beijing Xinnet Group as at the Acquisition Date and the corresponding carrying amounts immediately prior to the Acquisition are as follows:

	Carrying amount *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
Property, plant and equipment	7,639	(20)	7,619
Other intangible assets	4,008	40,665	44,673
Trade and other receivables, prepayments and deposits	19,381	–	19,381
Cash and cash equivalents	6,805	–	6,805
Trade and other payables	(71,302)	–	(71,302)
Provision for tax	(1,198)	–	(1,198)
Bank borrowings, secured	(25,439)	–	(25,439)
Deferred tax liabilities	–	(10,166)	(10,166)
Total identifiable net liabilities at fair value	(60,106)	30,479	(29,627)
Goodwill			31,535
Fair value of consideration			1,908

FINAL DIVIDEND

The directors of the Company have resolved not to recommend the declaration of any final dividend for the year ended 31 December 2013 (2012: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 26 May 2014. 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 17 April 2014.

CLOSURE OF REGISTER

The register of members will be closed from 21 May 2014 to 26 May 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 20 May 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the Group focused on the development of its corporate IT application services business. For 2013, turnover of the Group was approximately HK$683.4 million (2012: HK$659.1 million), representing a growth of approximately 3.69% over the corresponding period last year, while net loss attributable to owners of the Company was approximately HK$28.8 million (2012: HK$59.9 million). Net assets attributable to owners of the Company were approximately HK$1,819.8 million (2012: HK$1,834.8 million), representing a value of approximately HK$0.091 (2012: HK$0.092) per share.

In 2013, the Group's corporate IT application services division spared no efforts to overcome the doldrums of growth. By means of such effective measures as streamlining organization structure, enhancing operating efficiency and tightening control on administrative expenses, operating costs were reduced and performance was improved. Turnover of this division for the year was approximately HK$683.4 million (2012: HK$659.1 million), representing a growth of approximately 3.69% over the corresponding period last year, while net loss before income tax was approximately HK$96.1 million (2012: HK$122.1 million).

The Group's corporate IT application services division posted only limited growth in turnover as compared to 2012 due to the following two aspects:

Firstly, the Group's major target customer group — SMEs in the PRC bore the brunt of the PRC's slowing economy. Despite some improvements in the economic environment in 2013, those enterprises remained conservative in corporate IT investments. Given the foregoing, the Group's overall revenue experienced limitation on growth.

Secondly, the new products of 中企動力科技股份有限公司 (CE Dongli Technology Company Limited) ("CE Dongli") — mobile platform and e-commerce applications were still at their infant stage, so their contributions to the Group's results were not significant. Investments were made in such new areas as e-commerce and cloud computing technologies which were still at a preliminary stage, and further commitment of large scale of resources would be required. As a result, it may take a certain period of time before revenue comes on stream.

Under the constraint on business growth, the loss was reduced as compared to the corresponding period last year as the Group's corporate IT application services division managed to lower down the costs and expenses through various means, including performance assessment; rationalization of lines of product and business; and reduction of the costs of sales and provision of services in addition to significant reduction in administrative expenses incurred both at the levels of headquarters and sales branches of CE Dongli.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Resources and Liquidity

The Group continued to adopt prudent funding and treasury policies. As at 31 December 2013, net assets attributable to owners of the Company amounted to approximately HK$1,819.8 million (2012: HK$1,834.8 million), including cash and bank balances of approximately HK$66.4 million (2012: HK$16.6 million) which were mainly denominated in Renminbi and Hong Kong dollars. As at 31 December 2013, the Group's aggregate borrowings were approximately HK$231.2 million (2012: HK$247.8 million), of which approximately HK$82.6 million (2012: HK$36.4 million) were bearing interest at fixed rates while approximately HK$148.6 million (2012: HK$211.4 million) were at floating rates. The gearing ratio of the Group, which is calculated as net debt divided by the adjusted capital plus net debt, decreased from approximately 11.02% as at 31 December 2012 to approximately 8.17% as at 31 December 2013.

As at 31 December 2013, the Group's capital commitment was approximately HK$120.6 million which would be used as the funding for the construction of the headquarters of corporate IT application services.

The Group's contingent liabilities as at 31 December 2013 were approximately HK$70.9 million in connection with the guarantees given to secure credit facilities.

As at 31 December 2013, certain interests in leasehold land, buildings and intangible assets with a total net carrying value of approximately HK$694.6 million were pledged to secure the credit facilities granted to the Group.

Exposure to Fluctuation in Exchange Rates

The majority of the Group's borrowings and transactions were primarily denominated in Renminbi and Hong Kong dollars. Both the operating expenses and revenue were primarily denominated in Renminbi. The continued growth in the economy of the PRC is expected to warrant a continued appreciation of Renminbi. The Group's reported assets, liabilities and results may be affected by the Renminbi exchange rates. Although Renminbi exchange risk exposure did not have significant impact on the Group during the year under review, the Group will keep on reviewing and monitoring the fluctuation in exchange rates between Renminbi and Hong Kong dollars, and may make appropriate foreign exchange hedging arrangements when necessary.

Employees and Remuneration Policy

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 etc.. Employees are eligible to be granted share options under the Company's share option scheme at the discretion of the Board of the Company. In general, salary review is conducted annually. As at 31 December 2013, the Group had approximately 6,544 employees (2012: 6,094 employees). The salaries of and allowances for the employees for the year ended 31 December 2013 were approximately HK$478.1 million (2012: HK$528.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects

A trend of slow recovery of global economy has emerged in 2013, but the aftermath of international financial crisis remained. Among the major economies, the USA continued on its recovery course while the Euro zone has posted moderate growth after bottomed out. Slowdown in growth prevailed in emerging markets generally. Notwithstanding the declining trend in its economy in 2013, the PRC stepped up the adjustment to its economic structure and introduced such new measures as urbanization and free trade zone. As such, the economic environment is expected to be improved in the second half of the year.

Looking forward to in 2014, with the deepening reform in the PRC and such new policies as urbanization and free trade zone gradually taking effect, on-going improvement is expected in the operating environment of SMEs. Besides, commercialization of 4G, continuous development of e-commerce and the growing popularity of mobile internet will foster the ever-growing demand for e-commerce applications from SMEs. Despite the subsistence of such negative factors as increase in costs for growth and sluggish business which would continuously affect the intention and amount in IT investments by SMEs in the short run, the Group expects its target SMEs customer group will keep investing in IT for maintaining its operation efficiency and competitiveness.

The Group will continue to focus on corporate IT application services and invest in the development of corporate IT infrastructure and IT infrastructure application services as well as striving to the acceptance of upgraded business model by actively establishing IT platform despite facing to severe external environment. The Group will continue to put more efforts to the research and development for new products, focusing on the application of Zshop in different market segments of the industry and the strategic deployment in such new areas as mobile e-commerce, cloud computing technologies and do-it-yourself websites, for the purpose of identifying new points of growth and enhancing the Group's core competitive strengths in the long run. Moreover, the Group will continue to review and enhance the operating efficiency of its sales branches and to optimize internal management and tighten control on costs and expenses in a reasonable manner so as to strive to achieve improvement in performance and create greater value for the shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board of the Company, the Company has complied with the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2013, except for the deviations mentioned below:

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

CODE ON CORPORATE GOVERNANCE PRACTICES (Continued)

The Company has not appointed a CEO. The role of the CEO is also performed by Mr. Yu Pun Hoi who is the chairman of the Company. The Board of the Company 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 stipulates that non-executive directors should be appointed for a specific term subject to re-election.

The non-executive directors of the Company were 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 of the Company 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.

Code Provision A.6.7 stipulates that independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

One independent non-executive director and one non-executive director of the Company were unable to attend the annual general meeting held on 3 June 2013 and the extraordinary general meeting held on 10 June 2013 (the "EGM") due to their personal engagement. In addition, one independent non-executive director of the Company was also unable to attend the EGM due to his personal engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the directors and the directors have confirmed that they have complied with the Model Code as set out in Appendix 10 to the Listing Rules throughout the year ended 31 December 2013.

AUDIT COMMITTEE

The Audit Committee comprises all the independent non-executive directors of the Company, namely Mr. Fung Wing Lap, Prof. Jiang Ping and Mr. Hu Bin. The Audit Committee has reviewed with the auditor of the Company and the management this results announcement and the audited consolidated financial statements of the Group for the year ended 31 December 2013 and discussed the auditing, financial control, internal control and risk management systems.

SCOPE OF WORK PERFORMED BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Company's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. The work performed by BDO 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 HKICPA and consequently no assurance has been expressed by BDO on the preliminary results announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED 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 2013 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 17 April 2014.

By order of the Board
Sino-i Technology Limited
Yu Pun Hoi
Chairman

Hong Kong, 28 March 2014

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

Executive directors:	*Non-executive directors:*	*Independent non-executive directors:*
Mr. Yu Pun Hoi	Mr. Wang Gang	Prof. Jiang Ping
Ms. Chen Dan	Mr. Lam Bing Kwan	Mr. Hu Bin
Ms. Liu Rong		Mr. Fung Wing Lap