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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)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

INTERIM RESULTS

The board of directors (the “Board”) of Sino-i Technology Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 together with the comparative figures for 2021 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5(a)	507,552	445,208
Cost of sales and services provided		<u>(82,331)</u>	<u>(90,707)</u>
Gross profit		425,221	354,501
Other operating income	5(b)	80,276	64,547
Selling and marketing expenses		(312,748)	(329,775)
Administrative expenses		(34,965)	(35,550)
Other operating expenses		(145,487)	(80,683)
Expected credit loss on financial assets		(1,898)	—
Finance costs		(3,914)	(3,719)
Share of results of associates		<u>(262)</u>	<u>(1,791)</u>
Profit/(Loss) before income tax	6	6,223	(32,470)
Income tax credit/(expense)	7	<u>985</u>	<u>(2,543)</u>
Profit/(Loss) for the period and attributable to owners of the Company		<u>7,208</u>	<u>(35,013)</u>
		<i>HK cent</i>	<i>HK cent</i>
Earnings/(Loss) per share for profit/ (loss) attributable to the owners of the Company for the period	9		
— Basic		<u>0.04</u>	<u>(0.18)</u>
— Diluted		<u>0.04</u>	<u>(0.18)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	7,208	(35,013)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	(14,303)	(820)
Exchange difference on translation of interests in associates	<u>704</u>	<u>(21)</u>
	<u>(13,599)</u>	<u>(841)</u>
Total comprehensive income for the period and attributable to owners of the Company	<u>(6,391)</u>	<u>(35,854)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 <i>HK\$'000</i>	31 December 2021 <i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		84,742	95,573
Financial assets at fair value through other comprehensive income		324	324
Financial asset measured at fair value		68,674	–
Interests in associates		24,247	23,806
Goodwill		393,804	410,928
Other intangible assets		486,623	545,001
Loans to immediate holding company		<u>1,190,539</u>	<u>1,146,841</u>
		<u>2,248,953</u>	<u>2,222,473</u>
Current assets			
Trade receivables	10	47,001	56,168
Deposits, prepayments and other receivables		165,015	114,144
Amount due from immediate holding company		4,392	13,866
Cash and cash equivalents		<u>48,681</u>	<u>92,698</u>
		<u>265,089</u>	<u>276,876</u>
Current liabilities			
Trade payables	11	50,757	37,084
Other payables and accruals		116,657	135,949
Dividend payables		–	13,400
Contract liabilities		411,046	428,242
Provision for tax		183,007	180,020
Amount due to a director		532	532
Amounts due to associates		4,004	4,281
Amounts due to related companies		1,797	2,522
Bank borrowings, secured		117,082	122,399
Other employee benefits		7,683	8,032
Lease liabilities		<u>24,024</u>	<u>22,824</u>
		<u>916,589</u>	<u>955,285</u>
Net current liabilities		<u>(651,500)</u>	<u>(678,409)</u>
Total assets less current liabilities		<u>1,597,453</u>	<u>1,544,064</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

As at 30 June 2022

	30 June	31 December
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i> (Unaudited)	(Unaudited)
ASSETS AND LIABILITIES		
Non-current liabilities		
Other employee benefits	2,803	2,931
Lease liabilities	20,805	24,151
Provision for warranty	2,408	2,517
Deferred tax liabilities	51,144	57,522
	<u>77,160</u>	<u>87,121</u>
Net assets	<u><u>1,520,293</u></u>	<u><u>1,456,943</u></u>
EQUITY		
Share capital	12 240,597	240,597
Reserves	1,279,696	1,216,346
	<u>1,520,293</u>	<u>1,456,943</u>
Total equity	<u><u>1,520,293</u></u>	<u><u>1,456,943</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 located at 12/F., The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Group is principally engaged in the provision of enterprise cloud services and digital business and information technology services.

The immediate holding 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 Main Board of the Hong Kong Stock Exchange. The directors of the Company consider the ultimate holding company of the Company is Dadi Holdings Limited, a limited liability company incorporated in Hong Kong.

These condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved and authorised for issue by the Board on 26 August 2022.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34, Interim Financial Reporting ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2021 annual consolidated financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2022 as disclosed in note 3.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

2. BASIS OF PREPARATION (Continued)

These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 unaudited annual financial statements.

The financial information relating to the year ended 31 December 2021 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year. Further information relating to the statutory financial statements is as follows:

The financial statements for the year ended 31 December 2021 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. As at the date of this announcement, the Company's auditor has yet to report on those financial statements.

These condensed consolidated interim 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 had net current liabilities of approximately HK\$651,500,000 as at 30 June 2022. The Board is of the opinion that the Group will have sufficient resource to satisfy its working capital and other financing requirement in the foreseeable future on the basis that the Board foresees that the Group is able to generate positive cash flows from operation for the next twelve months.

In the 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, these condensed consolidated interim financial statements have been prepared on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

3. CHANGES IN HKFRSs

Except as described below, the accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those adopted in preparing the annual consolidated financial statements for the year ended 31 December 2021.

The Group has adopted the following new standards, interpretation and amendments to standards which are relevant to the Group's operations and are mandatory for the financial period beginning on 1 January 2022:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3 Business Combinations	Reference to the Conceptual Framework
Amendments to HKAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to HKAS 37 Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts — Cost of Fulfilling a Contract

The adoption of the above new standards, interpretation and amendments to standards did not have any significant financial impact on these condensed consolidated interim financial statements.

4. SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) has been identified as the executive directors. Information reported to CODM for the purpose of resource allocation and assessment of segment performance is based on the business segments of the Group.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented two reportable segments — “Enterprise cloud services” and “Digital business and information technology services” in its condensed consolidated interim financial statements for the six months ended 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

4. SEGMENT INFORMATION (Continued)

	For the six months ended 30 June (Unaudited)					
	Enterprise cloud services		Digital business and information technology services		Reportable segment total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue						
Revenue from external customers	471,816	445,208	35,736	–	507,552	445,208
Inter-segment revenue	–	–	12,271	–	12,271	–
	<u>471,816</u>	<u>445,208</u>	<u>48,007</u>	<u>–</u>	<u>519,823</u>	<u>445,208</u>
Reportable segment loss before income tax	(17,249)	(75,863)	(28,109)	–	(45,358)	(75,863)
Bank interest income					1	51
Other interest income on financial assets measured at amortised cost					43,698	53,566
Depreciation of owned assets					(4)	(14)
Exchange gain/(loss), net					17,135	(2,993)
Unallocated corporate expenses					(9,249)	(7,217)
Profit/(Loss) before income tax					<u>6,223</u>	<u>(32,470)</u>

The reportable segment assets and liabilities as at 30 June 2022 and 31 December 2021 are as follows:

	Enterprise cloud services		Digital business and information technology services		Reportable segment total	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment assets	<u>428,411</u>	<u>477,645</u>	<u>819,003</u>	<u>842,828</u>	<u>1,247,414</u>	<u>1,320,473</u>
Reportable segment liabilities	<u>(677,497)</u>	<u>(709,437)</u>	<u>(70,087)</u>	<u>(69,026)</u>	<u>(747,584)</u>	<u>(778,463)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

5. REVENUE AND OTHER OPERATING INCOME

- (a) The Group's revenue represents income from enterprise cloud services and digital business and information technology services.

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Enterprise cloud services	471,816	445,208
Digital business and information technology services	35,736	–
	507,552	445,208
Timing of revenue recognition under HKFRS 15		
— At a point in time	17,077	13,692
— Transferred over time	490,475	431,516
	507,552	445,208

- (b) **Other operating income:**

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	59	213
Other interest income on financial assets measured at amortised cost	43,698	53,566
Government grants	3,042	2,814
Refund of value-added tax	14,997	7,693
Exchange gain, net	17,135	–
Sundry income	1,345	261
	80,276	64,547

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

6. PROFIT/(LOSS) BEFORE INCOME TAX

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The Group's profit/(loss) before income tax is arrived at after charging:		
Amortisation of intangible assets other than goodwill*	51,609	12,559
Depreciation of property, plant and equipment		
— owned assets*	5,952	6,679
— right-of-use assets*	17,034	18,421
	<u>51,609</u>	<u>18,421</u>

* included in other operating expenses

7. INCOME TAX CREDIT/(EXPENSE)

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax charge for the period		
— The People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	3,006	3,023
Deferred tax	(3,991)	(480)
	<u>(985)</u>	<u>(480)</u>
Income tax (credit)/expense	<u>(985)</u>	<u>2,543</u>

There is no estimated assessable profit subject to Hong Kong profits tax for the six months ended 30 June 2022 and 2021.

For the six months ended 30 June 2022 and 2021, PRC EIT has been provided on the estimated assessable profits of subsidiaries operating in Mainland China at 25%, unless preferential rates are applicable in the cities where the subsidiaries are located.

8. DIVIDEND

No dividend was paid and declared by the Company during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2022 is based on the profit attributable to the owners of the Company of approximately HK\$7,208,000 (six months ended 30 June 2021: loss of HK\$35,013,000) and on the weighted average number of approximately 19,914,505,000 ordinary shares in issue during the period after deducting the number of shares held by a custodian under the restricted share award scheme.

For the six months ended 30 June 2022 and 2021, diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as the performance-based targets of the share awards does not meet as at period end date.

10. TRADE RECEIVABLES

Trade receivables are due on presentation of invoices. Based on the invoice dates, the ageing analysis of the trade receivables is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Unaudited)
0–90 days	16,794	27,512
91–180 days	13,802	12,871
181–270 days	3,061	6,450
271–360 days	4,756	2,425
Over 360 days	28,378	25,701
Trade receivables, gross	66,791	74,959
Less: Provision for impairment of trade receivables	(19,790)	(18,791)
Trade receivables, net	47,001	56,168

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

11. TRADE PAYABLES

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Unaudited)
0–90 days	20,247	15,002
91–180 days	8,938	6,417
181–270 days	6,143	3,721
271–360 days	2,249	3,691
Over 360 days	13,180	8,253
	<u>50,757</u>	<u>37,084</u>

12. SHARE CAPITAL

	30 June 2022 (Unaudited)		31 December 2021 (Unaudited)	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Issued and fully paid:				
Ordinary shares				
At beginning and end of the period/year	<u>21,720,504,877</u>	<u>240,597</u>	<u>21,720,504,877</u>	<u>240,597</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group operates in the area of enterprise cloud services through 中企動力科技股份有限公司 (CE Dongli Technology Company Limited*, “CE Dongli”) and 北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited*, “Xinnet”) and operates in the area of digital business and information technology services through 數碼辰星科技發展(北京)有限公司 (Digicine Oristar Technology Development (Beijing) Company Limited*) and its subsidiary (“Oristar”).

During the reporting period, revenue of the Group was approximately HK\$507.6 million (six months ended 30 June 2021: HK\$445.2 million), and profit for the period was approximately HK\$7.2 million (six months ended 30 June 2021: loss of approximately HK\$35.0 million). The profit is mainly due to the fact that the Group (1) promoted the reduction of product costs through improving production efficiency and enhancing the capability of supporting products; and (2) continued to take various measures to curb the management and administrative expenses.

By virtue of the comprehensive digital marketing, total solutions for digital business and cloud computing infrastructure services offered to corporate clients in China, the Group has been chosen by nearly 3.5 million customers to support their digitalization efforts in its 23 years of operation. The Group has not only provided standardized enterprise service tools to clients through Software as a Service (“SaaS”) services, but also established flexible and scalable product capabilities for the specific needs of enterprises, and collaborated with strategic partners to establish a service ecosystem covering the entire industry chain. We possess a multi-dimensional business system involving almost all industries and all channels. We have also established a nationwide localized service network, so as to effectively address the problems of “the last kilometer” from SaaS software to corporate clients.

With the advancement of digitalisation, more and more enterprises have started to recognise the impact of digital transformation on their business and have started to develop the layout of their products, services and operations accordingly. In the course of our enterprise services, we have also found that our enterprise customers are eager to use digital products and services and to establish private digital operations for their enterprises. CE Dongli has launched “global portal” covering domestic and foreign trade and carried out a comprehensive technology upgrade for portal products. In 2022, we also made upgrades for domestic and foreign trade customers using “global portal” and launched 2022 global portal foreign trade professional edition and marketing professional edition to address the growing business needs of our customers.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

In the field of e-commerce, increased attempts were made by enterprises to get rid of the constraints of platforms and establish their own private e-commerce ecology, and the diversification of business models has not only covered “to customer” and “to business”, but also extended to the “to government” e-commerce scenario. Under the guidance of OMO (Online Merge Offline) strategy, CE Dongli is able to identify customers’ needs more accurately, and with the support of a solid product and technology foundation, it has established business environment that flexibly respond to the integration of customers’ different needs, creating more precise marketing, more flexible business models and more diverse business access.

Enterprise cloud services

During the reporting period, the revenue of the business segment of enterprise cloud services was approximately HK\$471.8 million (six months ended 30 June 2021: approximately HK\$445.2 million). Loss before income tax was approximately HK\$17.2 million (six months ended 30 June 2021: approximately HK\$75.9 million). The reduction of loss is mainly due to the decrease in the aforementioned product costs and management and administrative expenses.

CE Dongli

With 23 years’ service experience, CE Dongli has successfully developed a SaaS product system that meets the demand for management digitalization for vast number of enterprises in China. It has established an ecosystem for corporate services in which top players of various industries were involved as cooperative partners, and established an extensive network for business and localized services, providing enterprises in China with corporate digitalization and operation solutions.

During the reporting period, the digital marketing products of CE Dongli, including high-end customized products, global portal and self-service website building products, formed a complete product spectrum for large and medium-sized customers to small and micro-sized customers and are able to meet the different needs of customers. In the digital commerce area, CE Dongli has served tens of thousands of corporate clients by providing SaaS services through its major products such as B2B e-commerce portals, B2C mobile malls and online malls. During the reporting period, supporting products of CE Dongli have started to play an important supporting role in its digital commerce, which can be adapted flexibly to different scenarios and meet more diverse business models according to customer needs.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Enterprise cloud services (Continued)

CE Dongli (Continued)

In terms of new product development, CE Dongli's 2022 global portal marketing professional edition has established more powerful automatic website optimisation capabilities and automatic updating, achieving a leap forward in the process of digital marketing automation and satisfying customers' needs for more efficient and accurate automated marketing for customers with insufficient operational capabilities and limited marketing investment. The establishment of automatic dialogue and automatic identification capabilities for visitors also allows clients to gain more efficient insights and engagement with visitors. The establishment of a design supporting capability allows the design of customer websites and customer journeys to be more closely aligned with industry upgrades, and the browsing experience of the website is significantly enhanced through investment in research and development.

CE Dongli's 2022 global portal foreign trade professional edition has achieved industry-leading performance in the Google search engine through leading research and development investment and continuous technical enhancement, and the loading speed of our clients' websites is faster which is more than double than that of the top companies in the industry. CE Dongli's 2022 global portal foreign trade professional edition has 42 languages which are widely covered for 10 ASEAN countries, 27 EU countries, and 15 RCEP (Regional Comprehensive Economic Partnership) countries. Large overseas clusters, trans-oceanic lines, static separation technology, and high-proof CDN (Content Distribution Network) also ensure easier maintenance and more stable operation of our clients' websites, and achieve e-commerce level anti-attack capability.

Xinnet

During the reporting period, Xinnet continued to serve domestic medium, small and micro-sized enterprises through online, direct sales and a nationwide agent channel system. Apart from business such as domain name management, mailbox and basic online services offered to our members and agents, through years of professionalism, the domain name business of various key customers, including Tencent, JD, Huawei and Sina, has been gradually integrated into Xinnet ecosystem co-operation. In addition to business such as domain name management, public cloud IaaS (Infrastructure as a Service) and mailbox, Xinnet has been striving hard on the website development business and has upgraded the entire website construction system with a brand new version to meet the market demand. It has also continued to expand the enterprise market in the area of corporate application services. Enriching the product lines in respect of public cloud products by adding new products including Redis, RabbitMQ, Web application Firewall, cloud security center etc, in order to meet the needs of users for PaaS (Platform as a Service) products.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Digital business and information technology services

Oristar

The Company completed the acquisition of Oristar on 26 July 2021. During the reporting period, the digital business and information technology services business segment recorded revenue of approximately HK\$35.7 million and loss before income tax of approximately HK\$28.1 million.

In the first half of 2022, due to the impact of the novel coronavirus pandemic in China (the “Pandemic”) and domestic control policies, the national cinema was operating at less than 60% capacity from March to May 2022, the traditional box office cities of Beijing, Shanghai, Guangzhou and Shenzhen were hard-hit. During this period, Oristar worked with partner cinemas during the difficult times and conducted research and development on improving the marketing module of Oristar Cloud Cinema Management System 4.0, adding private domain operation capabilities for cinema members such as fission marketing and loyalty programs with providing points for use by its users to increase membership bonding, helping cinemas to significantly increase membership activity and repeat purchase rates. As at the end of June 2022, Oristar remained its second position in the industry in terms of the number of cinemas served and grew at a better rate than the average rate in the industry.

Prospects

In recent years, enterprises in China have been undergoing a process of digital transformation, and the Pandemic will accelerate this process significantly. As a result of the Pandemic, there are continuous and significant changes in the lifestyle and consumption habits of consumers, while a large number of enterprises are still suffering from capacity deficiencies under this rapid transformation demand. Those who can outperform this long-term competition will be the enterprises with long-term digital strategy and investment and practical implementation. With 23 years of long-term accumulation and growth with customers, the Group has continued to be sensitive to the rhythm and trend of this process, and has reflected it in our products and services. Only by being rooted in the digitalization, which need to be cultivated over a long period of time for enterprise service market, can be long-lasting. The co-evolution of the Group and the market is also being evidenced by the business improvement of numerous clients. We are committed to supporting our clients’ business growth.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Resources and Liquidity

The Group continued to adopt prudent funding and treasury policies. As at 30 June 2022, net assets attributable to the owners of the Company amounted to approximately HK\$1,520.3 million (31 December 2021: approximately HK\$1,456.9 million), including cash and cash equivalents of approximately HK\$48.7 million (31 December 2021: approximately HK\$92.7 million) which were mainly denominated in Renminbi, Hong Kong dollars and United States dollars. As at 30 June 2022, the Group had bank borrowings bearing interest at fixed rates of approximately HK\$117.1 million (31 December 2021: approximately HK\$122.4 million). The Group has not entered into any interest rate hedge during the reporting period.

As at 30 June 2022, the Group's gearing ratio, which is calculated as net debt (which is calculated as the bank borrowings, secured less cash and cash equivalents) divided by the total equity plus net debt, was 4.3% (31 December 2021: 2.0%).

As at 30 June 2022, the Group had no capital commitment (31 December 2021: no capital commitment).

As at 30 June 2022, the Group's contingent liabilities were approximately HK\$23.2 million in connection with the guarantees given to secure credit facilities granted to an associate (31 December 2021: approximately HK\$22.6 million).

As at 30 June 2022, certain interests in property, plant and equipment amounting to approximately HK\$12.8 million were pledged to secure the bank borrowings (31 December 2021: approximately HK\$13.6 million).

Exposure to Fluctuation in Exchange Rates

The majority of the Group's borrowings and business dealings were primarily denominated in Renminbi. Both the operating expenses and revenue were primarily denominated in Renminbi. The Renminbi exchange rate is expected to fluctuate due to uncertainties in global economic development. The Group's assets, liabilities and results may be affected by the Renminbi exchange rates. During the reporting period, fluctuation in Renminbi exchange rates affected the assets and liabilities translation from Renminbi to Hong Kong dollars in financial reporting of the Group, and the Group will keep on monitoring the fluctuation in exchange rates between Renminbi and Hong Kong dollars. The Group proactively seeks control measures to minimize the impact arising from risks and uncertainties as far as practicable, and considers using foreign exchange hedging instruments (if appropriate) from time to time, to minimize the risk exposure arising from changes in Renminbi exchange rates. During the reporting period, the Group has not entered into any foreign exchange hedging instruments.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employee and Remuneration Policy

The Group 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 restricted shares (as the case may be) under the Company's restricted share award scheme at the discretion of the Board. The Company's share option scheme lapsed on 28 May 2022. In general, salary review is conducted annually. As at 30 June 2022, the Group had approximately 4,351 employees (30 June 2021: 5,531 employees). The total salaries of and allowances for employees for the six months ended 30 June 2022 were approximately HK\$363.6 million (for the six months ended 30 June 2021: approximately HK\$359.4 million). The Group focuses on providing skill and quality training for various levels of staff, and provides on-the-job capability training to its staff; in respect of staff quality, corresponding training on personal work attitude and work habits is also provided.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable principles and code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022 except the Company was not able to (i) issue the audited annual results of the Group for the year ended 31 December 2021 on or before 31 March 2022; (ii) despatch the annual report for 2021; and (iii) convene the 2022 annual general meeting of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 six months ended 30 June 2022.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises all the independent non-executive directors of the Company, namely Mr. Fung Wing Lap, Mr. Xiao Sui Ning and Mr. Ho Yeung Nang. The Audit Committee has reviewed with management the interim results and the accounting principles and practices adopted by the Group.

FURTHER DELAY IN PUBLICATION OF THE 2021 AUDITED ANNUAL RESULTS AND 2021 ANNUAL REPORT

Reference is made to the announcement of the Company dated 30 June 2022 in relation to quarterly update on suspension of trading, the Company was unable to publish the 2021 Audited Annual Results as additional time is required by the Company’s auditor to deal with the audit issues regarding the appraised value of the security provided in respect of the loans owed by the Nan Hai Group (as defined in the Company’s announcement dated 30 June 2022) to the Group. The reason is primarily due to the fact that the auditor needs to confirm the relevant information after Nan Hai Group has completed the internal control investigation. As far as the Board is aware, the internal control investigation of Nan Hai Group is still in progress. The Company and the Company’s auditor are currently unable to provide the estimated time required for completion of such internal control investigation. Accordingly, the publication of the 2021 Audited Annual Results and 2021 Annual Report will be further delayed. The expected date of publication will be announced as and when appropriate. The financial information as set out in this interim results announcement will be subject to finalization and necessary adjustments as may be required following the finalization of the 2021 Audited Annual Results.

PUBLICATION OF THE INTERIM RESULTS AND REPORT

This results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.sino-i.com). The 2022 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Hong Kong Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022 and will remain suspended until the Company fulfils the Resumption Guidance (as defined in the Company's announcement dated 29 June 2022).

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
Sino-i Technology Limited
Liu Rong
Chairlady

Hong Kong, 26 August 2022

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

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent non-executive Directors:</i>
Ms. Liu Rong	Mr. Lam Bing Kwan	Mr. Fung Wing Lap
Mr. Yu Pun Hoi	Mr. Cheng Chih-Hung	Mr. Xiao Sui Ning
Mr. Chen Ming Fei		Mr. Ho Yeung Nang