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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 2023**

**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 2023 together with the comparative figures for 2022 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5(a)	485,518	507,552
Cost of sales and services provided		<u>(67,868)</u>	<u>(82,331)</u>
Gross profit		417,650	425,221
Other operating income	5(b)	71,334	80,276
Selling and marketing expenses		(302,041)	(312,748)
Administrative expenses		(36,418)	(34,965)
Other operating expenses		(125,676)	(145,487)
Reversal of expected credit loss/ (expected credit loss) on financial assets		1,839	(1,898)
Finance costs	6	(3,497)	(3,914)
Share of results of associates		<u>280</u>	<u>(262)</u>
Profit before income tax	7	23,471	6,223
Income tax credit	8	<u>723</u>	<u>985</u>
<b>Profit for the period and attributable to owners of the Company</b>		<b><u>24,194</u></b>	<b><u>7,208</u></b>
		<i>HK cent</i>	<i>HK cent</i>
<b>Earnings per share for profit attributable to the owners of the Company for the period</b>	10		
— Basic		<u>0.12</u>	<u>0.04</u>
— Diluted		<u>0.12</u>	<u>0.04</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>24,194</b>	7,208
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	(5,114)	(14,303)
Exchange difference on translation of interests in associates	<u>650</u>	<u>704</u>
	<u>(4,464)</u>	<u>(13,599)</u>
<b>Total comprehensive income for the period and attributable to the owners of the Company</b>	<b><u>19,730</u></b>	<b><u>(6,391)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		64,850	73,396
Financial assets at fair value through other comprehensive income		324	324
Financial asset measured at fair value		59,561	58,065
Interests in associates		26,060	25,129
Goodwill		364,862	381,255
Other intangible assets		360,307	424,499
Loans to immediate holding company		–	1,234,961
		<b>875,964</b>	<b>2,197,629</b>
<b>Current assets</b>			
Trade receivables	<i>11</i>	58,395	44,218
Deposits, prepayments and other receivables		150,405	132,280
Amount due from immediate holding company		20,320	15,288
Loans to immediate holding company		1,278,659	–
Cash and cash equivalents		62,888	65,675
		<b>1,570,667</b>	<b>257,461</b>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	65,554	64,160
Other payables and accruals		90,037	109,055
Contract liabilities		402,019	400,888
Provision for tax		189,069	186,063
Amount due to a director		532	532
Amounts due to associates		3,054	3,442
Amounts due to related companies		1,583	1,597
Bank borrowings, secured		111,339	118,846
Other employee benefits		2,004	2,200
Lease liabilities		20,481	21,977
		<b>885,672</b>	<b>908,760</b>
<b>Net current assets/(liabilities)</b>		<b>684,995</b>	<b>(651,299)</b>
<b>Total assets less current liabilities</b>		<b>1,560,959</b>	<b>1,546,330</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(Continued)**

*As at 30 June 2023*

	<i>Note</i>	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Unaudited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>17,090</b>	18,928
Deferred tax liabilities		<b>40,054</b>	45,691
		<u><b>57,144</b></u>	<u>64,619</u>
<b>Net assets</b>		<u><b>1,503,815</b></u>	<u>1,481,711</u>
<b>EQUITY</b>			
Share capital	<i>13</i>	<b>240,597</b>	240,597
Reserves		<b>1,263,218</b>	1,241,114
		<u><b>1,503,815</b></u>	<u>1,481,711</u>
<b>Total equity</b>		<u><b>1,503,815</b></u>	<u>1,481,711</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2023*

## 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 25 August 2023.

## 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 2022 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 2023 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 2023

### 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 2022 unaudited annual financial statements.

The financial information relating to the year ended 31 December 2022 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 these statutory financial statements is as follows:

The financial statements for the year ended 31 December 2022 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

### 3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### (a) Adoption of new or amended HKFRSs

Except as described below, the accounting policies and methods of computation used in the preparation of the 2023 interim consolidated financial statements are consistent with those adopted in preparing the annual consolidated financial statements for the year ended 31 December 2022.

In the current interim period, the Group has applied, for the first time, the following new or amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's condensed consolidated interim financial statements for the annual period beginning on 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The adoption of the above mentioned new or amended HKFRSs have no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2023

### 3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) Amended HKFRSs that have been issued but not yet effective

The following amended HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 Amendments to HKAS 7 and HKFRS 7	Non-current Liabilities with Covenants <sup>1</sup> Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of these amended HKFRSs will have no material impact on the Group’s financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

### 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 2023.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2023

### 4. SEGMENT INFORMATION (Continued)

	For the six months ended 30 June (Unaudited)					
	Enterprise cloud services		Digital business and information technology services		Reportable segment total	
	2023	2022	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment revenue						
Revenue from external customers	417,184	471,816	68,334	35,736	485,518	507,552
Inter-segment revenue	-	-	-	12,271	-	12,271
	<u>417,184</u>	<u>471,816</u>	<u>68,334</u>	<u>48,007</u>	<u>485,518</u>	<u>519,823</u>
Reportable segment loss before income tax	(14,880)	(17,249)	(13,716)	(28,109)	(28,596)	(45,358)
Bank interest income					1	1
Other interest income on financial assets measured at amortised cost					43,698	43,698
Depreciation of owned assets					-	(4)
Exchange gain, net					17,065	17,135
Unallocated corporate expenses					(8,697)	(9,249)
Profit before income tax					<u>23,471</u>	<u>6,223</u>

The reportable segment assets and liabilities as at 30 June 2023 and 31 December 2022 are as follows:

	Enterprise cloud services		Digital business and information technology services		Reportable segment total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	<u>394,556</u>	<u>413,836</u>	<u>690,109</u>	<u>730,752</u>	<u>1,084,665</u>	<u>1,144,588</u>
Reportable segment liabilities	<u>644,057</u>	<u>666,404</u>	<u>54,112</u>	<u>62,082</u>	<u>698,169</u>	<u>728,486</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

*For the six months ended 30 June 2023*

**5. REVENUE AND OTHER OPERATING INCOME**

**(a) Revenue**

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

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Enterprise cloud services	417,184	471,816
Digital business and information technology services	<u>68,334</u>	<u>35,736</u>
	<u><b>485,518</b></u>	<u><b>507,552</b></u>
Timing of revenue recognition under HKFRS 15		
— At a point in time	11,584	17,077
— Transferred over time	<u>473,934</u>	<u>490,475</u>
	<u><b>485,518</b></u>	<u><b>507,552</b></u>

**(b) Other operating income**

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	168	59
Other interest income on financial assets measured at amortised cost	43,698	43,698
Government grants	1,477	3,042
Refund of value-added tax	8,592	14,997
Exchange gain, net	17,065	17,135
Sundry income	<u>334</u>	<u>1,345</u>
	<u><b>71,334</b></u>	<u><b>80,276</b></u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

*For the six months ended 30 June 2023*

**6. FINANCE COSTS**

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on bank borrowings	<b>2,042</b>	2,147
Interest on lease liabilities	<b>1,455</b>	1,767
	<hr/>	<hr/>
Amount recognised in profit or loss	<b>3,497</b>	3,914
	<hr/> <hr/>	<hr/> <hr/>

**7. PROFIT BEFORE INCOME TAX**

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
The Group's profit before income tax is arrived at after charging:		
Amortisation of intangible assets other than goodwill*	<b>46,934</b>	51,609
Depreciation of property, plant and equipment		
— owned assets*	<b>3,088</b>	5,952
— right-of-use assets*	<b>16,247</b>	17,034
	<hr/> <hr/>	<hr/> <hr/>

\* included in other operating expenses

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

*For the six months ended 30 June 2023*

**8. INCOME TAX CREDIT**

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Current tax charge for the period		
— The People's Republic of China ("PRC")		
Enterprise Income Tax ("EIT")	<b>3,006</b>	3,006
Deferred tax	<u><b>(3,729)</b></u>	<u>(3,991)</u>
Income tax credit	<u><b>(723)</b></u>	<u>(985)</u>

There is no estimated assessable profit subject to Hong Kong profits tax for the six months ended 30 June 2023 and 2022.

For the six months ended 30 June 2023 and 2022, 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.

**9. DIVIDEND**

No dividend was paid and declared by the Company during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

**10. EARNINGS PER SHARE**

The calculation of basic earnings per share for the six months ended 30 June 2023 is based on the profit attributable to the owners of the Company of approximately HK\$24,194,000 (six months ended 30 June 2022: HK\$7,208,000) 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 2023 and 2022, diluted earnings per share is equal to the basic earnings per share as the performance-based targets of the share awards does not meet as at period end date.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2023

### 11. 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:

	<b>30 June 2023</b>	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
0–90 days	21,240	16,470
91–180 days	11,466	9,392
181–270 days	4,212	3,931
271–360 days	2,948	2,855
Over 360 days	35,565	31,345
	<hr/>	<hr/>
Trade receivables, gross	75,431	63,993
Less: Provision for impairment of trade receivables	(17,036)	(19,775)
	<hr/>	<hr/>
Trade receivables, net	<u>58,395</u>	<u>44,218</u>

### 12. TRADE PAYABLES

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

	<b>30 June 2023</b>	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
0–90 days	27,175	25,483
91–180 days	5,652	10,381
181–270 days	3,440	2,646
271–360 days	4,098	8,472
Over 360 days	25,189	17,178
	<hr/>	<hr/>
	<u>65,554</u>	<u>64,160</u>

### 13. SHARE CAPITAL

	<b>30 June 2023</b>		31 December 2022	
	(Unaudited)		(Unaudited)	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
<b>Issued and fully paid:</b>				
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\$485.5 million (six months ended 30 June 2022: HK\$507.6 million), and profit for the period was approximately HK\$24.2 million (six months ended 30 June 2022: approximately HK\$7.2 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 over 3.5 million customers to support their digitalization efforts in its 24 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 arrival of the post-pandemic era, more and more enterprises are facing the stage of returning to normal business and storing energy before acceleration. Business digitalization is no longer an alternative but a must-have option, especially in the area of digital marketing for B2B enterprises where the trend has become increasingly apparent. During this transformation process, enterprises will pay more attention to effective products and services. Therefore, on the basis of the “global portal” for domestic and foreign trade integrated products in 2022, CE Dongli has launched the 2023 professional version of “global portal” for foreign trade and the professional version for marketing to meet the increasing business needs of customers.

In the field of e-commerce, under the guidance of the OMO (Online Merge Offline) strategy, we made further product segmentation within the Group. In addition to the existing e-commerce products and services for consumer goods, the Group has also expanded e-commerce products and services for local life and the multi-trillion-dollar government procurement market, striving to grow diversified products on the increasingly solid product base.

\* For identification purposes only

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Business Review (Continued)

#### *Enterprise cloud services*

During the reporting period, the revenue of the business segment of enterprise cloud services was approximately HK\$417.2 million (six months ended 30 June 2022: approximately HK\$471.8 million). Loss before income tax was approximately HK\$14.9 million (six months ended 30 June 2022: approximately HK\$17.2 million). The reduction of loss is mainly due to the decrease in the aforementioned product costs and management and administrative expenses.

#### *CE Dongli*

CE Dongli is a company with over twenty-four years of service experience and is committed to providing digital operation solutions for enterprises in the PRC. In order to meet the digital management needs of Chinese enterprises, CE Dongli has developed a SaaS product system which is suitable for customers with different scales, including high-end customized, global portal, self-service station and other digital marketing products, building a corporate service ecosystem to attract various leading industry partners. In addition, CE Dongli has built an extensive business and localized service network to ensure that customers can obtain the best digital marketing services.

The digital marketing products of CE Dongli have adopted advanced technology and are able to meet the different needs from large and medium-sized customers to small, micro customers. These digital marketing products have formed a complete product series to meet the differentiated needs of customers with different scales. In addition, in the field of digital commerce, CE Dongli has provided professional SaaS services for over ten thousand corporate customers, expanding from the original field of consumer goods to the field of government procurement e-commerce.

In summary, CE Dongli has strong capabilities in digital marketing and digital commerce. Through advanced technology and high-quality services, CE Dongli is able to not only meet the needs of customers, but also create more commercial value for customers. CE Dongli will continue to focus on the development of digital marketing and digital commerce to provide customers with good services and more business opportunities.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Business Review (Continued)

#### *Enterprise cloud services (Continued)*

##### *CE Dongli (Continued)*

In terms of new product development, CE Dongli's 2023 global portal marketing professional edition has established more powerful automatic website marketing capabilities in combination of the currently most updated AI technology, achieving a leap forward in the process of digital marketing automation and satisfying customers' needs for more efficient and accurate automated marketing capabilities for customers with insufficient operational capabilities and limited marketing investment, in addition to the upgrades for our original capabilities of "automated recording, automated optimization, automated update, automated dialogue, automated identification and automated adaptation" and also the new capabilities such as "regional subsites for automated generation, automated content generation and automated generation of aggregation pages".

The 2023 global portal foreign trade professional edition has achieved industry-leading performance scoring high in the Google search engine through CE Dongli's innovation on technology and constant research and development investment. In addition, the loading speed of our clients' websites is more than two-fold of the top companies in the industry, providing faster browsing experience to our customers, which not only supports 42 languages but also covers 10 ASEAN countries, 27 EU countries, and 15 RCEP (Regional Comprehensive Economic Partnership) countries, providing our customers with a broader platform for their business expansion in global markets. Besides, the application of advanced technology such as large overseas clusters, trans-oceanic lines, static separation technology, and high-proof CDN (Content Distribution Network) ensure easier maintenance and more stable operation of our clients' websites, and achieve e-commerce level anti-attack capability. In other words, CE Dongli's 2023 global portal foreign trade professional edition is a professional product designed for enterprises to expand their business in global markets. It not only demonstrates the strength of technology, but also helps enterprises realize more commercial value. Moreover, the foreign trade professional edition has also inherited the three major automation capabilities from the marketing professional edition, achieving simultaneous optimization of both domestic and foreign trade in terms of automated marketing.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Business Review (Continued)

#### *Enterprise cloud services (Continued)*

##### *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. Meanwhile, Xinnet assists SME partners in cities across the country in providing local solutions for digital transformation to an increasing number of enterprises. 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 prompting its horizontal development with brand new versions to meet SME's demand in more aspects. It has also continued to expand the enterprise market in the area of corporate application services. Having a rich product lines in respect of public cloud products, including Redis, RabbitMQ, Web application Firewall, cloud security center etc, to meet the needs of users for PaaS (Platform as a Service) products.

#### *Digital business and information technology services*

##### *Oristar*

During the reporting period, the digital business and information technology services business segment recorded revenue of approximately HK\$68.3 million (for the six months ended 30 June 2022: approximately HK\$35.7 million) and loss before income tax of approximately HK\$13.7 million (for the six months ended 30 June 2022: approximately HK\$28.1 million).

In the first half of 2023, the global cinema market gradually recovered after being hit by the novel coronavirus pandemic (the "Pandemic"). According to statistics, global cinema box office income has returned to around 60% of pre pandemic levels. Meanwhile, with the advancement of vaccination and the gradual relaxation of restrictive measures, the audience's confidence in watching movies in the cinema has gradually recovered. Such trend is particularly evident in China market that box office income has generally returned to around 80% of pre pandemic levels. Cinema ticketing software companies will benefit significantly from the recovery of the cinema market. On the one hand, the reopening of cinemas and the return of audience to the cinema represent more sales opportunities and market share for Oristar. On the other hand, with the recovery of the cinema market, the competitive pressure in the industry will also increase, in which Oristar is required to strengthen its own competitiveness and strategic planning to maintain a leading position.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Business Review (Continued)

#### *Digital business and information technology services (Continued)*

##### *Oristar (Continued)*

In the first half of 2023, Oristar adopted multiple strategic measures to address the opportunities and challenges brought by the recovery of the cinema market. Firstly, it has strengthened its cooperation with large and medium-sized cinema management groups to promote key customer services, while promoting the sales of high box office individual cinemas to enhance market share of overall box office. Secondly, the products and services have been optimised, with a focus on improving user experience and convenience and service satisfaction in order to attract more small and medium-sized cinema customers. In addition, it has pushed forward the sales and promotion of newly launched self-operated e-commerce products. The implementation of these strategic measures has brought positive results. In the first half of 2023, the number of customers of Oristar's ticket system products increased by nearly 15%, the market share of overall box office increased by 17%, and the number of customers of self operated e-commerce products doubled, achieving 65% of the annual target. In terms of products, Oristar optimised related functions of the overall customer experience and reduced customer feedback by 12%, thus improving the user experience effectively. In terms of market expansion, it obtained two new large and medium-sized cinema management customers, which increased its market share in the leading customer market.

### 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 24 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 2023, net assets attributable to the owners of the Company amounted to approximately HK\$1,503.8 million (31 December 2022: approximately HK\$1,481.7 million), including cash and cash equivalents of approximately HK\$62.9 million (31 December 2022: approximately HK\$65.7 million) which were mainly denominated in Renminbi, Hong Kong dollars and United States dollars. As at 30 June 2023, the Group had bank borrowings bearing interest at fixed rates of approximately HK\$111.3 million (31 December 2022: approximately HK\$118.8 million). The Group has not entered into any interest rate hedge during the reporting period.

As at 30 June 2023, 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 3.1% (31 December 2022: 3.5%).

As at 30 June 2023, the Group had no capital commitment (31 December 2022: no capital commitment).

As at 30 June 2023, the Group's contingent liabilities were approximately HK\$23.9 million in connection with the guarantees given to secure credit facilities granted to an associate (31 December 2022: approximately HK\$23.4 million).

As at 30 June 2023, certain interests in property, plant and equipment amounting to approximately HK\$11.4 million were pledged to secure the bank borrowings (31 December 2022: approximately HK\$12.1 million).

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **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.

### **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. In general, salary review is conducted annually. As at 30 June 2023, the Group had approximately 5,027 employees (30 June 2022: 4,351 employees). The total salaries of and allowances for employees for the six months ended 30 June 2023 were approximately HK\$316.3 million (for the six months ended 30 June 2022: approximately HK\$363.6 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 2023.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 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 (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023 except for the deviation as stated below:

Reference is made to the announcement of the Company dated 30 June 2023, the annual general meetings in respect of the year ended 31 December 2021 and 31 December 2022 of the Company have been postponed as a results of the delay of publication of the 2021 and 2022 audited annual results and despatch of the 2021 and 2022 annual reports. Accordingly, the Company is unable to comply with the applicable principles and code provisions set out in the CG Code.

### **Deviation from C.1.8 of the CG Code**

Under code provision of C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against the directors. Currently, the Company does not have insurance cover for legal action against its directors. The Board is considering to seek suitable insurance cover in this regard.

## **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 2023.

## **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 AND 2022 AUDITED ANNUAL RESULTS AND 2021 AND 2022 ANNUAL REPORTS**

Reference is made to the announcement of the Company dated 30 June 2023 in relation to quarterly update on suspension of trading, the Company was unable to publish the 2021 and 2022 audited annual results and despatch its 2021 and 2022 annual reports. The auditing process of the annual results of the Group for the year ended 31 December 2021 has not been completed and the auditing process of the annual results for the year ended 31 December 2022 has not yet commenced.

The Company has been informed that since the auditor of Nan Hai Corporation Limited (“Nan Hai”, and together with its subsidiaries, the “Nan Hai Group”) proposed that it would carry out second-stage investigation on the matter covered by the internal control investigation report and the internal control investigation of the Nan Hai Group should also cover events up to 31 December 2022. Nan Hai is still dealing with issues regarding the scope of work and expected time required for such work with its auditor and the internal control investigation consultant. At the same time, the parties have not yet reached an agreement on the schedule of payment and the relevant work has not been completed. The Company is unable to control their work progress and can only continue to postpone the publication of the audited annual results and apply for postponement of the annual general meeting, while the preparation of the Company’s own financial reports has been proceeding in an orderly manner.

In the unaudited consolidated financial statements of the Company for the period ended 30 June 2023, the loans to immediate holding company stated in the consolidated statement of financial position amounted to approximately HK\$1,278.7 million (31 December 2022: approximately HK\$1,235.0 million) (approximately 52.3% (31 December 2022: 50.3%) of total assets). Such information, amongst other matters, is subject to uncertainties and the auditing process of the auditor of the Company.

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 annual results of the Group for the year ended 31 December 2021 and 31 December 2022.

## **PUBLICATION OF THE INTERIM RESULTS AND REPORT**

This results announcement is published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sino-i.com](http://www.sino-i.com)). The 2023 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, 25 August 2023

*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