SINO ICT HOLDINGS LIMITED
芯成科技控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00365)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Sino ICT Holdings Limited (the "Company") hereby announces the unaudited consolidated results (the "Results") of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2024 (the "Period"). The Results has not been audited by the independent auditor of the Company but it has been reviewed by the Audit Committee of the Company (the "Audit Committee") on 30 August 2024.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 June 2024 *HK\$'000* (Unaudited)**	Six months ended 30 June 2023 *HK\$'000* (Unaudited)
Revenue	*5*	**142,600**	117,039
Cost of sales		**(77,672)**	(62,734)
Gross profit		**64,928**	54,305
Other income	*7*	**4,950**	3,815
Other losses, net		**(507)**	(2,079)
Distribution costs		**(20,613)**	(20,479)
Administrative expenses		**(59,524)**	(66,164)
Operating loss		**(10,766)**	(30,602)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Notes	**Six months ended 30 June 2024** **HK$'000** **(Unaudited)**	Six months ended 30 June 2023 *HK$'000* (Unaudited)
Finance income	*8*	**913**	1,176
Finance costs	*8*	**(13,410)**	(13,832)
Finance costs, net	*8*	**(12,497)**	(12,656)
Share of result of a joint venture		**(793)**	(296)
Share of results of associates		**(3,915)**	(2,924)
Loss before income tax		**(27,971)**	(46,478)
Income tax credit/(expenses)	*9*	**1,453**	(526)
Loss for the Period		**(26,518)**	(47,004)
Other comprehensive income/(expense) for the Period			
Item that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**930**	(226)
Total comprehensive expense for the Period		**(25,588)**	(47,230)
Loss for the Period attributable to:			
Owners of the Company		**(10,777)**	(27,959)
Non-controlling interests		**(15,741)**	(19,045)
		(26,518)	(47,004)
Total comprehensive expense for the Period attributable to:			
Owners of the Company		**(9,847)**	(28,185)
Non-controlling interests		**(15,741)**	(19,045)
		(25,588)	(47,230)
Loss per share for loss attributable to owners of the Company:			
Basic and diluted	*11*	**(0.74) HK cents**	(1.92) HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2024 HK$'000 (Unaudited)	As at 31 December 2023 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**400,536**	418,929
Investment properties		**52,079**	52,079
Right-of-use assets		**22,556**	23,341
Intangible assets		**18,020**	17,309
Interests in associates		**4,780**	8,363
Interest in a joint venture		**10,573**	10,402
Financial assets at fair value through profit or loss ("FVTPL")		**15,145**	16,288
Deferred income tax assets		**3,678**	3,646
Trade and other receivables	*12*	**4,365**	4,176
		531,732	554,533
Current assets			
Inventories		**30,460**	24,080
Trade and other receivables	*12*	**233,423**	185,944
Financial assets at FVTPL		**117**	111
Cash and cash equivalents		**180,715**	183,169
		444,715	393,304
Assets classified as held for sale		**—**	12,665
		444,715	405,969
Total assets		**976,447**	960,502
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**145,500**	145,500
Share premium		**95,240**	95,240
Other reserves		**34,602**	33,672
Accumulated losses		**(23,444)**	(12,667)
Equity attributable to owners of the Company		**251,898**	261,745
Non-controlling interests		**(23,909)**	(8,168)
Total equity		**227,989**	253,577

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30 June 2024 HK$'000 (Unaudited)	As at 31 December 2023 HK$'000 (Audited)
Non-current liabilities			
Bank and other borrowings		**358,898**	365,135
Lease liabilities		**572**	706
Deferred income		**537**	617
Deferred income tax liabilities		**11,418**	11,409
Long service payment obligations		**308**	308
		371,733	378,175
Current liabilities			
Trade and other payables	*13*	**245,320**	234,887
Contract liabilities		**7,455**	7,563
Bank and other borrowings		**115,660**	75,212
Lease liabilities		**8,217**	8,861
Income tax payables		**73**	2,227
		376,725	328,750
Total liabilities		**748,458**	706,925
Total equity and liabilities		**976,447**	960,502
Net current assets		**67,990**	77,219
Total assets less current liabilities		**599,722**	631,752

NOTES:

1. GENERAL INFORMATION

Sino ICT Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the address of its principal place of business is Unit 02-03, 69/F, International Commerce Centre, 1 Austin Road West, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the Directors, the immediate holding company of the Company is Sino Xin Ding Limited, a limited liability company incorporated in Hong Kong, and the ultimate holding company of the Company is UNIC Capital Management Co., Ltd.* (中青芯鑫 (蘇州工業園區) 資產管理有限責任公司), a company incorporated in the People's Republic of China (the "PRC").

The Group is principally engaged in: (i) Surface Mount Technology ("SMT") equipment manufacturing; and (ii) sales of electricity and provision of electricity spot market transaction and auxiliary services ("Energy Business"). The manufacturing and sales of advanced domestic radar hardware and development, application and integration of intelligent software ("Radar Business") was discontinued subject to the relevant directors' resolution was passed on 31 October 2023. Since the Group was operating the Radar Business for the six months ended 30 June 2023, thus the relevant financial information of the Radar Business is still included in the condensed consolidated interim financial statements and the relevant assets of the Radar Business have been reclassified as "assets classified as held for sale" as at 31 December 2023.

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company, unless otherwise stated.

The condensed consolidated interim financial statements were approved for issue by the Board on 30 August 2024.

2. BASIS OF PREPARATION

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

* *For identification purposes only.*

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for investment properties and financial assets at FVTPL which are stated at fair values. Non-current assets classified as held for sale are stated at the lower of carrying amounts and fair values less costs of disposal.

Except for the adoption of the following amendments and interpretations of the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are relevant to the Group's operations and effective for the annual periods beginning on or after 1 January 2024, the accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements for the year ended 31 December 2023.

Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current (the "2020 Amendments")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the above amendments and interpretations of the HKFRSs had no material impact on how the consolidated results and financial position of the Group for both current and prior periods have been prepared and presented.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated interim financial statements requires management to make critical judgements, estimates and assumptions that may affect the application of accounting policies and the carrying amounts of assets and liabilities, income and expenses presented remained the same as those that were applied and disclosed in the annual consolidated financial statements for the year ended 31 December 2023. Actual results of those critical judgements, estimates and assumptions may be different.

5. REVENUE

The Group's revenue recognised during the Period is as follows:

	Six months ended 30 June 2024	Six months ended 30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Production and sales of industrial products	**134,758**	116,757
Sales of electricity	**7,842**	297
	142,600	117,054
Revenue from other sources		
Realised and unrealised losses on listed equity securities	**—**	(15)
	142,600	117,039
Timing of revenue recognition		
At a point in time	**142,600**	117,054
Geographical markets		
The PRC, excluding Hong Kong	**139,551**	114,785
Hong Kong	**3,049**	2,269
	142,600	117,054

6. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Executive Directors of the Company, being the chief operating decision makers, for their decisions about resources allocation and performance review.

The securities investment segment does not meet the quantitative threshold to be presented as a separate operating segment and was grouped under the unallocated segment.

The segment information for the six months ended 30 June 2024 (unaudited) is presented as follows:

	Production and sales of industrial products *HK$'000*	Energy business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Revenue from external customers	131,709	7,842	3,049	142,600
Segment gross profit	59,835	2,044	3,049	64,928
Other income	4,946	4	—	4,950
Other losses, net	(507)	—		(507)
Distribution costs	(20,613)	—	—	(20,613)
Administrative expenses	(24,767)	(22,974)	(11,783)	(59,524)
Finance costs, net	(2,004)	(10,487)	(6)	(12,497)
Share of result of a joint venture	—	—	(793)	(793)
Share of results of associates	—	—	(3,915)	(3,915)
Profit/(Loss) before income tax	16,890	(31,413)	(13,448)	(27,971)

6. **SEGMENT INFORMATION (CONTINUED)**

The segment information for the six months ended 30 June 2023 (unaudited) is presented as follows:

	Production and sales of industrial products	Energy business	Radar business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	114,488	—	297	2,254	117,039
Segment gross profit	51,870	—	181	2,254	54,305
Other income	3,810	—	5	—	3,815
Other losses, net	(1,152)	—	—	(927)	(2,079)
Distribution costs	(20,479)	—	—	—	(20,479)
Administrative expenses	(22,799)	(21,845)	(10,075)	(11,445)	(66,164)
Finance costs, net	(2,436)	(10,579)	(116)	475	(12,656)
Share of result of a joint venture	—	—	—	(296)	(296)
Share of results of associates	—	—	—	(2,924)	(2,924)
Profit/(Loss) before income tax	8,814	(32,424)	(10,005)	(12,863)	(46,478)

7. **OTHER INCOME**

	Six months ended 30 June 2024	Six months ended 30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income from sales of scraps	**294**	58
Government grants	**4,656**	3,757
	4,950	3,815

8. FINANCE COSTS, NET

	Six months ended 30 June 2024	Six months ended 30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	**913**	1,176
Finance costs		
Interest expenses on bank and other borrowings	**(13,410)**	(13,832)
Finance costs, net	**(12,497)**	(12,656)

9. INCOME TAX CREDIT/(EXPENSES)

	Six months ended 30 June 2024	Six months ended 30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	**1,453**	(526)

10. DIVIDENDS

No dividends was paid or proposed during the Period, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the Period attributable to owners of the Company) *(HK$'000)*	**(10,777)**	(27,959)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(in thousands)*	**1,455,000**	1,455,000
Basic and diluted loss per share (HK cents)	**(0.74)**	(1.92)

12. TRADE AND OTHER RECEIVABLES

As at 30 June 2024 and 31 December 2023, the ageing analysis of trade and bills receivables included in trade and other receivables based on invoice date (or revenue recognition date if earlier) is as follows:

	As at 30 June 2024 ***HK$'000*** **(Unaudited)**	As at 31 December 2023 *HK$'000* (Audited)
Trade and bills receivables		
0 – 90 days	**37,877**	50,359
91 – 180 days	**35,453**	2,807
Over 180 days	**14,079**	5,161
	87,409	58,327

13. TRADE AND OTHER PAYABLES

As at 30 June 2024 and 31 December 2023, the ageing analysis of trade and bills payables included in trade and other payables based on invoice date is as follows:

	As at 30 June 2024	As at 31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade and bills payables		
0 – 90 days	**38,360**	24,091
91 – 120 days	**42,507**	7
Over 120 days	**5,999**	752
	86,866	24,850

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Period, the Group mainly engages in surface-mount technology ("SMT") and semiconductor equipment manufacturing business, and Energy Business.

The Group prepared its condensed consolidated interim financial statements under the Hong Kong Financial Reporting Standards. For the six months ended 30 June 2024, the Group incurred a loss attributable to owners of the Company of approximately HK$10,777,000 and total comprehensive expense attributable to owners of the Company of approximately HK$9,847,000. Reasons for the decrease in losses attributable to the owners of the Company during the Period were mainly the improving performance of the SMT and semiconductor equipment manufacturing business and the reduction in related costs and expenses after the Radar Business was discontinued. Given that the global economy recovered moderately during the Period but was still impacted by factors such as geopolitical tensions, the stickiness of inflationary shocks, and rising fiscal deficits, and that growth momentum was weak, the Group believes that our business performance during the Period was in line with expectations.

During the first half of this year, the domestic economy of the Chinese Mainland continues to recover and is on a positive trend, operating generally stably and making progress and the overall manufacturing output increased. The added value of manufacturing industries above the designated size increased by 6% year-on-year, and the value of the equipment manufacturing industry increased by 7.8% year-on-year, all contributing to the industrial structure's ongoing improvement. Furthermore, the new energy storage business is growing rapidly, with a large growth in the number of projects and installed capacity, and the industry shows an overall growth trend. The Group will continuously monitor the market trends in its core business areas, and actively pursue new prospects to maximise the interests of the Company and its shareholders.

SMT and Semiconductor Equipment Manufacturing Business

During the six months ended 30 June 2024, the SMT and semiconductor equipment manufacturing business recorded a segment income of approximately HK$131,709,000 with a year-on-year increase of 15.04%, a segment gross profit of approximately HK$59,835,000 with year-on-year increase of 15.36%, profit before income tax was approximately HK$16,890,000, nearly doubling that of last year, distribution costs and administrative expenses were approximately HK$20,613,000 and HK$24,767,000 respectively. During the Period, the income of the sector accounted for 92.36% of our total operating income with a gross profit contribution rate of 92.16%, making it the principal business of the Group.

In terms of marketing, the Company's wholly-owned subsidiary Suneast Intelligent Equipment Technology (Shenzhen) Co., Ltd. has participated in the 2024 Productronica China and CICD 2024, introducing to industry peers, experts, scholars and industry chain stakeholders in detail our latest semiconductor packaging equipment "IC bonding machine WBD2200 PLUS" and "Semiconductor Oven" independently developed by the Group, as well as the welding equipment "Nitrogen Reflow Soldering" and "Double Electromagnetic Pump Selective Wave Soldering", further laid the foundation for the Company to continue to explore potential customers and expand market share.

In terms of industry development, the SMT and semiconductor products self-developed and manufactured by the Group are widely used in high-density, highly integrated component welding processes, chip packaging, and other semiconductor back-end processes in the fields of communications, computers, automotive electronics, and consumer electronics, which can meet the trend towards smaller and lighter electronic equipment and thus play a key role in manufacturing LED display packaging and mobile phone circuit board welding.

According to AskCI Consulting Co., Ltd., the LED display market size in Mainland China was around RMB 53.7 billion in 2023, representing an 8.9% year-on-year rise, and is predicted to reach RMB 63.4 billion by 2024. Mini LED backlight technology rose to prominence due to its superior display effect, particularly in automobile displays, VR smart wearable gadgets, and TV screens. Global exports of Mini LED TVs are predicted to reach 7.5 million units by 2025, making them the mainstream of the high-end television industry. Additionally, the China Academy of Information and Communications Technology said that domestic mobile phone shipments in Mainland China climbed by 13.3% year on year in the first five months, with 5G mobile phone sales accounting for 83.9%. Since mobile phones have higher integration, performance and power consumption requirements for electronic components, we expect that the promotion of 5G mobile phone will drive the need for more high-frequency and high-speed components, as well as the technical demand for high-precision packaging and mounting. Therefore, we believe that the market demand for SMT and semiconductor equipment in the fields of information technology and consumer electronics will continue to rise, and the arrival of the 5G era will further promote the development of smart manufacturing and the industrial Internet, bringing new applications to the relevant equipment.

SMT is also the key to assemble new energy vehicle ECUs and to design high-density and high-efficiency circuits for core components such as BMS, MCU, VCU, and charging equipment. China's new energy vehicle production increased 34.3% year on year in the Period, while automobile exports continued to rise. The output of products including charging piles and batteries increased by 25.4% and 16.5% respectively, reflecting the strong market demand for new energy vehicles. The Group believes that as the new energy vehicle market grows and charging infrastructure improves, the need for SMT in new energy vehicle manufacturing will expand even further.

During the Period, global demand for semiconductor equipment continues to expand, with the Chinese mainland market accounting for a significant share. The International Semiconductor Industry Association (SEMI) predicts that global semiconductor manufacturing equipment sales will increase by 3.4% to US$109 billion by 2024, setting a new record. According to ICwise, the semiconductor equipment industry of Mainland China worthed US$34.2 billion in 2023, accounting for 30.3% of the global market, and Mainland China will become the world's largest semiconductor market by 2024. The semiconductor equipment market in Mainland China is expected to grow rapidly due to rising downstream demand, particularly for chips in new energy vehicles, wind and solar energy storage, consumer electronics, and other industries.

The Group believes that China's position in the global semiconductor equipment market is becoming more significant, and forecasts from authoritative institutions indicate that China's semiconductor industry is growing rapidly. The Group will continue to pay attention to industry trends, deepen technology research and development, and expand the market potentials, all to increase the operational quality and efficiency of the Company and provide long-term returns for investors.

Energy Business

At the end of 2021, the Group formed a joint venture company, Sino New Energy Utilization (Hengqin) Technology Co., Ltd., invested in and built the first phase of the Shanxi Datong Herong new energy storage power station project. The power station, constructed in 2023 and put into commercial operation and participated in spot market transactions in October of the same year, was the first project to undergo functional and synchronization testing in China. With a combined capacity of 320,000 KW, there are currently 4 energy storage projects in Datong, Shanxi Province, which effectively increase grid flexibility and ensure the local power supply and new energy consumption. During the Peroid, segment income was approximately HK$7,842,000, segment gross profit was approximately HK$2,044,000, loss before income tax was approximately HK$31,413,000, and administrative expenses was approximately HK$22,974,000.

In recent years, domestic new energy storage has grown rapidly. By the end of 2023, 26 provinces had set targets for energy storage installations in 2025, totalling 81 GW. As a new business model, energy storage frequency regulation has enormous market potential. Energy storage frequency regulation has technical advantages over traditional frequency regulation, such as flexible layout, rapid response time, and two-way adjustment. The "Basic Operating Rules for the Electric Power Market" issued earlier by the National Development and Reform Commission were officially implemented on 1 July, indicating that China's electricity market reform has entered a new stage of development and is gradually realizing market-oriented operation, as well as providing a fairer and more transparent competitive environment for market participants. The Shanxi Energy Regulatory Office of National Energy Administration recently issued the "Notice on Improving Shanxi's Electricity Auxiliary Service Market (關於完善山西電力輔助服務市場有關事項的通知)" to encourage independent energy storage power stations to participate in the secondary frequency regulation market and clarify the calculation methods for performance indicators, peak shaving and valley filling, balance allocation and other details. Shanxi electric power's primary frequency regulation market technology platform is currently almost complete. We believe that this will help to develop the local independent energy storage power station industry, create a profit model for the power spot market and ancillary services, and attract more market participants. At the same time, these measures will promote the development and application of new energy and help achieve national energy transformation and dual-carbon goals.

On the other hand, the global trend of promoting carbon neutrality goals and developing renewable energy continues, providing strong support for the Energy Business to grow. According to the "China Electricity Industry Annual Development Report 2024 (《中國電力行業年度發展報告2024》)" released by the China Electricity Council, China's newly installed capacity for new energy has become the absolute main body of domestic power investment and construction. In 2023, China's major power companies invested a total of RMB 1,550.2 billion with a 24.7% increase. The increasing installed capacity of new energy and demand for power infrastructure security will drive the rapid growth of the new energy storage technology market.

However, the income of domestic independent energy storage power stations is generally low. The growing scale of energy storage operations, combined with changing capacity demand, has made it difficult to guarantee power station prices and lifespans. The pilot nature of energy storage incentive and subsidy policies is relatively strong, and the intensity and speed of promotion and popularization are not as expected. Nonetheless, as the operation and risk control requirements of energy storage power plants gradually clarified and refined and the market structure gradually standardized, the market order will also be improved. Based on the increase in total electricity demand and China's determination to optimize its energy structure, we believe that the new energy storage field remains untapped.

The Group's future focus will be on technology research and development, specifically breakthroughs in new energy volatility research and power grid regulation, as well as improving intelligent monitoring and prediction capabilities for efficient resource allocation. We will also work hard to improve frequency regulation market pricing capabilities and investigate the law of peak shaving and valley filling of electricity to maximise economic benefits. Shanxi Province, a major power transmission province, serves as a peak shaving base for North China's power grid. The Group believes that increasing energy storage participation in the power market trading mechanism will encourage renewable energy consumption, peak and valley arbitrage, emergency power supply, and power quality improvement, providing broad development opportunities. Furthermore, we will actively seek collaboration in power trading opportunities to continue supporting the flexible adjustment of the local power system, ensuring the safety and stability of the power supply, and generating positive economic and social benefits.

FINANCIAL REVIEW

Revenue

During the Period, an analysis of the revenue by business segments is as follows:

	Six months ended 30 June 2024	Six months ended 30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
SMT equipment manufacturing and related business	**131,709**	114,488
Sales, research and development of bird detection radar equipment and customised integrated solutions for bird detection and dispersal	**—**	297
Sales of electricity	**7,842**	—
Comprehensive services	**3,049**	2,254
	142,600	117,039

Other income

During the Period, the Group recorded other income of approximately HK$4,950,000, which was mainly attributable to government grants.

Distribution costs

During the Period, the Group recorded distribution costs of approximately HK$20,613,000, representing an increase of approximately HK$134,000 as compared with the six months that ended 30 June 2023.

Administrative expenses

During the Period, the Group recorded administrative expenses of approximately HK$59,524,000, representing a decrease of approximately HK$6,640,000 as compared with the six months ended 30 June 2023.

Finance costs, net

During the Period, net finance costs was approximately HK$12,497,000, representing a decrease of approximately HK$159,000 as compared with the six months ended 30 June 2023.

Loss for the Period

As a result of the foregoing, the loss for the Period attributable to the owners of the Company was approximately HK$10,777,000.

Earnings/(Loss) before interest, tax, depreciation and amortisation

The following table presents the Group's earnings/(loss) before interest, tax, depreciation and amortisation for each period. During the Period, the Group's earnings/(loss) before interest, tax, depreciation and amortisation ratio was approximately 16.77%.

	Six months ended 30 June 2024 ***HK$'000*** **(Unaudited)**	Six months ended 30 June 2023 *HK$'000* (Unaudited)
Loss for the Period attributable to owners of the Company	**(10,777)**	(27,959)
Finance costs, net	**12,497**	12,656
Income tax (credit)/expenses	**(1,453)**	526
Depreciation and amortisation	**23,649**	4,996
Earnings/(loss) before interest, tax, depreciation and amortisation	**23,916**	(9,781)

Gearing ratio

The Group has sufficient working capital. As at 30 June 2024, the Group's net current assets was approximately HK$67,990,000, and the gearing ratio was approximately 118.05%, which is sufficient to support the Group's daily operating needs.

Operating capital management

As at 30 June 2024, the Group held cash and cash equivalents of approximately HK$180,715,000. This represents a decrease of approximately HK$2,454,000 as compared with approximately HK$183,169,000 at the beginning of the Period. During the Period, the Group's average trade receivables turnover days were approximately 184 days (31 December 2023: 108 days); average trade payables turnover days were approximately 259 days (31 December 2023: 49 days); and average inventory turnover days were approximately 126 days (31 December 2023: 57 days).

Charges on the Group's assets

As at 30 June 2024, the Group's banking facilities including its import/export loan, letter of credit, documentary credit, trust receipt and bank borrowings were secured by a first legal charge on certain of the Group's land and properties, which had an aggregate net carrying value at the end of the reporting period of approximately HK$83,655,000.

Equity and liabilities

As at 30 June 2024, the Group's net assets was approximately HK$227,989,000, decreased by approximately 10.09% compared with that of 31 December 2023, the decrease in net assets was mainly due to losses during the Period.

HUMAN RESOURCES

As at 30 June 2024, the Group employed approximately 316 full-time employees and workers in Mainland China and employed approximately 23 employees in Hong Kong. The Group continues to maintain and enhance the capability of its employees by providing sufficient regular training to them. The Group remunerates its employees based on the industry's practice. In Mainland China, the Group provides employee benefits and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, the Group provides staff benefits including a retirement scheme and performance-related bonuses.

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risk

The Group is exposed to operational risk in relation to each business segment. To manage operational risk, the management of each business segment is responsible for monitoring the operation and assessing the operational risk of their respective business segments. They are responsible for implementing the Group's risk management policies and procedures and shall report any irregularities in connection with the operation of the projects to the Directors for guidance.

The Group emphasises on ethical value and prevention of fraud and bribery and has established a whistleblower program, including communication with other departments, business segments and units to report any irregularities. In this regard, the Directors consider that the Group's operational risk is effectively mitigated.

Financial risk

The Group is exposed to credit risk, liquidity risk and foreign exchange risk.

Credit risk

In order to minimise credit risk, the Directors closely monitor the overall level of credit exposure and the management is responsible for the determination of credit approvals and monitoring the implementation of the collection procedure to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses have been made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk has been significantly reduced.

Liquidity risk

The Directors have built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In this regard, the Directors consider that the Group's liquidity risk has been effectively managed.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency risks as its certain business, assets and liabilities are denominated in Renminbi, Hong Kong dollars and United States dollars. During the Period, the Group did not utilise any financial instruments for hedging purposes, and the Group will continue to closely monitor its foreign exchange risk associated with the currencies, and will take appropriate hedging measures when necessary.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company or any of its subsidiaries had not purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2024.

DIVIDENDS

The Board did not recommend an interim dividend for the six months ended 30 June 2024 (2023: nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard as set out in the Model Code during the six months ended 30 June 2024.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent Board, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards. The Company has adopted the Code Provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 of the Listing Rules.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. The Company was in compliance with the Code for the six months ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee has been established in accordance with the requirements of the Code for the purpose of reviewing and monitoring the internal control and financial reporting matters of the Group. The Audit Committee comprises one non-executive Director and two independent non-executive Directors of the Company. The Group's interim results for the six months ended 30 June 2024 has been reviewed by the Audit Committee. The Audit Committee is of the opinion that it complies with the applicable accounting standards regulation and the Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE AND THE COMPANY'S WEBSITE

The Company's interim report containing all the information required by the Listing Rules will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.sino-ict.com) and be despatched to shareholders in due course.

CAUTION STATEMENT

The Board wishes to remind investors that the unaudited consolidated results and operational statistics for the six months ended 30 June 2024 and 2023 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. Investors are advised to exercise caution when dealing in the securities of the Company.

This announcement contains forward-looking statements regarding the objectives and expectations of the Group with respect to its opportunities and business prospects. Such forward-looking statements do not constitute guarantees of future performance of the Group and are subject to factors that could cause the Group's actual results, plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, general industry and economic conditions, shifts in customer demands, and changes in government policies. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

By order of the Board of
Sino ICT Holdings Limited
Yuan I-Pei
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the Company's directors are Mr. Yuan I-Pei and Mr. Xia Yuan as Executive Directors; Mr. Meng Deqing and Mr. Li Jinxian as Non-executive Director; and Mr. Wang Yanxin, Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan as Independent Non-executive Directors.