



芯成科技

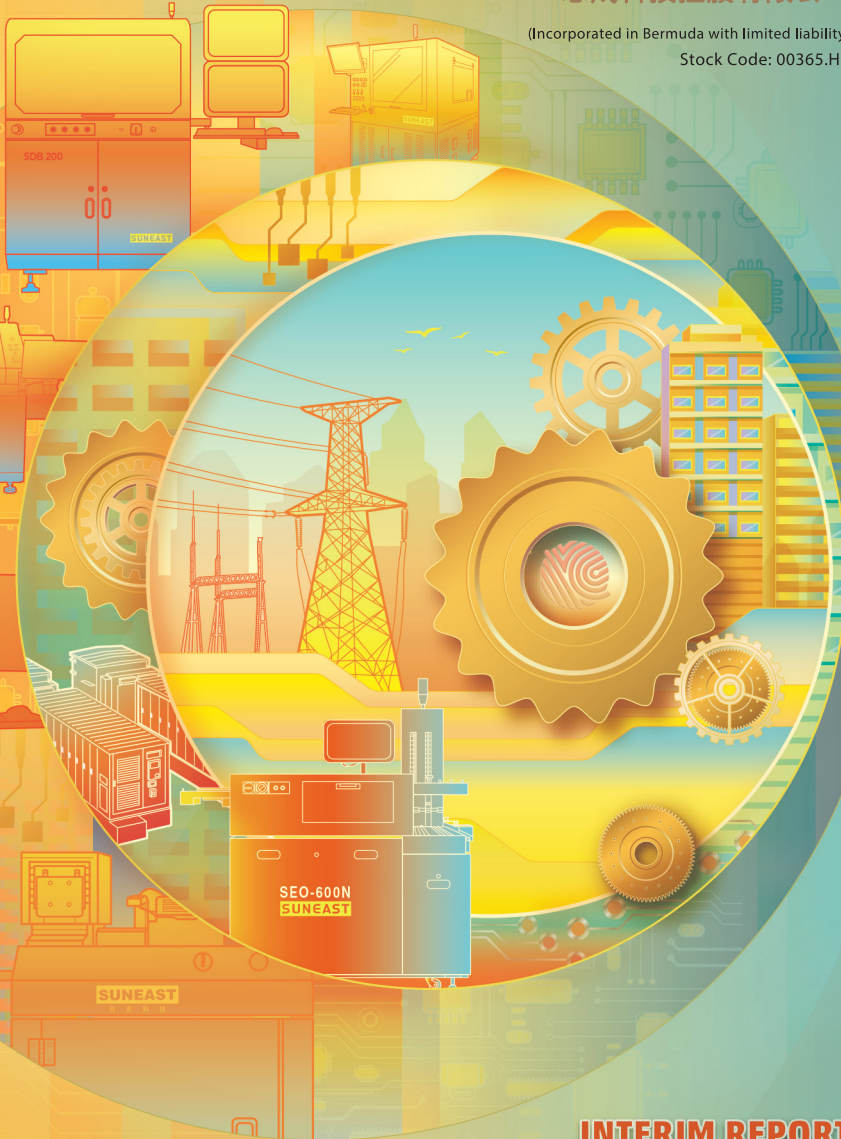
- SINO ICT -

SINO ICT HOLDINGS LIMITED

芯成科技控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00365.HK



INTERIM REPORT

2024



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. YUAN I-Pei (*Chairman*)

Mr. XIA Yuan (*Chief Executive Officer*)

Non-Executive Directors

Mr. MENG Deqing (*appointed on 20 August 2024*)

Mr. LI Jinxian

Mr. LI Yongjun (*resigned on 24 April 2024*)

Independent Non-Executive Directors

Mr. WANG Yanxin

Mr. CUI Yuzhi

Mr. BAO Yi

Mr. PING Fan

AUDIT COMMITTEE

Mr. CUI Yuzhi (*Chairman*)

Mr. LI Jinxian

Mr. BAO Yi

REMUNERATION COMMITTEE

Mr. BAO Yi (*Chairman*)

Mr. YUAN I-Pei

Mr. PING Fan

NOMINATION COMMITTEE

Mr. YUAN I-Pei (*Chairman*)

Mr. CUI Yuzhi

Mr. PING Fan

COMPANY SECRETARY

Mr. LIU Wei

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit 02-03, 69/F

International Commerce Centre

1 Austin Road West

Tsim Sha Tsui, Kowloon

Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

Units 1208-18 Miramar Tower

132-134 Nathan Road

Tsim Sha Tsui, Kowloon

Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road, Causeway Bay

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	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)
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			
<i>Item that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		930	(226)
Total comprehensive expense for the Period		(25,588)	(47,230)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
	<i>Note</i>		
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	<i>11</i>	(0.74) HK cents	(1.92) HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
	<i>Note</i>		
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

As at 30 June 2024

		As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current liabilities			
Bank and other borrowings	14	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	14	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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2024 (Audited)	145,500	95,240	33,672	(12,667)	261,745	(8,168)	253,577
Loss for the Period	-	-	-	(10,777)	(10,777)	(15,741)	(26,518)
<i>Other comprehensive income for the Period</i>							
Exchange differences on translation of foreign operations	-	-	930	-	930	-	930
Total comprehensive expense for the Period	-	-	930	(10,777)	(9,847)	(15,741)	(25,588)
As at 30 June 2024 (Unaudited)	145,500	95,240	34,602	(23,444)	251,898	(23,909)	227,989
As at 1 January 2023 (Audited)	145,500	95,240	26,145	50,079	316,964	36,553	353,517
Loss for the Period	-	-	-	(27,959)	(27,959)	(19,045)	(47,004)
<i>Other comprehensive income for the Period</i>							
Exchange differences on translation of foreign operations	-	-	(226)	-	(226)	-	(226)
Total comprehensive expense for the Period	-	-	(226)	(27,959)	(28,185)	(19,045)	(47,230)
As at 30 June 2023 (Unaudited)	145,500	95,240	25,919	22,120	288,779	17,508	306,287

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Net cash used in operating activities	(10,289)	(54,628)
Net cash used in investing activities	(12,444)	(17,507)
Net cash from/(used in) financing activities	20,926	(21,205)
Net decrease in cash and cash equivalents	(1,807)	(93,340)
Cash and cash equivalents as at 1 January	183,169	273,446
Effect of foreign exchange rate changes	(647)	(3,643)
Cash and cash equivalents as at 31 December	180,715	176,463

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 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 of Directors (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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. REVENUE

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

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 <i>HK\$'000</i>	Energy business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 <i>HK\$'000</i>	Energy business <i>HK\$'000</i>	Radar business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Income from sales of scraps	294	58
Government grants	4,656	3,757
	4,950	3,815

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. FINANCE COSTS, NET

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (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 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (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

14. BANK AND OTHER BORROWINGS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Non-current		
Secured bank borrowings	109,368	123,649
Secured other borrowings	249,530	241,486
	358,898	365,135
Current		
Secured bank borrowings	68,493	11,011
Secured other borrowings	47,167	64,201
	115,660	75,212
	474,558	440,347

As at 30 June 2024 and 31 December 2023, the secured bank borrowings were secured by the Group's properties included in property, plant and equipment, investment properties and leasehold land included in right-of-use assets, and the secured other borrowings were secured by the Group's machinery and equipment included in property, plant and equipment.

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Sino ICT Holdings Limited (the "Company" or "Sino ICT"), I hereby present the report on the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2024 (the "Period").

OVERVIEW

Since 2023, the global economy has gradually emerged from the shadow of the COVID-19 pandemic, and the economic cycle has continued to adjust, showing a clear wave of recovery. However, under the pressure of persistent geopolitical conflicts, high inflation and high interest rates, the global economic growth was still generally fatigued and weak, and according to the Organisation for Economic Co-operation and Development (OECD), the global economy will grow by approximately 2.70% in 2024, rising to 3% in 2025. In particular, the main driver of economic growth will continue to be the contribution from Asia region.

In the first half of 2024, the economy of China continued to return to a positive trend, reflecting the overall stability, structural optimisation and quality improvement. According to the National Bureau of Statistics, the gross domestic product of Mainland China in the first half of 2024 exceeded RMB60 trillion, representing a year-on-year increase of approximately 5%. In addition, in the first half of 2024, the Central Government launched a series of macro-economic control measures, which had a positive effect on the stable operation of the economy.

Against this background, the Group has been adopting a prudent business strategy throughout the Period, focusing on the operation of SMT and semiconductor manufacturing and related businesses, and actively developing the energy business to create greater commercial value for the Group and bring about better return for our shareholders.

BUSINESS REVIEW

During the Period, the Group was principally engaged in SMT and semiconductor equipment manufacturing and related business, and energy business. For the six months ended 30 June 2024, the Group's total revenue amounted to approximately HK\$142,600,000, representing a year-on-year increase of 21.84%; gross profit was approximately HK\$64,928,000, representing a year-on-year increase of 19.56%, and the overall gross profit margin was 45.53%, which remained flat as compared with that of last year. The improvement in the Group's overall revenue and gross profit was mainly attributable to the steady development of the SMT and semiconductor equipment manufacturing and related businesses, which accounted for 92.36% of the Group's total revenue and the contribution rate of the Group's gross profit was 92.16%. During the Period, the segment revenue of SMT and semiconductor equipment manufacturing and related business amounted to approximately HK\$131,709,000, representing a year-on-year increase of 15.04% and segment gross profit of approximately HK \$59,835,000, representing a year-on-year increase of 15.36%. Loss attributable to owners of the Company for the Period amounted to approximately HK\$10,777,000, representing a year-on-year decrease in loss of approximately HK \$17,182,000. The decrease in loss was mainly due to the improvement in the performance of SMT and semiconductor equipment manufacturing and related business and the decrease in related costs and expenses after the discontinuation of the radar business. The Group's financial, business and operating conditions presented resilience, and the overall situation remained sound.

CHAIRMAN'S STATEMENT

At the end of 2021, the Group's wholly-owned subsidiary Sino ICT Technology Macao Co. Ltd. ("Sino ICT Technology Macao"), entered into a joint venture agreement with Shenzhen Qianhai Dongfang New Energy Co., Ltd.* (深圳前海東方新能源有限公司) to establish Sino New Energy Utilisation (Hengqin) Technology Co., Ltd.* (中鑫電聯(珠海橫琴)能源科技有限公司) ("Sino New Energy"), to tap into the energy storage business and establish, develop and operate a grid-side independent shared energy storage power stations project. In March last year, the construction of Phase I of the Herong Power Station in Datong City of Shanxi Province, which was designed, invested, constructed, and operated independently by Sino New Energy, was completed successfully, and a formal grid integration and commercial operation was carried out in the same year. The power station project, with a total planned installed capacity of 500 MW/1,000 MWh, occupying a site area of 96.07 mu and is the first new grid-side energy storage power station in the country that completely conducts spot transactions and provides auxiliary services. Since the end of 2023, the project has begun to generate stable revenue for the Group. For the six months ended 30 June 2024, the revenue of the energy business segment amounted to approximately HK\$7,842,000 with a gross profit of approximately HK\$2,044,000, and it is expected that this segment can contribute more revenue to the Group in the future.

INDUSTRY TREND

SMT and semiconductor equipment manufacturing related industries

Electronic assembly technology is an integral part of modern electronics advanced manufacturing technology, a key to producing small, lightweight, multifunctional and reliable electronic products, among which surfaced mounting technology (SMT) is an electronic assembly technology which directly places and solders surface mount components to the surface of a pad to achieve electrical connection with the conductive pattern without requiring to drill holes on the pad.

At the beginning of 2024, due to the multiple influences of the macroeconomic environment, the domestic manufacturing industry showed a stable and improving trend as a whole, and by June, the gap between supply and demand had improved. Benefiting from the positive impetus provided by the policy on the upgrading of manufacturing equipment and related initiatives, in particular the promotion of convergence between the demand and supply side of the high-technology equipment manufacturing industry, it is estimated that the performance of the manufacturing industry as a whole in the second half of the year will be better than that of the first half of the year.

The electronic consumer market showed a continuous growth trend. From January to May 2024, the mobile phone output in the Mainland China market was 122 million units, representing a year-on-year growth of 13.30%, of which 5G mobile phone output was 102 million units, representing a year-on-year growth of 20.30%, accounting for 83.90% of the total mobile phone output in Mainland China market. LED display is an important indicator of LED display technology. According to a data report published by AskCI Consulting Co. Ltd., the overall market size of LED display in Mainland China is expected to increase to RMB63.4 billion in 2024 from RMB 5.37 billion in 2023, with the expected sales volume of narrow pixel pitch LED display of RMB17.4 billion, representing a year-on-year growth of 11.80%. The market size of Mini LED TV set is expected to grow rapidly and will become the mainstream TV market surpassing that of OLED TV set by 2025. In addition, according to data released by AskCI Consulting Co. Ltd., the market size of electronic PCB market in Mainland China was approximately RMB309,663 million in 2023, and the market size of electronic PCB market in Mainland China is expected to further increase to RMB346,902 million in 2024.

* For identification purpose only

The automobile economy in Mainland China also showed growth. In the first half of 2024, the sales volume of automobiles in Mainland China increased slightly year-on-year, while exports continued to grow at a rapid pace, contributing significantly to the overall growth of the market. The production and sales of new energy vehicles continued to grow at a faster pace, with their market share increasing steadily. According to data from the China Association of Automobile Manufacturers, in the first half of 2024, the penetration rate of new energy vehicles in Mainland China was 38.60%, with the penetration rate of new energy vehicles in June reaching a record high of 46.60% for a single month. As of the end of June, the cumulative production and sales volume of domestic new energy vehicles exceeded 30 million units, and the market share of Chinese-brand passenger vehicles exceeded 61%. The construction of charging infrastructure and the development of new energy vehicles continued to grow at the same pace. In the first half of 2024, the incremental volume of charging infrastructure was 1,647,000 units, which was one to three in relation to the incremental volume of new energy vehicles and was sufficient to meet the rapid development of new energy vehicles.

In addition, the number of 5G base stations continued to increase, and as of the end of June 2024, a total of 3,837,000 5G base stations had been constructed and opened, of which 460,000 were new 5G base stations. The Internet of Things market has also continued to expand. According to a report published by XYZ Research (研精畢智市場調研網), the Internet of Things market in Mainland China reached RMB3.50 trillion in 2023 and is expected to increase to RMB4.31 trillion in 2024, with huge room for development in the future.

Driven by the synergies among various markets such as consumer electronics, new energy vehicles and 5G communications, China's integrated circuit production volume reached a record high, and according to the National Bureau of Statistics, the output of integrated circuit products in China increased by 28.90% year on year in the first half of 2024, far exceeding the growth rate of its GDP during the same period. In terms of amount, according to the statistics from World Semiconductor Trade Statistics, the global sales of semiconductors in the first half of 2024 amounted to US \$290.8 billion, representing a year-on-year growth of 18.10%, and the sales of semiconductors in China amounted to US \$87,230 million, representing a year-on-year increase of 25.28%, which was faster than the global average. According to the forecast of analysts from AskCI Consulting Co. Ltd., the market size of the semiconductor equipment in Mainland China for the year 2024 will reach RMB230 billion, driven by the continuing market demand.

The development of the electronics industry has driven the development of the SMT equipment manufacturing industry and the increase in demand for semiconductor market, which will also benefit the relevant industries and enterprises in the Mainland China. As one of the leading enterprises in the Mainland China in respect of the SMT and semiconductor equipment manufacturing industry, the Group will also benefit from the development of the relevant industry. This segment can continue to generate more revenue for the Group.

Energy industry

Power is a fundamental sector of the national economy. The sustained growth of China's macro economy has laid a solid foundation for the development of the power industry. In recent years, the proportion of renewable energy in Mainland China has been increasing, with the rapid development of photovoltaic power and wind power and the proportion of renewable energy being increased. Grid consumption has become a major constraint in power generation of new energy, and energy storage capacity is the key technology to mitigate the pressure of power consumption. While the energy storage station can provide services such as frequency regulation and peak regulation, it can also significantly enhance the consumption of renewable energy such as wind power and photovoltaic power, which is an important means to enhance the power system's adjusting ability, and its role and value in the power system are becoming increasingly important.

According to the National Energy Administration, in the first half of 2024, China continued to achieve new breakthroughs in the size of renewable energy installation, with newly installed generation of national renewable energy power of 134 million kW, representing a year-on-year increase of 24%, accounting for 88% of the total newly installed power generation in China. In the first half of the year, the national renewable energy can generate 1.56 trillion kWh of electricity, representing a year-on-year increase of 22%, or approximately 35.10% of the total power generation. In particular, the total power generation of wind power amounted to 900.7 billion kWh, representing approximately 20% of the total power generation, representing a year-on-year increase of 23.50%. With the expansion of renewable energy scale, the new capacity of energy storage installation is also growing steadily. According to the National Energy Administration, in the first half of 2024, the cumulative capacity of new energy storage installation under operation in Mainland China reached 99.06 million kWh, representing an increase of more than 40% compared to the end of 2023. The new energy storage projects in the second half of 2024 will continue to maintain a fast-growing momentum and it is expected that the new installed capacity for the year 2024 will be 30 to 41GW.

While the installed capacity continues to increase, the utilisation and dispatch of new energy storage projects has been increasing. The adjustment function has gradually become apparent. According to the statistics of grid enterprises, the equivalent utilisation hours of new energy storage in the operating areas of State Grid Corporation amounted to 390 hours in the first half of this year, with approximately 93 times in equivalent charge and discharge, representing an increase of approximately 100% and 86% respectively as compared to the first half of 2023. In more developed areas of market operation such as Shandong and Gansu, the dispatch and utilisation of new energy storage projects has been further improved. The new energy storage projects can help promote the development and consumption of new energy sources and enhance the safe and stable operation level of the power system, which is gradually becoming more and more effective in protecting energy safety.

With the transformation of electricity to green and low carbon, and with the goal of "carbon peaking and carbon neutrality", on the production and supply side, there is huge potential for wind power and photovoltaic installations in the future. The Group focuses on electrochemical energy storage, mainly lithium iron phosphate batteries, which have high energy density and long lifespan, and have greater development potential than other energy storage technologies such as physical energy storage and thermal energy storage.

The rapid development of the industry is driven by policies. In 2024, new energy storage was included in the government work report for the first time. At the beginning of 2024, the National Development and Reform Commission and the National Energy Administration issued the "Guiding Opinions on Strengthening the Construction of Grid Peak-Shaving Energy Storage and Intelligent Dispatching Capacity" (《關於加強電網調峰儲能和智能化調度能力建設的指導意見》), which pointed out that, by 2027, the regulation capability of the power system will be significantly improved, the policy system to ensure the market-oriented development of new energy storage will be basically completed, and the intelligent dispatch system adapted to the new power system will gradually take shape, and it will support the national new energy power generation to account for more than 20%, keep the utilisation rate of new energy at a reasonable level, and ensure the balance between power supply and demand and the safe and stable operation of the system. The Central Committee of the Communist Party of China and the State Council issued the "Opinions on Accelerating Comprehensive Green Transformation of Economic and Social Development" (《關於加快經濟社會發展全面綠色轉型意見》), emphasizing the vigorous development of non-fossil energy sources and accelerating the construction of clean energy bases, with the goal that by 2030, the proportion of non-fossil energy consumption will be increased to 25%. As of July 2024, more than a total of 2,000 energy storage-related policies had been promulgated in Mainland China, which was 1.6 times the number of policies during the same period last year, highlighting the high importance that the country attached to the development of the energy storage industry.

The huge market demand and strong policy support from the governments are conducive to the development of the Group's energy businesses. With keeping up with the pace of the times and seizing market opportunities, the Group rapidly entered the grid side energy storage market by developing, building, and operating large-scale independent energy storage power stations with functions such as two-way regulation for rapid frequency modulation and peak regulation. The Group will also be able to develop new sources of profit through participation in supplementary services such as spot trading and frequency modulation in the electricity market, as well as capacity leasing of new energy power stations.

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DEVELOPMENT AND OUTLOOK

In 2023, China's economy withstood the downward pressure brought about by complex and severe risks and challenges from abroad and the overlapping of multiple factors at home, and the economic operation continued to rebound and improve. Looking ahead to 2024, the Central Economic Work Conference set the tone for the economic work for the whole year, in which the conference demanded to "adhere to the general principle of seeking progress while upholding and maintaining stability, promoting stability through progress, and establishing new before abolishing the old", and "implement more policies that are conducive to stabilising expectations, growth, and employment". Although China's economic development remains at a time of strategic opportunities and risk challenges and uncertainties, the mainstream and long-term trend of economic development remains unchanged. With the continued emergence of various policy effects, the society's expectations will be gradually improved, and the economy is expected to pick up further. The Group is cautious and optimistic about the future development of the economy and the industry. We will focus on stabilising our core SMT and semiconductor equipment manufacturing and related businesses, consolidating our strength in independent research and development to enhance our brand influence and competitiveness, and at the same time promoting the development of energy businesses to increase the profit stream of the Group and create greater value for our shareholders as soon as possible.

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to the management and all staff, business partners for their efforts and trust in Sino ICT, and shareholders who have been supporting the Group!

Chairman

Yuan I-Pei

Hong Kong

30 August 2024

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 CICC 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.

SMT AND SEMICONDUCTOR EQUIPMENT MANUFACTURING BUSINESS (CONTINUED)

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.

SMT AND SEMICONDUCTOR EQUIPMENT MANUFACTURING BUSINESS (CONTINUED)

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 Period, 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.

ENERGY BUSINESS (CONTINUED)

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 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (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.

FINANCIAL REVIEW (CONTINUED)

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.

FINANCIAL REVIEW (CONTINUED)

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.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, none of the directors had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that was required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children by the Company or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDER'S INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, according to the register required to be kept by the Company under section 336 of the SFO, the following persons (other than the directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO:

DISCLOSURE OF INTERESTS

Long Positions in the Shares

Name of Shareholder	Nature of Interest	Number of the ordinary shares held	Approximate percentage of total shareholding %
Substantial Shareholders			
Sino Xin Ding Limited (<i>note 1</i>)	Beneficial owner	987,176,230	67.85
Chen Ping	Beneficial owner	100,000,000	6.87
Reach General (<i>note 2</i>)	Beneficial owner	84,270,000	5.79

Notes:

1. Sino Xin Ding Limited is wholly owned by Shanghai Qingxin Enterprise Management Consulting Co., Ltd. ("Shanghai Qingxin") (上海青芯企業管理諮詢有限公司), which in turn, is owned as to 50.1% by 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), 28% owned to Shanghai semiconductor Equipment and Materials Industry Investment Fund Partnership (Limited Partnership)* (上海半導體裝備材料產業投資基金合夥企業(有限合夥)), and 21.9% owned by Henan Zhanxing Industrial Investment Fund (Limited Partnership)* (河南戰興產業投資基金(有限合夥)).
2. Reach General International Limited ("Reach General") is 100% beneficially owned by Mr. Wu Xin.

Save as disclosed above, the Company had not been notified of any other person (other than the directors or chief executive of the Company) who had an interest (whether direct or indirect) or short positions in the shares or underlying shares of the Company that were required to be recorded in the register kept by the Company under section 336 of the SFO as at 30 June 2023.

* For identification purposes only

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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.

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 report 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.