SINO-i TECHNOLOGY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 250)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS

The board of directors (the "Board") of Sino-i Technology Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 together with the comparative figures for 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT — UNAUDITED

For the six months ended 30 June 2017

		For the six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	*5(a)*	**372,472**	403,459
Cost of sales and services provided		**(73,903)**	(68,653)
Gross profit		**298,569**	334,806
Other operating income	*5(b)*	**94,774**	68,382
Selling and marketing expenses		**(272,910)**	(271,851)
Administrative expenses		**(51,811)**	(40,102)
Other operating expenses		**(48,623)**	(68,536)
Finance costs		**(3,518)**	(6,561)
Share of results of associates		**(341)**	(578)
Loss on deemed disposal of an associate		**(162)**	–
Profit before income tax	*6*	**15,978**	15,560
Income tax expense	*7*	**(7,680)**	(7,333)
Profit for the period		**8,298**	8,227
Profit/(loss) for the period attributable to:			
Owners of the Company		**9,020**	9,181
Non-controlling interests		**(722)**	(954)
		8,298	8,227
		HK cent	*HK cent*
Earnings per share for profit attributable to the owners of the Company during the period			
Basic	*9(a)*	**0.045**	0.046
Diluted	*9(b)*	**0.045**	0.046

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — UNAUDITED

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Profit for the period	**8,298**	8,227
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**15,289**	(6,703)
Exchange differences on translation of investments in associates	**359**	(49)
Exchange differences reclassified on deemed disposal of an associate, net of tax	**28**	–
Total comprehensive income for the period	**23,974**	1,475
Total comprehensive income attributable to:		
Owners of the Company	**23,552**	2,896
Non-controlling interests	**422**	(1,421)
	23,974	1,475

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Notes	**(Unaudited) 30 June 2017** *HK$'000*	(Audited) 31 December 2016 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**587,538**	571,740
Prepaid land lease payments under operating leases		**23,178**	22,726
Available-for-sale financial assets		**439**	324
Interests in associates		**6,984**	235
Goodwill		**80,717**	77,964
Other intangible assets		**114,952**	91,060
Deposits and other receivables		**678**	658
Loan to ultimate holding company		**1,111,965**	–
		1,926,451	764,707
Current assets			
Trade receivables	*10*	**12,795**	72,548
Deposits, prepayments and other receivables		**166,450**	180,999
Loan to ultimate holding company		**–**	1,475,929
Cash and cash equivalents		**418,948**	85,230
		598,193	1,814,706
Current liabilities			
Trade payables	*11*	**14,401**	86,269
Other payables and accruals		**90,841**	87,088
Receipt in advance and deferred revenue		**200,101**	187,072
Provision for tax		**139,103**	131,389
Amount due to a director		**12,998**	19,619
Amount due to ultimate holding company		**26,767**	97,386
Amount due to an associate		**5,494**	5,501
Bank borrowings, secured		**202,718**	156,390
Finance lease liabilities		**220**	351
		692,643	771,065
Net current (liabilities)/assets		**(94,450)**	1,043,641
Total assets less current liabilities		**1,832,001**	1,808,348

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2017

	Notes	**(Unaudited) 30 June 2017** *HK$'000*	(Audited) 31 December 2016 *HK$'000*
Non-current liabilities			
Finance lease liabilities		**28**	70
Deferred tax liabilities		**5,907**	6,176
		5,935	6,246
Net assets		**1,826,066**	1,802,102
EQUITY			
Share capital	*12*	**240,597**	240,597
Reserves		**1,566,233**	1,542,681
Equity attributable to the Company's owners		**1,806,830**	1,783,278
Non-controlling interests		**19,236**	18,824
Total equity		**1,826,066**	1,802,102

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and its principal place of business is 12/F., The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Group is principally engaged in the provision of enterprise cloud services.

The ultimate holding company of the Group is Nan Hai Corporation Limited, a company incorporated and domiciled in Bermuda and its shares are listed on the Main Board of the Hong Kong Stock Exchange.

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

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved and authorised for issue by the Board on 23 August 2017.

2. BASIS OF PREPARATION

These 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 provisions of Appendix 16 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

The financial information relating to the year ended 31 December 2016 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

These condensed consolidated financial statements have been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had net current liabilities of HK$94,450,000 as at 30 June 2017. The Board is of the opinion that the Group will have sufficient resources to satisfy its working capital and other financing requirement in the foreseeable future based on the followings: (i) the Board foresees that the Group is able to generate positive cash flows from operation for the next twelve months; and (ii) with the leasehold land and buildings amounting to approximately HK$578,024,000 being pledged for existing credit facilities, the Board is of the view that the Group will be able to renew these credit facilities when they fall due.

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

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments classified as available-for-sale which are stated at fair values. The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2016.

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standard ("HKFRS") that are first effective or available for early adoption for the current period of the Group. These new and revised HKFRSs have no significant impact on the financial performance or the financial position of the Group for current and previous accounting periods.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

The Board has identified the enterprise cloud services* as the only business component in internal reporting for their decisions about resources allocation and performance review.

	(Unaudited) For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Reportable segment revenue	**372,472**	403,459
Reportable segment loss before income tax	**(27,905)**	(24,754)
Bank interest income	**4**	2
Other interest income	**53,909**	54,033
Depreciation and amortisation	**(1,442)**	(1,471)
Finance costs	**(2)**	(2)
Unallocated corporate expenses	**(8,586)**	(12,248)
Profit before income tax	**15,978**	15,560

	(Unaudited) 30 June 2017	(Audited) 31 December 2016
	HK$'000	*HK$'000*
Reportable segment assets	**1,088,742**	1,084,933
Reportable segment liabilities	**(510,470)**	(511,921)

* By virtue of the all-rounded internet-based services, e-commerce and total Internet+ resolutions offered for small and medium-sized enterprise and clients in the People's Republic of China ("PRC"), the Group remained adamant about the provision of cloud service for the development of digitalization and smart operation, and has successfully launched a series of leading cloud services for enablement corporate digitalization and smart operation in the industry after prolonged exploration and unremitting efforts. Therefore, the segment has changed its name from "Corporate IT application services" to "Enterprise cloud services" as cloud service has been becoming core of the business.

5. REVENUE AND OTHER OPERATING INCOME — UNAUDITED

(a) This represents revenue from enterprise cloud services.

(b) Other operating income:

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**385**	280
Other interest income	**53,909**	54,033
Government grants	**258**	241
Rental income	**10,295**	6,235
Refund of value-added tax	**2,397**	4,582
Write-off of long outstanding payables and receipt in advance	**1,563**	1,979
Write-back of provision for impairment of other receivables	**20,845**	–
Exchange gain	**4,107**	7
Sundry income	**1,015**	1,025
	94,774	68,382

6. PROFIT BEFORE INCOME TAX — UNAUDITED

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging:		
Amortisation of intangible assets other than goodwill*	**6,370**	4,677
Depreciation of property, plant and equipment — owned assets*	**22,561**	24,180
Depreciation of property, plant and equipment — leased assets*	**183**	224
Operating lease charges on prepaid land lease*	**251**	263
Write-off of property, plant and equipment*	**–**	70

* included in other operating expenses

7. INCOME TAX EXPENSE — UNAUDITED

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Current tax charge for the period		
— Hong Kong Profits Tax	**6,064**	5,724
— The PRC Enterprise Income Tax ("EIT")	**2,069**	2,083
	8,133	7,807
Deferred tax	**(453)**	(474)
Income tax expense	**7,680**	7,333

For the six months ended 30 June 2017, Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits for the period.

PRC EIT has been provided on the estimated assessable profits of subsidiaries operating in Mainland China at 25% (six months ended 30 June 2016: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

8. INTERIM DIVIDENDS

No dividend was paid or declared during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

9. EARNINGS PER SHARE — UNAUDITED

(a) The calculation of basic earnings per share is based on the profit for the period attributable to the owners of the Company of HK$9,020,000 (six months ended 30 June 2016: HK$9,181,000) and on 19,914,504,877 (six months ended 30 June 2016: 19,914,504,877) ordinary shares in issue during the period.

(b) Diluted earnings per share for both periods was the same as the basic earnings per share as there was no potential dilutive ordinary share in issue during the periods.

10. TRADE RECEIVABLES

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

	(Unaudited) 30 June 2017 *HK$'000*	(Audited) 31 December 2016 *HK$'000*
0–90 days	**6,289**	69,347
91–180 days	**2,121**	1,125
181–270 days	**2,094**	931
271–360 days	**1,613**	727
Over 360 days	**22,129**	21,145
Trade receivables, gross	**34,246**	93,275
Less: Provision for impairment of receivables	**(21,451)**	(20,727)
Trade receivables, net	**12,795**	72,548

11. TRADE PAYABLES

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

	(Unaudited) 30 June 2017 *HK$'000*	(Audited) 31 December 2016 *HK$'000*
0–90 days	**917**	69,646
91–180 days	**1,954**	3,618
181–270 days	**1,463**	2,651
271–360 days	**770**	2,108
Over 360 days	**9,297**	8,246
	14,401	86,269

12. SHARE CAPITAL

	(Unaudited) 30 June 2017		(Audited) 31 December 2016	
	No. of shares	***HK$'000***	*No. of shares*	*HK$'000*
Issued and fully paid:				
At beginning and end of the period/year	**19,914,504,877**	**240,597**	19,914,504,877	240,597

13. BUSINESS COMBINATIONS

For the six months ended 30 June 2017, the Group acquired additional 55% equity interest in 成都夠用雲科技有限公司 ("Gouyong") on 30 March 2017 (the "Acquisition Date"). After acquisition, Gouyong became a 75% owned subsidiary of the Group. Gouyong is a company established in the PRC and is principally engaged in enterprise cloud services. The Group will expand its enterprise cloud services business through this acquisition.

The fair value of the identifiable assets and liabilities of Gouyong as at the Acquisition Date were as follows:

	(Unaudited) Fair value ***HK$'000***
Property, plant and equipment	**74**
Deposits, prepayments and other receivables *(note (c))*	**13**
Cash and cash equivalents	**346**
Other payables and accruals	**(452)**
Provision for tax	**(24)**
Total identifiable net liabilities at fair value	**(43)**
Non-controlling interests	**10**
Fair value of 20% share of Gouyong held by the Group immediately prior to Acquisition Date	**(237)**
Goodwill *(note (b))*	**946**
Fair value of consideration	**676**
Purchase consideration	**(676)**
Purchase consideration payables	**346**
Purchase consideration settled in cash	**(330)**
Add: Cash and cash equivalents in subsidiary acquired	**346**
Net cash inflows in acquisition	**16**

13. BUSINESS COMBINATIONS (Continued)

Notes:

(a) As the acquisition of additional 55% equity interest in Gouyong is considered as a step acquisition under HKFRS 3, equity interest of 20% previously held in Gouyong is treated as if it were disposed of and reacquired at fair value on the Acquisition Date. Accordingly, it is remeasured to its acquisition-date fair value, and a loss on deemed disposal of an associate amounted to HK$162,000 is recognised in profit or loss.

(b) The goodwill arising from acquisition of Gouyong represents the synergistic effect by enabling the Group to expend its enterprise cloud services business in a more efficient and cost-effective manner.

(c) The fair value and the gross amount of deposits, prepayments and other receivables amounted to HK$13,000. None of these receivables was impaired and it was expected that the full contractual amounts could be collected.

(d) The Group incurred transaction cost of HK$85,000 for the acquisition which have been expensed and recognised as administrative expense in the profit or loss for the six months ended 30 June 2017.

(e) Gouyong has contributed revenue of HK$48,000 and net loss of HK$941,000 to the Group since the Acquisition Date to 30 June 2017. Had the acquisition occurred on 1 January 2017, consolidated revenue and consolidated profit for the six months ended 30 June 2017 would have been HK$372,648,000 and HK$7,568,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Alongside with the evolution of global technological revolution, we begin to enter into the smart era from the internet stage. The wave of "digital economy" has been affecting various fields such as personal consumption, trade and circulation, industrial manufacturing, education, transportation, public utilities and finance. However, as shown in the "Internet+ Index Report for SMEs (small and medium enterprises)" jointly published by People's Daily Online and Electronic Technology Intelligence and Research Institute of Ministry of Industry and Information Technology in the first quarter of 2016, the "Internet+" index for SMEs in the People's Republic of China ("PRC") was 32.1, indicating that "Internet+" was in fundamental application phase, which is far behind than that of the developed countries, especially in terms of the capability in research and development of cloud technology, business operation and data management and application. The "Internet+ strategy" and "supply-side structural reforms" policies promulgated by the Chinese Government aimed to promote the integration of traditional enterprises and emerging internet and e-commerce, bringing new driving force for the development of national economy and resulting in the transformation of "Internet+" of traditional enterprises. Thanks to the stimulation of government policies, SMEs became more aware of the role and value of business internetization and more attempts and applications were made on "Internet+". The cloud services for corporate digitalization and smart operation have started to show an accelerating development trend.

By virtue of the all-rounded internet-based services, e-commerce and total Internet+solutions offered for SMEs and clients in the PRC, the Group remained adamant about the provision of cloud service for the development of digitalization and smart operation. Leveraging on its unremitting efforts, the Group has successfully established a second-to-none national business and localized service network in the industry, so as to effectively address "the last kilometer" problems from service providers to corporate clients. In the meantime, in respect of product development, the Group has successfully launched a series of leading cloud services for enablement corporate digitalization and smart operation in the industry after prolonged exploration and promotion.

During the reporting period, with key subsidiaries 中企動力科技股份有限公司 (CE Dongli Technology Company Limited) ("CE Dongli") and 北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited) ("Xinnet") as its main business entities, more efforts were continuously put into the development of cloud services for corporate digitalization and smart operation by providing comprehensive cloud computing infrastructure services, cloud application, corporate e-commerce services and total Internet+ solutions to SMEs and individual clients in the PRC. During the reporting period, turnover of the Group was approximately HK$372.5 million (for the six months ended 30 June 2016: HK$403.5 million), representing a decrease of approximately 7.7% over the corresponding period last year. The profit before income tax was approximately HK$16.0 million (for the six months ended 30 June 2016: HK$15.6 million).

Business Review (Continued)

CE Dongli

With 18 years' experience in providing services for SMEs in the PRC, CE Dongli has successfully established a corporate "Internet+" product operating system as well as an extensive business and localized service network, providing one-stop corporate digitalization and smart operation solutions.

During the reporting period, CE Dongli continued to strengthen the management of its direct branch offices throughout the PRC to enhance the localized service capacity. In particular, the enhancement in service capacity of the "the last kilometer", which is crucial to SMEs, would make such services closer to user needs. In the meantime, in respect of research and development of new products, more emphasis was put into the needs of different industries and clients under different stages so as to provide customized products and solutions to meet the needs of SMEs or certain specific industries.

Xinnet

During the reporting period, Xinnet continued its cloud services such as IaaS (Infrastructure as a Service), domain name registration and synergistic communication, and actively developed various cloud application and value-added services for SMEs through online direct sales and distributor channels established across the PRC. In January 2017, Xinnet officially launched "Arrow Cloud (箭頭雲)", its self-developed new generation cloud computing product, and enhanced the overall technical capacity and product experience, which gained recognition from the market and its client.

Prospects

The management of the Group considers that enterprises in the PRC will continue to increase its investment in digitalization and transformation. Although it still takes some time for market ramp-up and promotion, cloud services for corporate digitalization and smart operation and industrial solutions will enjoy enormous room for development in the market.

Looking forward, the Group will continue to improve its ground services capability, which allows it to quickly respond to the needs of enterprises and provide timely solutions to issues. Meanwhile, the Group will enhance its overall operational capability and online services capability. Parallel operation of online services and localized services made the Group's services closer to the needs of enterprises. In respect of product research and development, the Group will quickly respond to the needs of different industries based on SaaS (Software as a Service) cloud product model and open-platform cloud technologies. Furthermore, the Group will also increase its capital investment in data centre, cloud computing technology, automatic operation and maintenance technology and big data technology, and enhance its overall technical core competence to further optimize its products and services.

Financial Resources and Liquidity

The Group continued to adopt prudent funding and treasury policies. As at 30 June 2017, net assets attributable to the owners of the Company amounted to approximately HK$1,806.8 million (31 December 2016: HK$1,783.3 million), including cash and bank balances of approximately HK$418.9 million (31 December 2016: HK$85.2 million) which were mainly denominated in Renminbi, and Hong Kong dollars. As at 30 June 2017, the Group's aggregate borrowings were approximately HK$203.0 million (31 December 2016: HK$156.8 million), of which approximately HK$64.8 million (31 December 2016: HK$45.1 million) were bearing interest at fixed rates while approximately HK$138.2 million (31 December 2016: HK$111.7 million) were at floating rates. The Group currently has not taken any interest rate hedge.

As at 30 June 2017, the Group's gearing ratio, which is calculated as net debt divided by the total equity plus net debt, was not applicable (31 December 2016: approximately 3.82%). The Group recorded net cash as at 30 June 2017, gearing ratio is therefore not applicable.

As at 30 June 2017, the Group's capital commitment was approximately HK$33.4 million (31 December 2016: HK$36.7 million) which was used for the renovation of the headquarters of enterprise cloud services.

As at 30 June 2017, the Group's contingent liabilities were approximately HK$19.1 million (31 December 2016: HK$18.6 million) in connection with the guarantees given to secure credit facilities.

As at 30 June 2017, certain interests in leasehold land and buildings with a total net carrying value of approximately HK$578.0 million (31 December 2016: HK$566.4 million) were pledged to secure the credit facilities granted to the Group.

Exposure to Fluctuation in Exchange Rates

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

Employees and Remuneration Policy

The Group employs and remunerates its employees based on their qualifications, experience and performance. In addition to basic salary payments, other benefits include housing, contributions to mandatory provident fund, group medical insurance, group personal accident insurance and examination leave and etc. Employees are eligible to be granted share options under the Company's share option scheme at the discretion of the Board of the Company. In general, salary review is conducted annually. As at 30 June 2017, the Group had approximately 6,972 employees (30 June 2016: 6,517 employees). The salaries of and allowances for the employees for the six months ended 30 June 2017 were approximately HK$312.3 million (for the six months ended 30 June 2016: HK$303.4 million).

The Group focuses on providing skill and quality training for various levels of staff, and provides on-the-job capability training to its staff; in respect of staff quality, corresponding training on personal work attitude and work habits is also provided.

Events Subsequent to Reporting Period

There were no significant events after the reporting period up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2017, except for the deviations mentioned below:

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

The Company has not appointed a CEO. The role of the CEO is performed by Mr. Yu Pun Hoi who is also the chairman of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

CG Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election.

During the period from 1 January to 24 May 2017, the Company has not complied with CG Code Provision A.4.1 as not all the non-executive directors of the Company were appointed for a specific term. However, all the non-executive directors are subject to the retirement and rotation requirements in accordance with the Company's articles of association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code. Since 25 May 2017, the Company has entered into service contracts with each of its non-executive directors (including independent non-executive directors) for a term of two years with effect from the signing date of service contracts. The Company has therefore complied with the requirements under CG Code Provision A.4.1 since 25 May 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the directors and the directors have confirmed that they have complied with the Model Code as set out in Appendix 10 to the Listing Rules throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises all the independent non-executive directors of the Company, namely Mr. Fung Wing Lap, Prof. Jiang Ping and Mr. Xiao Sui Ning. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, the unaudited interim results for the six months ended 30 June 2017, and discussed the financial control, internal control and risk management systems.

PUBLICATION OF THE INTERIM RESULTS AND REPORT

This results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.sino-i.com). The 2017 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board
Sino-i Technology Limited
Liu Rong
Executive Director

Hong Kong, 23 August 2017

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

Executive directors:	*Non-executive director:*	*Independent non-executive directors:*
Mr. Yu Pun Hoi	Mr. Lam Bing Kwan	Prof. Jiang Ping
Ms. Liu Rong		Mr. Fung Wing Lap
Mr. Chen Ming Fei		Mr. Xiao Sui Ning