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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 2020

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 2020 together with the comparative figures for 2019 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

| | Notes | For the six months ended 30 June | |
|---|-------|-------------------------------------|---------------------------------|
| | | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
| Revenue | 6(a) | 414,831 | 473,272 |
| Cost of sales and services provided | | (55,849) | (84,127) |
| Gross profit | | 358,982 | 389,145 |
| Other operating income | 6(b) | 73,699 | 68,003 |
| Selling and marketing expenses | | (261,470) | (295,672) |
| Administrative expenses | | (28,790) | (45,456) |
| Other operating expenses | | (84,272) | (103,832) |
| Finance costs | | (2,682) | (2,575) |
| Share of results of associates | | (628) | (4,388) |
| Impairment on interests in associates | | (2,543) | – |
| Profit before income tax | 7 | 52,296 | 5,225 |
| Income tax expense | 8 | (2,583) | (8,318) |
| Profit/(Loss) for the period | | 49,713 | (3,093) |
| Profit/(Loss) for the period attributable to: | | | |
| Owners of the Company | | 49,713 | (2,695) |
| Non-controlling interests | | – | (398) |
| | | 49,713 | (3,093) |
| | | <i>HK cent</i> | <i>HK cent</i> |
| Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company for the period | 10 | | |
| — Basic | | 0.250 | (0.014) |
| — Diluted | | 0.250 | (0.014) |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

| | For the six months ended 30 June | |
|--|-------------------------------------|-----------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Profit/(Loss) for the period | 49,713 | (3,093) |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences on translation of financial statements of foreign operations | (1,670) | (26,767) |
| Exchange difference on translation of interests in associates | 321 | 692 |
| Total comprehensive income for the period | 48,364 | (29,168) |
| Total comprehensive income attributable to: | | |
| Owners of the Company | 48,364 | (28,768) |
| Non-controlling interests | – | (400) |
| | 48,364 | (29,168) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

| | | 30 June 2020 | 31 December 2019 |
|--|--------------|--------------------------------|------------------------------|
| | <i>Notes</i> | <i>HK\$'000</i> (Unaudited) | <i>HK\$'000</i> (Audited) |
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 97,382 | 98,313 |
| Financial assets at fair value through other comprehensive income | | 324 | 324 |
| Interests in associates | | 23,907 | 26,947 |
| Goodwill | | 74,545 | 75,766 |
| Other intangible assets | | 85,272 | 97,158 |
| Loan to immediate holding company | | – | 1,397,088 |
| | | 281,430 | 1,695,596 |
| Current assets | | | |
| Trade receivables | 11 | 44,617 | 43,927 |
| Deposits, prepayments and other receivables | | 80,363 | 83,097 |
| Loan to immediate holding company | | 1,450,875 | – |
| Cash and cash equivalents | | 342,556 | 293,838 |
| | | 1,918,411 | 420,862 |
| Current liabilities | | | |
| Trade payables | 12 | 31,572 | 38,015 |
| Other payables and accruals | | 64,635 | 66,266 |
| Dividend payables | | 13,400 | 13,400 |
| Contract liabilities | | 247,421 | 215,222 |
| Provision for tax | | 170,882 | 167,859 |
| Amount due to a director | | 532 | 532 |
| Amount due to immediate holding company | | 20,097 | 23,339 |
| Amounts due to associates | | 3,965 | 4,887 |
| Bank borrowings, secured | | 43,778 | 33,527 |
| Other employee benefits | | 37,309 | 28,451 |
| Lease liabilities | | 24,205 | 24,691 |
| | | 657,796 | 616,189 |
| Net current assets/(liabilities) | | 1,260,615 | (195,327) |
| Total assets less current liabilities | | 1,542,045 | 1,500,269 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 30 June 2020*

| | | 30 June | 31 December |
|--|-------------|-------------------------|------------------|
| | | 2020 | 2019 |
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Audited) |
| ASSETS AND LIABILITIES | | | |
| Non-current liabilities | | | |
| Other employee benefits | | 25,991 | 36,508 |
| Lease liabilities | | 24,524 | 21,152 |
| Deferred tax liabilities | | 2,989 | 3,499 |
| | | <u>53,504</u> | <u>61,159</u> |
| Net assets | | <u>1,488,541</u> | <u>1,439,110</u> |
| EQUITY | | | |
| Share capital | <i>13</i> | 240,597 | 240,597 |
| Reserves | | 1,247,944 | 1,198,513 |
| | | <u>1,488,541</u> | <u>1,439,110</u> |
| Equity attributable to the Company's owners | | 1,488,541 | 1,439,110 |
| Non-controlling interests | | <u>–</u> | <u>–</u> |
| Total equity | | <u>1,488,541</u> | <u>1,439,110</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION

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

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

The immediate holding company of the Company is Nan Hai Corporation Limited ("Nan Hai"), a company incorporated and domiciled in Bermuda and its shares are listed on the Main Board of the Hong Kong Stock Exchange. The directors of Company consider the ultimate holding company of the Company is Dadi Holdings Limited, a limited liability company incorporated in Hong Kong.

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

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company and approved and authorised for issue by the Board on 26 August 2020.

2. BASIS OF PREPARATION

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

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2019 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020. The adoption of new or amended Hong Kong Financial Reporting Standards ("HKFRSs") have no material effect on these condensed consolidated interim financial statements. Except for the early adoption of the amendment to HKFRS 16 Covid-19-Related Rent Concessions, the Group has not early adopted any new or amended HKFRSs that have been issued but not yet effective in the current accounting period.

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

These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2019 annual financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2020

2. BASIS OF PREPARATION (Continued)

The financial information relating to the year ended 31 December 2019 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 2019 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.

3. THE IMPACT OF COVID-19 IN THE REPORTING PERIOD

The outbreak of COVID-19 has developed rapidly in 2020 and significantly impacted entities and economic activities in varying scales globally. While there have had negative impacts to global economy and business environment, its impact on the enterprise cloud services which we operate has been rather modest during the reporting period. Management has assessed the impact of COVID-19 across the Group, and up to the date of this announcement, has not identified any areas that could have a material impact on the financial performance or position of the Group as at 30 June 2020.

4. CHANGES IN HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

| | |
|--|---|
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| The Conceptual Framework for Financial Reporting (Revised) | |

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

In addition, the Group has elected to early adopt the amendment to HKFRS 16 Leases on Covid-19 Related Rent Concessions on 1 January 2020. This amendment provides lessees with practical relief during the COVID-19 pandemic and are effective for annual reporting periods beginning on or after 1 June 2020. The impact on this adoption is immaterial to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2020

5. 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.

| | For the six months ended 30 June | |
|---|--|--|
| | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) |
| Reportable segment revenue | 414,831 | 473,272 |
| Reportable segment loss before income tax | (1,514) | (42,632) |
| Bank interest income | 9 | 255 |
| Other interest income on financial assets measured at amortised cost | 53,787 | 53,547 |
| Exchange gain | 7,129 | 3,023 |
| Gain on disposal of financial assets at fair value through profit or loss | – | 3,917 |
| Depreciation and amortisation | (81) | (259) |
| Depreciation of right-of-use assets | (1,015) | (1,195) |
| Finance costs | (27) | (89) |
| Unallocated corporate expenses | (5,992) | (11,342) |
| Profit before income tax | 52,296 | 5,225 |

For the six months ended 30 June 2020, approximately HK\$15,572,000 (six months ended 30 June 2019: HK\$103,699,000) was recognised by point in the time and approximately HK\$399,259,000 (six months ended 30 June 2019: HK\$369,573,000) was recognised by over time respectively.

| | 30 June 2020 <i>HK\$'000</i> (Unaudited) | 31 December 2019 <i>HK\$'000</i> (Audited) |
|--------------------------------|--|--|
| Reportable segment assets | 651,281 | 619,960 |
| Reportable segment liabilities | (490,763) | (455,019) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2020

6. REVENUE AND OTHER OPERATING INCOME

- (a) The Group's revenue represents revenue from enterprise cloud services.
 (b) Other operating income:

| | For the six months ended 30 June | |
|--|---|-------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Bank interest income | 125 | 378 |
| Other interest income on financial assets measured at amortised cost | 53,787 | 53,604 |
| Government grants | 1,027 | 2,155 |
| Refund of value-added tax | 11,542 | 4,672 |
| Gain on disposal of financial assets at fair value through profit or loss | – | 3,917 |
| Exchange gain | 7,124 | 2,948 |
| Sundry income | 94 | 329 |
| | 73,699 | 68,003 |

7. PROFIT BEFORE INCOME TAX

| | <i>Note</i> | For the six months ended 30 June | |
|---|-------------|---|-------------|
| | | 2020 | 2019 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| The Group's profit before income tax is arrived at after charging/(crediting): | | | |
| Amortisation of intangible assets other than goodwill* | | 12,392 | 12,602 |
| Covid-19-related rent concessions | <i>(a)</i> | (10) | – |
| Depreciation of property, plant and equipment — owned assets* | | 6,505 | 7,341 |
| Depreciation of property, plant and equipment — right-of-use assets* | | 18,818 | 23,392 |
| Write-off of property, plant and equipment* | | – | 4,800 |

* included in other operating expenses

Note:

- (a) As disclosed in note 4, the Group has early adopted the amendment to HKFRS 16, Covid-19-Related Rent Concessions, and has applied the practical expedient introduced by the amendment to all eligible rent concessions received by the Group during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2020

8. INCOME TAX EXPENSE

| | For the six months ended 30 June | |
|--|--|---|
| | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) |
| Current tax charge for the period | | |
| — Hong Kong profits tax | – | 5,222 |
| — The People’s Republic of China (the “PRC”) Enterprise Income Tax (“EIT”) | 3,023 | 3,559 |
| | 3,023 | 8,781 |
| Deferred tax | (440) | (463) |
| Income tax expense | 2,583 | 8,318 |

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates is insignificant to the condensed consolidated interim financial statements. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2020. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for six months ended 30 June 2019.

For the six months ended 30 June 2020, PRC EIT has been provided on the estimated assessable profits of subsidiaries operating in Mainland China at 25% (six months ended 30 June 2019: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

9. DIVIDEND

No dividend was paid and declared during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the six months ended 30 June 2020 is based on the profit attributable to owners of the Company of approximately HK\$49,713,000 (six months ended 30 June 2019: loss of HK\$2,695,000) and on the weighted average number of approximately 19,914,505,000 ordinary shares in issue during the period after deducting the number of shares held by a custodian under the restricted share award scheme.

For the six months ended 30 June 2020, diluted earnings per share is equal to the basic earnings per share as the performance-based targets of the share awards does not meet as at period end date.

For the six months ended 30 June 2019, the computation of diluted loss per share does not assume the deemed vesting of share award as they would decrease the loss per share attributable to the owners of the Company and have anti-dilutive effect.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2020

11. 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:

| | 30 June 2020 | 31 December 2019 |
|--|-------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Audited) |
| 0–90 days | 15,073 | 22,528 |
| 91–180 days | 6,535 | 11,264 |
| 181–270 days | 11,615 | 3,202 |
| 271–360 days | 3,702 | 4,642 |
| Over 360 days | 11,865 | 6,552 |
| | <hr/> | <hr/> |
| Trade receivables, gross | 48,790 | 48,188 |
| Less: Provision for impairment of trade receivables | (4,173) | (4,261) |
| | <hr/> | <hr/> |
| Trade receivables, net | 44,617 | 43,927 |
| | <hr/> <hr/> | <hr/> <hr/> |

12. TRADE PAYABLES

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

| | 30 June 2020 | 31 December 2019 |
|---------------|-------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Audited) |
| 0–90 days | 19,585 | 23,982 |
| 91–180 days | 2,269 | 3,449 |
| 181–270 days | 1,247 | 1,094 |
| 271–360 days | 878 | 148 |
| Over 360 days | 7,593 | 9,342 |
| | <hr/> | <hr/> |
| | 31,572 | 38,015 |
| | <hr/> <hr/> | <hr/> <hr/> |

13. SHARE CAPITAL

| | 30 June 2020 | | 31 December 2019 | |
|---|-----------------------|-----------------|----------------------|-----------------|
| | (Unaudited) | | (Audited) | |
| | <i>No. of shares</i> | <i>HK\$'000</i> | <i>No. of shares</i> | <i>HK\$'000</i> |
| Issued and fully paid: | | | | |
| Ordinary shares | | | | |
| At beginning and end of the period/year | 21,720,504,877 | 240,597 | 21,720,504,877 | 240,597 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

By virtue of the comprehensive digital marketing, total solutions for digital business and cloud computing infrastructure services offered for corporate clients in China, the Group has assisted the clients to continue the development of digitalization and smart operation with our leading professional capability in the industry. The Group has not only provided standardized enterprise service tools to clients through SaaS (Software as a service), but also established flexible and scalable product capabilities for the specific needs of enterprises, and collaborated with excellent strategic partners in the industry to establish a service ecosystem covering the entire industry chain. Having made unremitting efforts over time, we possess a multi-dimensional business system involving all industries and all channels and have established a nationwide localized service network, so as to effectively address the problems of “the last kilometer” from SaaS software to corporate clients.

With the rapid development of mobile internet and social media, the enterprises’ demand for multi-end and responsive promotion of portal products is increasing. The full network responsive portal developed on existing portal products as well as the foreign trade industry solutions launched by 中企動力科技股份有限公司 (CE Dongli Technology Company Limited, “CE Dongli”) under the Group have effectively met various demands of different clients for portal products in respect of multi-end content display, search engine marketing and social media marketing, as well as domestic and international market promotion. In recent years, the e-commerce area has shown a diversified development trend. Affected by the COVID-19 epidemic (“Epidemic”), social e-commerce, community e-commerce and new retail have become the most pressing demands of enterprises. CE Dongli has launched the digitalized e-commerce business in a timely manner, providing its clients with one-stop e-commerce solutions featuring online and offline sales channels for clients to better meet the operation needs of multiple scenarios and channels in the digitalized age. Coupled with 北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited) (“Xinnet”) cloud computing underlying technical support services, clients can better achieve business growth.

During the reporting period, with key subsidiaries CE Dongli and Xinnet as its main business entities, efforts were continuously made in the development of cloud services for corporate digitalization and smart operation by providing comprehensive IaaS (Infrastructure as a service), SaaS application, corporate e-commerce services, “corporate digitalization transformation” total solutions and big database business intelligence cloud service to China market. During the reporting period, revenue of the Group was approximately HK\$414.8 million (for the six months ended 30 June 2019: HK\$473.3 million). Profit for the period was approximately HK\$49.71 million (for the six months ended 30 June 2019: loss of HK\$3.1 million). Such profit was primarily attributable to the significant increase in efficiency of delivering products to its customers as a result of continuous efforts in the development of production platform in recent years, which has in turn increased the gross profit ratio. In addition, the Company has implemented a variety of measures to control costs following the outbreak of Epidemic, which has in turn increased efficiency and reduced costs.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

CE Dongli

With 20 years' service experience, CE Dongli has successfully developed a SaaS product system that meets the demand for management digitalization from enterprises in China. It has established a market for corporate services in which top players of various industries were involved as cooperative partners, and established an extensive network for business and localized services, providing corporate digitalization and operation solutions for enterprises in China.

During the reporting period, CE Dongli launched self-service website building products, forming a complete product portfolio from large and medium-sized clients to small and micro clients to meet the different needs of clients of various sizes, and to enhance user experiences while expanding the number of potential users. During the reporting period, nearly 8,000 paid users have developed templates for website building. In the area of industrialized solutions, the launch of the foreign trade portal has been highly recognized by the market with a total of more than 7,000 foreign trade clients. In the digitalized commerce area, CE Dongli has served nearly 10,000 corporate clients (including free and paid clients) through major products such as B2B e-commerce portals and B2C mobile malls, and obtained SaaS subscription income of approximately RMB11 million. CE Dongli continues to commit to product research and development, and the B2C e-commerce system has stable and reliable service capabilities in core transaction and key transaction scenarios. Through the three-party ecological cooperation, the integration of mobile payment, logistics and delivery and other related services has been realized, in order to assist the clients to achieve the comprehensive integration of the information flow, capital flow and logistics of e-commerce business. During the reporting period, the digitalized commercial business has established a client operation team with an aim of assisting the clients in completing the WeChat authentication, payment activation, shop establishment (renovation) and shop marketing and promotion to assist traditional clients to create online and offline one-stop sales channel within a short period of time. In respect of the development of new products, CE Dongli has gradually formed a PaaS (Platform as a service) platform supported by the middle structure of business (業務中台) to promptly come up with flexible and feasible products and industry solutions according to the needs of different industries and customers of different stages. Hence, it has significantly improved the delivery efficiency of products and laid a solid foundation for integrating more cooperative partners in future.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Xinnet

During the reporting period, Xinnet continued to serve domestic medium, small and micro enterprises through online, direct sales and a nationwide agent channel system. In addition to business such as domain name management, public cloud IaaS, mailbox, etc., it also continues to expand the enterprise market in the area of website building and corporate application services. It continues to enrich the product line in respect of public cloud products, adding products including Redis, RabbitMQ, cloud backup and big data in order to meet the needs of users for PaaS products. The scale of the information center continues to expand. In addition to the existing three regions of Northern China I, II, and Hong Kong, the scale of resources of the public cloud continues to increase by adding three regions in the Northern China, so as to meet the growing business needs. At the same time, in view of the weak technical capabilities and strong business needs of medium, small and micro enterprises, as the first domestic company to propose the concept of enterprise cloud service center, it reaches users with the most direct SaaS application, at the same time covering data products of basic cloud resource, which has become one of the few suppliers in China of overall cloud service product, which assists medium, small and micro enterprises to achieve digital transformation.

Prospects

The management of the Group considers that in recent years, enterprises in China have been undergoing a process of digital transformation, and the Epidemic will accelerate this process significantly. We believe that as a result of the Epidemic, there will be continuous and significant changes in the lifestyle and consumption habits of consumers. The variety and frequency of online shopping will increase significantly, orders from stores in the community can be placed online with the option of pick-up at the store and home delivery. It will continue to expand its service range and consumer groups. With the smart mobile devices becoming increasingly popular, online shopping will no longer be the privilege of the younger generation, and more elderly will join online shopping. As such, enterprises and retail stores will pay more attention to digital operation capabilities such as online display, online promotion, online transaction and customer relationship maintenance. Enterprises will have increasing needs of portal products that are more convenient, smart, multi-channel, and multi-scenario. Therefore, we will continue to improve our products including self-service website building, full network responsive portal and foreign trade portal, and provide clients with more timely and efficient services.

Faced with the diversified consumption needs and online consumption habits of consumers, traditional retail enterprises are eager to transfer the existing loyal customers from offline to online, and to form an integrated online and offline business model. We noticed that in the process of online digital transformation of traditional retail enterprises, they face practical difficulties such as insufficient professional capabilities, limited capital investment, and lack of operating experience. We will strive to develop and strengthen our localized service capability in order to provide clients with faster, more professional and comprehensive operation services. We are aware that perfect SaaS products and efficient services require the support of new Internet technologies and platforms. Going forward, with an in-depth understanding of the business scenarios of clients in various industries, the Group will assist

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects (Continued)

in the realization of digital transformation for clients in traditional industries based on cloud computing, the middle structure of business (業務中台) and SaaS tools, as well as better prepare for the challenges in the digitalization era and respond to the changes in consumer demands. Furthermore, the Group will increase its investment in data center, cloud computing technology, automatic operation and maintenance technology, big data technology as well as smart marketing technology, generally enhancing its core competence of technology to further develop and optimize its products and services for enterprises' digital intelligent business.

Financial Resources and Liquidity

The Group continued to adopt prudent funding and treasury policies. As at 30 June 2020, net assets attributable to the owners of the Company amounted to approximately HK\$1,488.5 million (31 December 2019: HK\$1,439.1 million), including cash and cash equivalents of approximately HK\$342.6 million (31 December 2019: HK\$293.8 million) which were mainly denominated in Renminbi, US dollars and Hong Kong dollars. As at 30 June 2020, the Group had bank borrowings bearing interest at fixed rate in aggregate amount of approximately HK\$43.8 million (31 December 2019: HK\$33.5 million). The Group has not taken any interest rate hedge currently.

As at 30 June 2020, the Group's gearing ratio is calculated as net debt divided by the total equity plus net debt. The Group recorded net cash as at 30 June 2020, gearing ratio is therefore not applicable (31 December 2019: not applicable).

As at 30 June 2020, the Group had no capital commitment (31 December 2019: Nil).

As at 30 June 2020, the Group's contingent liabilities were approximately HK\$21.3 million in connection with the guarantees given to secure credit facilities (31 December 2019: HK\$21.0 million).

As at 30 June 2020, certain interests in property, plant and equipment amounting to approximately HK\$12.7 million were pledged to secure the credit facilities granted to the Group (31 December 2019: HK\$13.2 million).

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 assets, liabilities and results may be affected by the Renminbi exchange rates. During the reporting period, fluctuation in Renminbi exchange rates affected the assets and liabilities translation from Renminbi to Hong Kong dollars in financial reporting of the Group, and the Group will keep on monitoring the fluctuation in exchange rates between Renminbi and Hong Kong dollars. The Group proactively seeks control measures to minimize the impact arising from risks and uncertainties as far as practicable, and considers using foreign exchange hedging instruments (if appropriate) from time to time, to minimize the risk exposure arising from changes in Renminbi exchange rates. During the reporting period, the Group did not use any foreign exchange hedging instruments.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employee and Remuneration Policy

The Group employs and remunerates its employees based on their qualifications, experience and performance. In addition to basic salary payments, other benefits include housing, contributions to mandatory provident fund, group medical insurance, group personal accident insurance and examination leave, etc. Employees are eligible to be granted share options or restricted shares (as the case may be) under the Company's share option scheme or restricted share award scheme at the discretion of the Board. In general, salary review is conducted annually. As at 30 June 2020, the Group had approximately 5,253 employees (30 June 2019: 5,701 employees). The total salaries of and allowances for employees for the six months ended 30 June 2020 were approximately HK\$283.6 million (for the six months ended 30 June 2019: HK\$299.6 million).

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2020, except for the deviation stated below:

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman of the Board was unable to travel to Hong Kong to attend the annual general meeting of the Company held on 27 May 2020 due to the Epidemic.

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 2020.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises all the independent non-executive directors of the Company, namely Mr. Fung Wing Lap, Mr. Xiao Sui Ning and Mr. Ho Yeung Nang. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, the unaudited interim results for the six months ended 30 June 2020, 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 2020 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
Chairlady

Hong Kong, 26 August 2020

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

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