



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: HK00365

2021
INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. DU Yang (*Chairman*)
Mr. YUAN I-Pei
Mr. XIA Yuan (*Chief Executive Officer*)

NON-EXECUTIVE DIRECTORS

Mr. Li Yongjun
Mr. Li Jinxian

INDEPENDENT NON-EXECUTIVE DIRECTORS

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. DU Yang (*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
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|--|-------|--|--|
| Revenue | 5 | 196,127 | 160,211 |
| Cost of Sales | | (101,069) | (76,003) |
| Gross profit | | 95,058 | 84,208 |
| Other income | 6 | 5,899 | 7,191 |
| Other gains/(losses), net | 7 | 641 | (970) |
| Distribution costs | | (27,798) | (15,395) |
| Administrative costs | | (28,810) | (27,208) |
| Operating profit | | 44,990 | 47,826 |
| Finance income | 8 | 407 | 267 |
| Finance costs | 8 | (7,620) | (9,295) |
| Finance costs, net | 8 | (7,213) | (9,028) |
| Profit before income tax | | 37,777 | 38,798 |
| Income tax expense | 10 | (4,890) | (7,446) |
| Profit for the Period attributable to equity holders of the Company | | 32,887 | 31,352 |
| Other comprehensive income | | | |
| <i>Item that may reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | 79 | 1,073 |
| Other comprehensive income for the Period, net of tax | | 79 | 1,073 |
| Total comprehensive income | | 32,966 | 32,425 |
| Total comprehensive income attributable to: equity holders of the Company | | 32,966 | 32,425 |
| Basic earnings per share | 11 | 2.26 Cents | 2.15 Cents |
| Diluted earnings per share | 11 | 2.26 Cents | 2.15 Cents |

CONDENSED CONSOLIDATED BALANCE SHEET

| | Notes | At 30 June 2021 (Unaudited) HK\$'000 | At 31 December 2020 (Audited) HK\$'000 |
|---|-------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 71,208 | 73,146 |
| Investment property | | 26,943 | 26,943 |
| Right-of-use assets | | 28,211 | 27,290 |
| Intangible assets | | 24,367 | 22,281 |
| Deferred income tax assets | | 5,746 | 9,578 |
| Other non-current assets | | — | 4,904 |
| Investment in associates | | 258,379 | 247,684 |
| | | 414,854 | 411,826 |
| Current assets | | | |
| Inventories | | 62,853 | 35,227 |
| Trade receivables and other receivables | 12 | 216,930 | 145,909 |
| Financial assets at fair value through profit or loss | | 582 | 43,635 |
| Cash and cash equivalents | | 351,309 | 116,609 |
| | | 631,674 | 341,380 |
| TOTAL ASSETS | | 1,046,528 | 753,206 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital and share premium | | 240,740 | 240,740 |
| Other reserves | | 610,193 | 610,114 |
| Accumulated losses | | (508,753) | (541,640) |
| TOTAL EQUITY | | 342,180 | 309,214 |

CONDENSED CONSOLIDATED BALANCE SHEET

| | | At 30 June 2021 (Unaudited) HK\$'000 | At 31 December 2020 (Audited) HK\$'000 |
|---|-------|--|--|
| | Notes | | |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term borrowings | 14 | – | 92,103 |
| Lease liabilities | | 8,815 | 8,357 |
| Deferred income | | 1,092 | 1,163 |
| Deferred income tax liabilities | | 5,450 | 6,966 |
| | | 15,357 | 108,589 |
| Current liabilities | | | |
| Trade payables and other payables | 13 | 556,658 | 111,316 |
| Lease liabilities | | 10,477 | 10,360 |
| Contract liabilities | | 13,596 | 56,097 |
| Short-term borrowings | 14 | 94,119 | 1,899 |
| Current income tax liabilities | | 14,141 | 13,164 |
| Non-current liabilities due within one year | 9 | – | 142,567 |
| | | 688,991 | 335,403 |
| TOTAL LIABILITIES | | 704,348 | 443,992 |
| TOTAL EQUITY AND LIABILITIES | | 1,046,528 | 753,206 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserves HK\$'000 | Accumulated losses HK\$'000 | Total equity HK\$'000 |
|---|---------------------------|---------------------------|----------------------------|--------------------------------|--------------------------|
| Balance at 1 January 2021 | 145,500 | 95,240 | 610,114 | (541,640) | 309,214 |
| Profit for the Period | – | – | – | 32,887 | 32,887 |
| Exchange differences on translation of foreign operations | – | – | 79 | – | 79 |
| Total comprehensive income | – | – | 79 | 32,887 | 32,966 |
| Balance at 30 June 2021 (Unaudited) | 145,500 | 95,240 | 610,193 | (508,753) | 342,180 |
| Balance at 1 January 2020 | 145,500 | 95,240 | 674,358 | (600,329) | 314,769 |
| Profit for the Period | – | – | – | 31,352 | 31,352 |
| Exchange differences on translation of foreign operations | – | – | 1,073 | – | 1,073 |
| Total comprehensive income | – | – | 1,073 | 31,352 | 32,425 |
| Balance at 30 June 2020 (Unaudited) | 145,500 | 95,240 | 675,431 | (568,977) | 347,194 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|--|---|---|
| NET CASH FROM/(USED IN) OPERATING ACTIVITIES | 257,142 | (59,483) |
| NET CASH FROM INVESTING ACTIVITIES | 126,074 | 149,324 |
| NET CASH USED IN FINANCING ACTIVITIES | (151,209) | (14,379) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 232,007 | 75,462 |
| Cash and cash equivalents at beginning of the Period | 116,610 | 44,978 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 2,692 | (371) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 351,309 | 120,069 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company and its subsidiaries (collectively the "Group" hereafter) are principally engaged in SMT equipment manufacturing and securities investment.

On 17 September 2019, UNIC Capital Management Co., Ltd. ("UNIC Capital"), Sino Xin Ding Limited ("Sino Xin Ding") and the Company jointly announced that Unis Technology Strategy Investment Limited ("Unis Strategy Investment Company"), Sino Xin Ding and Beijing Unis Capital Management Co., Ltd. (the parent company of Unis Strategy Investment Company) entered into a share purchase agreement, pursuant to which Sino Xin Ding conditionally agreed to acquire from Unis Strategy Investment Company the sale shares, being 986,829,420 shares and representing approximately 67.82% of the total issued share capital of the Company, for a total consideration of HK\$990 million (equivalent to approximately HK\$1.00 per sale share). Completion of the share purchase agreement took place on 26 September 2019. Upon completion, Sino Xin Ding became the direct controlling shareholder of the Company and UNIC Capital is the actual controlling shareholder of the Company. Pursuant to Rule 26.1 of The Codes on Takeovers and Mergers and Share Buy-backs, UNIC Capital and Sino Xin Ding were required to make a mandatory unconditional general offer in cash for all the issued shares. On 4 November 2019 (the last date for acceptance of the offer), UNIC Capital and Sino Xin Ding had received valid acceptances in respect of 346,810 shares, aggregating the shares of the Company already held by UNIC Capital and Sino Xin Ding representing 67.847% of the issued share capital of the Company. On 30 June 2021, Sino Xin Ding accounted for 67.847% of the issued capital of the Company.

The consolidated financial statements are presented in Hong Kong dollar (unless otherwise stated). These consolidated financial statements were approved for issue by the Board of the Company on 20 August 2021.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2.1 GOING CONCERN

The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore adopts the going concern basis in preparing its condensed consolidated interim financial statements.

3. ACCOUNTING POLICIES

Except as for the adoption of new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the six months ended 30 June 2021, the accounting policies applied in preparing the condensed consolidated interim financial statements are consistent with those of the financial statements for the year ended 31 December 2020, as described in the annual financial statements.

The adoption of these new standards, amendments and improvements to HKFRSs and HKAS did not have any significant impact on the Group’s financial performance and position for the six months ended 30 June 2021.

4. ESTIMATES

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 December 2020 with the exception of changes in estimates that are required in determining the provision for income taxes and disclosure of exception items.

5. SEGMENT INFORMATION

The executive directors are the Group's chief decision-makers. Management has determined the operating segments based on the report reviewed by the executive directors for the purposes of allocating resources and assessing performance. During the six months ended 30 June 2021, the Group's operating segments of the followings:

- (1) Production and sales of industrial products; and
- (2) Securities investment.

The executive directors assess the performance of the operating segments based on the revenue and profit before tax in each segment. The executive directors do not focus on the total liabilities of the segments. The unallocated activities primarily consist of corporate headquarter which manage and support the segments. The assets are mainly the monetary funds used by the Company for daily operations, office equipment and investments in associates. The liabilities are mainly bank borrowings granted to the Company.

The segment information for the six months ended 30 June 2021 is presented as follows:

| | Six months ended 30 June 2021 (Unaudited) | | | |
|--|--|--------------------------------------|---------------------------------------|-------------------|
| | Production and sales of industrial products HK\$'000 | Securities investment HK\$'000 | Unallocated activities HK\$'000 | Total HK\$'000 |
| Segment revenue | 179,248 | 14,038 | 2,841 | 196,127 |
| Segment profit | 78,355 | 13,682 | 2,841 | 95,058 |
| Other income | 3,607 | — | 2,292 | 5,899 |
| Other gains/(losses), net | 1,050 | — | (409) | 641 |
| Distribution costs | 27,798 | — | — | 27,798 |
| Administrative costs | 13,957 | — | 14,853 | 28,810 |
| Finance costs, net | 1,894 | 3 | 5,316 | 7,213 |
| Profit/(loss) before income tax | 39,363 | 13,859 | (15,445) | 37,777 |

5. SEGMENT INFORMATION (CONTINUED)

The segment information for the six months ended 30 June 2020 is presented as follows:

| | Six months ended 30 June 2020 (Unaudited) | | | |
|--|---|-----------------------------------|------------------------------------|-------------------|
| | Production and sales of industrial products HK\$'000 | Securities investment HK\$'000 | Unallocated activities HK\$'000 | Total HK\$'000 |
| Segment revenue | 113,921 | 46,018 | 272 | 160,211 |
| Segment profit | 38,359 | 45,577 | 272 | 84,208 |
| Other income | 2,610 | – | 4,581 | 7,191 |
| Other (losses)/gains, net | (982) | – | 12 | (970) |
| Distribution costs | 15,395 | – | – | 15,395 |
| Administrative costs | 12,542 | – | 14,666 | 27,208 |
| Finance costs, net | 2,433 | 242 | 6,353 | 9,028 |
| Profit/(loss) before income tax | 9,617 | 45,335 | (16,154) | 38,798 |

6. OTHER INCOME

| | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|--------------------------------|---|---|
| Income from sales of scraps | 21 | – |
| Government grants | 3,586 | 2,610 |
| Share of results of associates | 2,292 | 4,581 |
| | 5,899 | 7,191 |

7. OTHER GAINS/(LOSSES), NET

| | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|----------------------------------|---|---|
| Reversal of bad debt written off | 80 | 467 |
| Others | 561 | (1,437) |
| | 641 | (970) |

8. FINANCE COSTS, NET

| | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|--|---|---|
| Finance income: | | |
| - Interest income from bank deposits | 407 | 267 |
| Finance costs: | | |
| - Interest expenses on bank and other borrowings | (7,620) | (9,295) |
| Finance costs, net | (7,213) | (9,028) |

9. CONVERTIBLE BONDS

On 30 May 2016, the Company issued 730,000,000 ordinary shares at a price of HK\$0.4 per share and zero coupon convertible bonds with face value of HK\$148,000,000 to Unis Strategy Investment Company. The bonds shall be matured in five years from the date of issue at their face value of HK\$148,000,000 or converted into ordinary shares of the Company at HK\$0.4 per share (subject to adjustment) by the holder before the maturity date of the bonds. Such transaction was approved at the special general meeting held on 9 May 2016. The management initially recognised the convertible bonds issued in whole as financial liabilities at fair value through profit or loss based on analysis and assessment on relevant terms of the agreement and in consideration of the substance of the agreement.

On 30 March 2017, the special general meeting approved the supplementary agreement for the convertible bonds signed by the Company and Unis Strategy Investment Company. The supplementary agreement removes the relevant terms in relation to the conversion price adjustment under the original agreement. Accordingly, the convertible bonds issued by the Company pursuant to the original agreement were derecognised. According to the amended terms, the convertible bonds issued by the Company were recognised as compound financial instruments. As at 30 March 2017, such financial liability at fair value through profit or loss of HK\$678,487,000 was derecognised. Pursuant to the amended terms and the fair value at the date, the Company has recognised the convertible bonds as compound financial instruments, among which, the fair value of the liability component was HK\$100,546,000, the fair value of the equity component was HK\$577,941,000, and the liability component of the compound financial instruments were subsequently measured by the cost method. In 2017, the recognised gains from change in fair value of convertible bonds for the year were HK\$78,405,000, the recognised interest expense was HK\$7,423,000, and the recognised book value of the convertible bonds as at 31 December 2017 was HK\$107,969,000. As at 31 December 2018, the recognised book value of the convertible bonds was HK\$118,463,000. As at 31 December 2019, the recognised book value of the convertible bonds was HK\$129,978,000. As at 31 December 2020, the recognised book value of the convertible bonds was HK\$142,567,000.

During the Period, the convertible bonds matured on 30 May 2021 and were repaid as scheduled.

10. INCOME TAX EXPENSE

Hong Kong profits tax had been provided at the rate of 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profit for the Period. The applicable preferential tax rate of 日東智能裝備科技(深圳)有限公司, a subsidiary of the Group in Mainland China, was 15% (six months ended 30 June 2020: 15%), and other subsidiaries of the Group in Mainland China were taxed at a rate of 25% (six months ended 30 June 2020: 25%). Taxation on overseas profits had been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

| | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|------------------------------------|---|---|
| Current income tax | | |
| Current tax profits for the Period | 4,890 | 7,446 |
| Income tax expense | 4,890 | 7,446 |

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

| | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|--|---|---|
| Earnings attributable to equity holders of the Company | 32,887 | 31,352 |
| Weighted average number of ordinary shares in issue (<i>in thousands</i>) | 1,455,000 | 1,455,000 |
| Basic earnings per share | 2.26 Cents | 2.15 Cents |
| Diluted earnings per share | 2.26 Cents | 2.15 Cents |

12. TRADE AND BILLS RECEIVABLES

At 30 June 2021 and 31 December 2020, the ageing analysis of the trade and bills receivables based on invoice date is as follows:

| | At 30 June 2021 (Unaudited) HK\$'000 | At 31 December 2020 (Audited) HK\$'000 |
|--------------------|--|--|
| Less than 3 months | 43,622 | 37,027 |
| 3 to 6 months | 17,039 | 28,561 |
| More than 6 months | 24,180 | 34,402 |
| | 84,841 | 99,990 |

13. TRADE AND BILLS PAYABLES

As 30 June 2021 and 31 December 2020, the ageing analysis of trade and bills payables based on the invoice dates is as follows:

| | At 30 June 2021 (Unaudited) HK\$'000 | At 31 December 2020 (Audited) HK\$'000 |
|----------------|--|--|
| Within 90 days | 57,139 | 38,593 |
| 91 to 120 days | 1,395 | 908 |
| Over 120 days | 8,145 | 8,680 |
| | 66,679 | 48,181 |

14. BORROWINGS

| | At 30 June 2021 (Unaudited) HK\$'000 | At 31 December 2020 (Audited) HK\$'000 |
|--|--|--|
| Secured bank loans due for repayment within one year | 94,119 | 1,899 |
| Secured bank loan due for repayment within two years | – | 92,103 |
| | 94,119 | 94,002 |

The bank loans granted are secured by the Group's properties.

15. COMMITMENTS

OPERATING LEASE COMMITMENTS – THE GROUP AS LESSEE

The Group leases certain office premises or staff quarter under non-cancellable operating lease arrangements. The lease terms are within one year, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The aggregate future minimum lease payments under non-cancellable operating leases are as follows:

| | At 30 June 2021 (Unaudited) HK\$'000 | At 31 December 2020 (Audited) HK\$'000 |
|-----------------|--|--|
| Within one year | 133 | 70 |

15. COMMITMENTS (CONTINUED)

OPERATING LEASE COMMITMENTS – THE GROUP AS LESSOR

The Group leases certain factory buildings and staff quarters under non-cancellable operating lease agreement. The minimumrents to be collected in the future are as follows:

| | At 30 June 2021 (Unaudited) HK\$'000 | At 31 December 2020 (Audited) HK\$'000 |
|---|--|--|
| Within one year | 7,665 | 6,315 |
| More than one year but not more than five years | 27,670 | 33,654 |
| | 35,335 | 39,969 |

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors ("Directors") of Sino ICT Holdings Limited (the "Company"), I present the unaudited interim results report of the Company and its subsidiaries (collectively the "Group") for the period ended 30 June 2021 (the "Period").

OVERVIEW

The world economy was generally weak in 2020 as the global pandemic raged. Until the first half of 2021, with the increasing rate of vaccination of Coronavirus disease 2019 (COVID-19) in various countries, the pandemic is expected to be further controlled, coupled with the gradual lifting of blockade measures in various countries, the economic recovery has become a major trend and market demand has rebounded, the global economic development is generally positive and most economies are expected to achieve positive growth, among which, the People's Republic of China (PRC) is the best performer. With the pandemic under control in PRC since the second half of 2020, work resumed in Mainland China and economic activities were back on track, particularly in the manufacturing sector. PRC's Manufacturing Purchasing Managers' Index (PMI) stood at 50.90% in June 2021, which was above the critical point, as the manufacturing sector continued to expand steadily. As a leading manufacturer of SMT equipment and manufacturing in Mainland China, the Group has benefited from the recovery of the manufacturing industry and the electronic manufacturing industry, and the gradual expansion of the commercial scale of 5G in Mainland China has further boosted the rigid demand for consumer electronic products. The steady increase in demand for smartphones, 3C wearable devices, Mini/Micro LED, new energy vehicles and smart homes has continued to provide positive factors for the Group's business development and operations.

BUSINESS REVIEW

During the Period, the Group was principally engaged in SMT equipment manufacturing and related businesses, as well as securities investment business.

Benefiting from the economic recovery and the expansion of demand in the manufacturing market, the Group recorded significant growth and improvement in all performance indicators during the first half of 2021. For the six months ended 30 June 2021, the Group's revenue increased by 22.42% year-on-year to approximately HK\$196,127,000 and gross profit increased by 12.88% to approximately HK\$95,058,000. Such good results were mainly attributable to the contribution of the Group's core business of SMT equipment manufacturing and related businesses to the overall results. During the period, SMT equipment manufacturing and related businesses accounted for 90% and 80% of the Group's total revenue and gross profit respectively. Looking at the results of this segment alone, for the six months ended 30 June 2021, revenue of the SMT equipment

manufacturing and related business segment reached approximately HK\$179,248,000, representing an increase of approximately HK\$65,327,000 or 57.34% year-on-year, and gross profit reached approximately HK\$78,355,000, representing an increase of approximately HK\$39,996,000 or 104.27% year-on-year. During the Period, the Group's efforts in the research and development of proprietary technologies and the maintenance of good service quality, as well as the improvement in the Group's market competitiveness, led to a further improvement in the Group's overall gross profit margin, which rose to 44% from 34% in the corresponding period last year, which is now in a leading position in the industry.

During the first half of 2021, in the field of SMT equipment manufacturing, the Group fully leveraged its technical advantages in PCBA electronic assembly and successfully launched Mini LED reflow soldering, which had been fully recognised by major customers in LED packaging and testing, LCD panel, lighting and other industries; Meanwhile, selective wave soldering based on electromagnetic technology was widely used in PCBA foundries, military and aerospace, and other major research institutes. On the basis of maintaining its leading position in SMT equipment technology, the Group had also actively deployed in the field of semiconductor packaging and testing equipment, and developed silver and gold paste printing machines of semiconductor wafers, wafer-level IC die bonder and full-scale nitrogen-filled semiconductor reflow soldering with oxygen content below 50 PPM, all of which had achieved mass production and sales, effectively forming a substitute for imports and were widely used by large-scale packaging and testing plants and military and aerospace institutes at home and abroad. Compared with similar products, the Group's products have the following technical advantages: (1) adoption of a precision motion platform to achieve high stability in the operation of the whole machine; (2) the mounting force is automatically controlled and the laminating technology is used to meet the multi-layer mounting requirements of integrated circuits; (3) having the function of an automatic mounting nozzle change at the same time; and (4) the wafer is equipped with automatic chip calibration function. In the future, the Group will continue to invest in research and development resources in SMT and semiconductor equipment to continuously improve its technological strength and reward customers with the best quality products.

In respect of the securities investment business, the Group has been adopting a low-frequency trading investment strategy and its investments are in high quality high-tech companies listed on the Stock Exchange, which are upstream and downstream companies with synergies with SMT equipment manufacturing and semiconductor related businesses. During the first half of 2021, the Group closely monitored market movements and disposed of a total of 1,956,000 shares of SMIC in the open market as at 18 January 2021, with total disposal proceeds of approximately HK\$56,914,000 (net of transaction cost), thereby better locking in investment profits amidst the continuing volatile stock market environment. For the six months ended 30 June 2021, the Company's holdings of financial assets at fair value through profit or loss further decreased to approximately HK\$582,000 and their proportion to the Group's total assets further decreased to less than 1%.

INDUSTRY TRENDS

Electronic assembly technology is an integral part of the advanced manufacturing technologies of modern electronic products and is one of the most important symbols of a country's comprehensive strength and level of technological development. SMT technology is one of the types of electronic assembly technologies. As 5G gradually achieves global coverage, it will further facilitate the development of the SMT equipment manufacturing and semiconductor industry. The consumer electronics market will also see a new round of expansion driven by the development of 5G. According to data from International Data Corporation (IDC), the global share of smartphones above RMB3,000 recovered from 24% in the first quarter of 2020 to 28% in the first quarter of 2021, with shipments increasing by 49% year-on-year; MiniLED displays are gradually shifting from commercial applications to consumer electronics applications, opening up new incremental markets for LED displays. According to Arizton Advisory Intelligence (US market research firm), the global Mini/MicroLED market will exceed US\$1 billion by 2022, with an average annual growth rate of over 145%; 3C wearable devices continue to grow, with shipments increasing by 34% year-on-year in the first quarter of 2021, with headphones and watches being the main drivers; smart home will also further realise whole-house intelligence, using the home as a platform to integrate network communication, automatic control, Internet of Things (IoT), cloud computing and artificial intelligence technologies with home equipment to form a convenient, comfortable, healthy, safe and environmentally friendly home living environment. With the accelerated penetration of various technology applications and the transformation and upgrading of the consumption structure of China, the smart home product range is expected to continue to innovate and expand, with the smart home market in PRC now exceeding RMB100 billion, representing a compound growth rate of 20% over the past four years.

According to a report released by the Semiconductor Industry Association (SIA), global semiconductor sales reached US\$43.61 billion in May 2021, representing an increase of 4.10% month-on-month and 26.20% year-on-year. All major global markets achieved sales growth year-on-year, with PRC recording a 26.10% growth rate. Global production of semiconductors has increased significantly due to growing demand. With the shift of semiconductor production capacity and the increase in demand in the overall domestic semiconductor market, the semiconductor industry in Mainland China has seen an increase in investment and growing sales. From 2013 to 2019, the PRC's semiconductor equipment market grew from US\$3,370 million to US\$13,450 million, increasing its share of the global market to 22.50%, but the overall nationalisation rate of semiconductor equipment did not increase significantly. The demand for integrated circuits in PRC is much larger than the scale of local manufacturing and there is a strong need for domestic substitution.

Among them, the semiconductor mounting die bonder is suitable for integrated circuits, SIP (Single In-line Package), QFN (Quad Flat Non-leaded Package) and other process products, such as communication modules, camera modules, LED, power modules, power devices, various sensors, etc. These products are used in integrated circuits in smartphones, PC, mobile terminals, in-vehicle products, Internet of Things (IoT) products, etc. According to "Die Attach Equipment Market Report 2019" released by Yole Development (French market research and strategic consulting firm), the global die bonder market was US\$979 million in 2018 and is expected to reach US\$1,389 million by 2024, representing a compound growth rate of 6% over the period.

The booming consumer electronics market and the continued expansion of demand in the semiconductor market will drive the rapid development of the SMT equipment manufacturing industry as well as the semiconductor industry, bringing more new opportunities for the Group.

OUTLOOK

Looking ahead to the second half of 2021, the recovery in global economic and trade activity will accelerate, and as the global manufacturing structure shifts towards higher value-added, it is believed that PRC's technological leadership will be more conducive to the development of PRC's technology industry. However, the development of COVID-19 remains an important factor affecting the market outlook. In this environment, the Group is cautiously optimistic about its future development and operations, and is actively developing SMT and semiconductor equipment manufacturing and related businesses in order to strengthen its position as the industry leader and to capture the opportunities in the semiconductor industry, with a view to achieving further success in the second half of 2021.

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 as well as shareholders for their continuous support to the Group.

Du Yang

Chairman

Hong Kong

20 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group was principally engaged in SMT equipment manufacturing and related business, and securities investment business.

In the first half of 2021, as the pace of global vaccine development and vaccination accelerated, major countries and economies gradually emerged from the pandemic, accelerating the recovery of long-suppressed market demand and injecting abundant vitality into economic development. The SMT equipment manufacturing industry was less affected by the pandemic and recovered quickly, thanks to the light manpower and highly integrated nature of the electronics industry, as well as the growing rigid demand for technological development. In addition, the management closely monitored market changes, always focused on product research and development (R&D), while actively expanding sales network. As a result, the Group continued to maintain significant growth in sales volume and steadily improved profitability in the SMT industry in the face of the global pandemic and the effective control of the pandemic in China, laying a solid foundation for the next phase of business expansion.

Overall, the Group recorded a total revenue of approximately HK\$196,127,000 for the six months ended 30 June 2021, representing a significant increase of approximately 22.42% compared with approximately HK\$160,211,000 for the same period last year. This was mainly attributable to the Group's main business, SMT equipment manufacturing and related business, which seized the opportunity of increased demand in the domestic market due to the effective control of the pandemic in China, greatly boosted its sales through various means such as participation in exhibitions, change in credit conditions and training on sales techniques. Furthermore, the Group's overall gross profit and profit attributable to equity holders for the Period increased to approximately HK\$95,058,000 and approximately HK\$32,887,000 respectively, representing increases of approximately 12.88% and 4.90% year-on-year by strengthening supply chain management, enhancing the quality of procurement and enhancing negotiation capability during the Period.

SMT & SEMICONDUCTOR EQUIPMENT MANUFACTURING RELATED BUSINESS

During the Period, revenue from the SMT equipment manufacturing and related business segment accounted for over 90% of the Group's total revenue and contributed over 80% of the gross profit, which was the core of the Group's business development.

Since its roots in the SMT equipment manufacturing industry in the 1980s, the Group has been relying on its rich R&D, management and marketing resources accumulated in this field, and always insists on developing its own brand as the foundation, persistently enhancing the value of its own brand and establishing an extensive and profound upstream and downstream industrial chain. Thanks to the scientific development strategy implemented by the management and the concerted efforts of various stakeholders, the SMT equipment manufacturing and related business segment achieved a spectacular year-on-year revenue growth of approximately 57.34% to approximately HK\$179,248,000 for the Period; The segment's gross profit was approximately HK\$78,355,000, representing an increase of 104% compared with the same period last year, while the gross profit margin increased to approximately 44% from approximately 34% in the same period last year, placing it at an industry-leading level. In view of the extraordinary increase in sales volume, the segment's distribution costs and administrative costs, although higher than the previous year, were within control. Finance costs decreased by 22% compared with last year due to lower interest rates on loans. In conclusion, the segment's overall profit before income tax increased significantly by approximately 309% to approximately HK\$39,363,000 as compared with approximately HK\$9,617,000 in the same period last year.

SMT & SEMICONDUCTOR EQUIPMENT MANUFACTURING RELATED BUSINESS (CONTINUED)

The management deeply understands that the fundamental driving force of corporate development lies in strong product R&D capabilities, and that continuous innovation in technology is required to achieve continuous improvement in market share and corporate image. During the Period, the Group was granted 10 new patents, including 3 invention patents, 5 utility model patents and 2 appearance patents. During the first half of 2021, in the field of SMT equipment manufacturing, the Group fully leveraged its technical advantages in PCBA electronic assembly and successfully launched Mini LED reflow soldering, which had been fully recognised by major customers in LED packaging and testing, LCD panel, lighting and other industries; Meanwhile, selective wave soldering based on electromagnetic technology was widely used in PCBA foundries, military and aerospace, and other major research institutes. On the basis of maintaining its leading position in SMT equipment technology, the Group had also actively deployed in the field of semiconductor packaging and testing equipment, and developed silver and gold paste printing machines of semiconductor wafers, wafer-level IC die bonder and full-scale nitrogen-filled semiconductor reflow soldering with oxygen content below 50 PPM, all of which had achieved mass production and sales, effectively forming a substitute for imports and were widely used by large-scale packaging and testing plants and military and aerospace institutes at home and abroad. Compared with similar products, the Group's products have the following technical advantages: (1) adoption of a precision motion platform to achieve high stability in the operation of the whole machine; (2) the mounting force is automatically controlled and the laminating technology is used to meet the multi-layer mounting requirements of integrated circuits; (3) having the function of an automatic mounting nozzle change at the same time; and (4) the wafer is equipped with automatic chip calibration function. In the future, the Group will continue to invest in research and development resources in SMT and semiconductor equipment to continuously improve its technological strength and reward customers with the best quality products.

According to "Die Attach Equipment Market Report 2019" released by Yole Development (French market research and strategic consulting firm), the global die bonder market was US\$979 million in 2018 and is expected to reach US\$1,389 million by 2024, representing a compound growth rate of 6% over the period. The booming consumer electronics market and the continued expansion of demand in the semiconductor market will drive the rapid development of the SMT equipment manufacturing industry as well as the semiconductor industry, bringing more new opportunities for the Group.

In terms of marketing, the Group has been actively participating in major exhibitions in the industry to seize the valuable opportunities to showcase and promote its principal products and new R&D equipment to target customers, as well as to understand the market trends and customer needs, and to enhance the rapport between the R&D side and the consumer side. With the pandemic easing in China, the Group participated in SEMICON China 2021 - International Semicon Exhibition in Shanghai and the 30th China International Electronics Manufacturing Equipment and Microelectronics Industry Exhibition in the first half of 2021 to further build up its corporate image as a mid-to-high-end SMT equipment manufacturer, and to proactively seek opportunities to bridge the gap between SMT equipment manufacturing and R&D production of semicon equipment.

SECURITIES INVESTMENT BUSINESS

For the securities investment segment, the Group has maintained a low-frequency trading strategy, focusing on upstream and downstream companies that are synergistic with the Company's principal business, SMT equipment manufacturing, and investing in high-tech companies listed on the Stock Exchange, mainly high-quality companies in the semiconductor industry. In view of the volatile market conditions and suppressed investment climate in recent years, the Company also closely monitors market changes and prudently manages its investment activities in the segment to minimise investment risks. During the six months ended 30 June 2021, the Group capitalised on the market's enthusiasm and good expectations for the chip industry, revitalized its investments in securities on a risk-controlled basis, and sold its holdings in securities investments decisively, quickly and accurately, thereby better locking in investment profits and avoiding the volatile impact on the Company's profits brought about by fluctuations in the share prices of its holdings.

Specifically, on 18 January 2021, the Group disposed of an aggregate of 1,956,000 shares of SMIC in the open market at an average disposal price of HK\$29.19 per share for gross proceeds of approximately HK\$56,914,000 (net of transaction costs) and an investment gain of HK\$13,868,000. As the global economy continued to be in a downturn due to the COVID-19 pandemic and the recent performance of the Hong Kong stock market was not satisfactory, the Group disposed most of its shares based on the market performance of the Hong Kong stock market as well as the shares held by it, and as at 30 June 2021, the Company's financial assets measured at fair value through profit or loss totalled approximately HK\$582,000, which further reduced the proportion of the Company's total assets to less than 1% and was very effective in controlling the risks associated with price and position volatility.

The Group has put in place a rigorous reporting mechanism for its securities investment business. The management will continue to closely monitor the performance of various investment activities in order to minimise investment risks and protect the safety of investments.

| Name of investee | Total investment gain for the six months ended 30 June 2021 (Unaudited) HK\$'000 |
|------------------------------------|--|
| SMIC (stock code: 981.hk) | 13,862 |
| GOME FIN TECH (stock code: 628.hk) | 4 |
| GUODIAN TECH (stock code: 1296.hk) | 172 |
| | 14,038 |

SECURITIES INVESTMENT BUSINESS (CONTINUED)

The Group's investments in the listed shares were recorded as financial assets at fair value through profit or loss on the consolidated balance sheet, which was approximately HK\$582,000 as at 30 June 2021:

| Name of investee | Financial assets at fair value through profit or loss as at 30 June 2021 (Unaudited) HK\$'000 | Approximate percentage of total financial assets at fair value through profit or loss % |
|------------------|---|--|
| GOME FIN TECH | 217 | 37.29 |
| GUODIAN TECH | 365 | 62.71 |
| | 582 | 100 |

FINANCIAL REVIEW

INCOME

An analysis of the Group's income by business segments for the Period is as follows:

| | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|--|---|---|
| SMT equipment manufacturing and related business | 179,248 | 113,921 |
| Securities investment | 14,038 | 46,018 |
| Comprehensive services | 2,841 | 272 |
| | 196,127 | 160,211 |

OTHER GAINS

During the Period, the Group recorded other gains of approximately HK\$5,899,000 mainly attributable to government grants and gains from investments in associates.

DISTRIBUTION COSTS

During the Period, the Group recorded distribution costs of approximately HK\$27,798,000, representing an increase of approximately HK\$12,403,000 as compared to the six months ended 30 June 2020, mainly due to the increase in sales.

ADMINISTRATIVE COSTS

During the Period, the Group recorded administrative costs of approximately HK\$28,810,000, representing an increase of approximately HK\$1,602,000 as compared to the six months ended 30 June 2020.

FINANCE COSTS, NET

During the Period, the net finance costs amounted to approximately HK\$7,213,000, representing a decrease of approximately HK\$1,815,000 as compared to the six months ended 30 June 2020, mainly due to the reduction in amortisation of interest due to the return of bonds payable.

PROFIT FOR THE PERIOD

As a result of the foregoing, the profit attributable to the equity holders of the Company for the Period was approximately HK\$32,887,000, representing an increase of HK\$1,535,000 as compared to the six months ended 30 June 2020.

EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION

The following table illustrates the Group’s earning before interest, tax, depreciation and amortisation for the respective periods. The Group’s earning ratio before interest, tax, depreciation and amortisation was approximately 24.48% for the Period.

| | Six months ended 30 June 2021 (Unaudited) HK\$'000 | Six months ended 30 June 2020 (Unaudited) HK\$'000 |
|---|---|---|
| Profit for the Period attributable to equity holders of the Company | 32,887 | 31,352 |
| Finance costs, net | 7,213 | 9,028 |
| Income tax expense | 4,890 | 7,446 |
| Depreciation and amortisation | 3,020 | 2,288 |
| Earning before interest, tax, depreciation and amortisation | 48,010 | 50,114 |

GEARING RATIO

With reference to the total borrowings to the total equity attributable to the equity holders of the Company as at 30 June 2021, the gearing ratio of the Group was 27.51%.

OPERATING CAPITAL MANAGEMENT

At 30 June 2021, the Group held cash and bank balances of approximately HK\$351,309,000, representing an increase of approximately HK\$234,700,000 comparing with approximately HK\$116,609,000 as at the beginning of the Period. During the Period, the Group recorded the average debtors turnover days of approximately 162 days (31 December 2020: 107 days), the average creditor turnover days of approximately 207 days (31 December 2020: 112 days), and the average inventory turnover days of approximately 177 days (31 December 2020: 83 days).

CHARGES ON THE GROUPS ASSETS

At 30 June 2021, the Group's banking facilities including its import/export loan, letter of credit, documentary credits, trust receipt and bank borrowings were secured by:

- (i) a first legal charge on the Group's certain land and properties, which had an aggregate net book value at the reporting date of HK\$80,666,000.

EQUITY AND LIABILITIES

At 30 June 2021, the Group's net assets was approximately of HK\$342,180,000, compared with the net assets of approximately HK\$309,214,000 at 31 December 2020. The increase in equity was mainly attributed to the profit for the Period of approximately HK\$32,887,000 and the gains from the translation of foreign currency financial statements of approximately HK\$79,000.

EMPLOYEES

At 30 June 2021, the Group employed approximately 337 staff and workers in Mainland China and approximately 20 staff 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 industry's practice. In Mainland China, the Group provides staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, the Group provides employee benefits including retirement scheme and performance bonuses.

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISK

The Group is exposed to operational risk in relation to each business segment of the Group. To manage operational risk, the management of each business segment is responsible for monitoring the operation and assessing 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 and seek directions.

The Group emphasises on ethical value and prevention of fraud and bribery, and has established a whistleblower program, including communication with other departments and 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, foreign exchange risk, and price risk, etc.

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 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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 dollar, US dollar and so on. 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 to the currencies, and will take appropriate hedging measures when necessary.

PRICE RISK

Since the business of the Group's securities investment segment is derived from the investment in stocks listed on the Main Board of the Stock Exchange, the price fluctuations of the shares held by the Group will affect the Group's after-tax profits. In order to manage the risk of fluctuations of securities price, the Group will diversify its investment portfolio according to the historical fluctuations of the stocks held and the risk control policies of the Company to avoid or reduce the risks arising from stock price fluctuations.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2021, not 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 director 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 2021, 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 or 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 |
| But Tin Fu (<i>note 2</i>) | Beneficial owner/ Interest of controlled corporation | 87,783,168 | 6.03 |
| Reach General (<i>note 3</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. Mr. But Tin Fu is interested in 87,783,168 shares, comprising (a) 37,525,200 shares directly held by Mr. But Tin Fu, (b) 3,796,000 shares directly held by Sun East Group Limited, which is beneficially owned as to 50% by Mr. But Tin Fu and 50% by Ms. Leung Hau Sum, who is the wife of Mr. But Tin Fu, (c) 2,424,800 shares directly held by Sum Win Management Corp., which is wholly owned by Mr. But Tin Fu, and (d) 44,037,168 shares directly held by Mind Seekers Investment Limited, which is wholly owned by Mr. But Tin Fu.
3. 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 interests (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 2021.

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 of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavors to ensure that its businesses are conducted in accordance with relevant 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 14 to 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 2021.

AUDIT COMMITTEE

The Company has established the Audit Committee (the "Committee") in accordance with the requirements of the Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The 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 2021 has been reviewed by the Committee. The Committee is of the opinion that these statements comply with the applicable accounting standards, regulations and the Stock Exchange's requirements, and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 2020: 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 10 to the Listing Rules as a code of conduct securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'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 above unaudited interim financial results and operational statistics for the six months ended 30 June 2021 and the six months ended 30 June 2020 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 Company's actual results, plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but 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.