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

INSIDE INFORMATION
CHANGE IN ACCOUNTING POLICY

This announcement is made by Sino ICT Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

With reference to the accounting policies adopted by the industry and having reviewed the Group's current accounting treatment, in order to be in line with the industry practice, to minimise the volatility of asset values and the fluctuations in profits arising from such volatility, and to more accurately reflect the Group's operational performance for the period, the board (the "**Board**") of directors has approved the change in accounting policy of the measurement of properties and plants held by the Group from the revaluation model to the historical cost model (the ''**Change in Accounting Policy**'') with effect from 27 August, 2020.

SUMMARY OF THE CHANGE IN ACCOUNTING POLICY

1. Major Properties and Plants held by the Group

Major properties and plants held by the Group consist of: (1) an industrial complex located at No. 13 Yongping Second Road, Baishixia, Fuyong Town, Bao'an District, Shenzhen, the PRC; (2) four units located at Zhongzhou Huafu, Bao'an District, Shenzhen, the PRC; (3) six units located at Zhongmin Court, Songgang Street, Bao'an District, Shenzhen, the PRC; and (4) two units located at Block 4, Kwun Tong Industrial Centre, No. 436-446 Kwun Tong Road, Kowloon, Hong Kong and two car parking spaces located on the ground floor and the basement of the same building. Except for some of the aforementioned properties and plants which are occupies by the Group for production and office purposes, other occupied properties are put for lease in the market so as to generate better returns on the Group's assets.

2. Details of and the reasons for the Change

Prior to the Change in Accounting Policy, the Group adopted the revaluation model to measure the value of its properties and plants. After the Change in Accounting Policy, the Group will adopt the historical cost model to measure the value of its properties and plants, by which the properties and plants will be stated at cost less accumulated depreciation and any impairment losses. As the historical cost model is commonly used by other listed companies in the industry to measure the properties and plants held by them, and the adoption of the historical cost model in the measurement can help to reduce the impact of market fluctuations on the Group's assets, the Company decided to change its present accounting policy for measurement to the historical cost model.

IMPACT OF THE CHANGE IN ACCOUNTING POLICY

The Change in Accounting Policy involves a change in the measurement of the Group's properties and plants and requires the Company to make retrospective adjustments to the historical consolidated financial statements of the Group. According to the preliminary calculation by the Company based on the currently available information, it is expected that:

- for balance sheet items, in assets, there will be a decrease in the item of property, plant and equipment by approximately HK$31,823,000 and a decrease in the item of total assets of approximately HK$31,823,000 as at 31 December 2019;
- in equity, there will be a decrease in the item of other reserves by approximately HK$59,777,000, a decrease in the item of accumulated losses by approximately HK$28,445,000, and a decrease in the item of total equity by approximately HK$31,332,000 as at 31 December 2019; and
- in liabilities, there will be a decrease in the item of deferred income tax liabilities by approximately HK$491,000 and a decrease in the item of total liabilities by approximately HK$491,000 as at 31 December 2019.

OPINION OF THE AUDIT COMMITTEE

The audit committee of the Company is of the view that the Change in Accounting Policy is with the following advantages that -: (1) the historical cost model has no requirement on assessing the fair value of properties and plants held on an annual basis, so that unnecessary valuation expenses and fluctuations in asset values can be avoided; and (2) the historical cost model can maintain a consistent amount of depreciation of properties and plants on an annual basis, which would not lead to fluctuations in profits resulting from fluctuations in the amount of depreciation. Meanwhile, the Change in Accounting Policy is in line with industry practice. Therefore, it has agreed to such Change in Accounting Policy by the Group.

With approval of the Board, the accounting policy of the measurement of properties and plants of the Group will be changed from the revaluation model to the historical cost model with effect from 27 August, 2020.

The financial information contained in this announcement is only a preliminary assessment based on information currently available to the Company, which has not been reviewed nor audited by the Company's auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
Sino ICT Holdings Limited
Du Yang
Chairman

Hong Kong, 27 August 2020

As at the date of this announcement, the directors are Mr. Du Yang, Mr. Yuan I-Pei and Mr. Xia Yuan as executive directors; Mr. Li Jinxian and Mr. Li Yongjun as non-executive directors; and Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan as independent non-executive directors.