



SINO-ENTERTAINMENT
TECHNOLOGY HOLDINGS LIMITED

新娛科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6933

2023

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sui Jiaheng (*Chairman*)
Mr. Li Tao

Non-Executive Directors

Mr. Huang Zhigang (retired on 8 June 2023)
Mr. He Shaoning

Independent Non-Executive Directors

Ms. Pang Xia
Mr. Deng Chunhua
Ms. Chen Nan

BOARD COMMITTEES

Audit Committee

Ms. Pang Xia (*Chairlady*)
Mr. Deng Chunhua
Ms. Chen Nan

Remuneration Committee

Mr. Deng Chunhua (*Chairman*)
Ms. Pang Xia
Ms. Chen Nan

Nomination Committee

Mr. Sui Jiaheng (*Chairman*)
Ms. Pang Xia
Mr. Deng Chunhua

COMPANY SECRETARY

Mr. Yuen Chi Wai *FCPA*

AUTHORISED REPRESENTATIVES

Mr. Sui Jiaheng
Mr. Yuen Chi Wai

AUDITOR

Asian Alliance (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
8/F, Catic Plaza
8 Causeway Road
Causeway Bay, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite No. 2, 3/F Sino Plaza
255 Gloucester Road
Causeway Bay, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Rooms 3-4, Floor 8, Fortune Plaza
No. 4 Deshan Road, Luo Cheng Dongmen Town
Luo Cheng Mulao Autonomous County
Hechi City
Guangxi, China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

Postal Savings Bank of China

COMPANY'S INVESTOR RELATIONSHIP WEBSITE

<http://www.sinotecw.com>

STOCK CODE

6933

FINANCIAL HIGHLIGHTS



	Six months ended 30 June		
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	Change%
Revenue	868	10,155	(94.5%)
Gross profit	597	351	70.1%
Loss for the Period	(14,201)	(19,913)	(26.7%)

Revenue for the Period amounted to approximately RMB868,000, representing a decrease of 94.5% as compared with that of the corresponding period in previous year. The revenue during the Period was mainly derived from the business of development and sales of mobile games.

Gross profit for the Period has increased by 70.1% to approximately RMB597,000.

Loss for the Period was approximately RMB14,201,000, representing a decrease of 26.7% as compared with that of the corresponding period in previous year.



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Sino-Entertainment Technology Holdings Limited (the “**Company**”), I hereby present the interim report of the Company and its subsidiaries (collectively referred as the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”).

The National Press and Publication Administration (the “**NPPA**”) in China had suspended the issuance of new game licenses from August 2021 to March 2022. Despite new game licenses were issued again since April 2022, the prolonged pre-approval progress of NPPA and the large number of games pending for approval have led to a significant decrease in the number of new games launched in the market. The Group did not obtain any new game license during the Period, and there are currently two games of the Group which are still pending for approval by the NPPA. During the Period, the Group’s revenue decreased to approximately RMB868,000, representing a decrease of 94.5% as compared with that of the corresponding period last year. However, through effective cost control, the Group recorded a net loss of RMB14,201,000 for the Period, representing a decrease of 26.7% as compared with that of the corresponding period last year.

With respect to the blockchain technology business, the occurrence of certain default events related to cryptocurrencies has adversely affected the blockchain technology business. For prudent sake, the Group had reduced its holdings of cryptocurrencies during the Period and suspended the provision of digital services to liquidity pools operating on the leading blockchain protocols.

Looking ahead, we will continue to focus on developing businesses with high growth potential, increasing game development and publishing capacities, strengthening the relationships with existing customers and developing relationships with new customers. We will continue to drive our business growth in order to maximise the return for our Shareholders.

Appreciation

On behalf of the Board, I hereby express my sincere gratitude to the employees of the Group for their hard work and contributions.

Sui Jiaheng
Chairman

Hong Kong, 29 August 2023



Financial Overview

Revenue

For the Period, the Group's revenue amounted to approximately RMB868,000, representing a decrease of approximately 94.5% from that of approximately RMB10,155,000 for the six months ended 30 June 2022.

Development and sales of mobile games

During the Period, the Group generated revenue from the development and sales of mobile games of approximately RMB783,000 (for the six months ended 30 June 2022: Nil).

Publishing of self-developed games

During the Period, the Group did not publish any in-house mobile game with its own proprietary title, therefore, no publishing revenue was generated (for the six months ended 30 June 2022: no publishing revenue was generated).

Publishing of third party games

During the Period, the Group did not provide any publishing services as co-publisher (for the six months ended 30 June 2022: provided publishing services as co-publisher for 11 third-party games contributing co-publishing revenue of approximately RMB9,377,000).

Provision of digital services with blockchain technology

During the Period, the Group generated revenue from the blockchain technology business of approximately RMB85,000 (for the six months ended 30 June 2022: RMB778,000).

Administrative expenses

Administrative expenses mainly included consumables costs, depreciation and auditor's remuneration. For the Period, the Group's administrative expenses amounted to approximately RMB9,406,000 (for the six months ended 30 June 2022: approximately RMB12,855,000). The decrease was mainly attributable to the decrease in staff costs.

Taxation

Under the current laws of the Cayman Islands, the Group is not subject to income tax or capital gains tax in the Cayman Islands. Additionally, dividend payments made by the Group are not subject to withholding tax in the Cayman Islands.

No Hong Kong Profits Tax has been provided for as the Group did not have any assessable profit in Hong Kong for the Period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulations of the EIT Law, the tax rate of the PRC companies is 25%.



Management Discussion and Analysis

Pursuant to the relevant regulations issued by the State Administration of Taxation (“**SAT**”), the Ministry of Finance (“**MOF**”), and/or other government authorities, software enterprises shall be exempted from EIT for two years from the first profit-making year and shall be taxed at half of the statutory tax rate from the third to the fifth year. One of the Group’s PRC subsidiaries had its first qualified profit-making year in 2017 and the tax rates were 25%, 0%, 12.5%, 12.5%, 12.5% in the respective years from 2016 to 2020. Such subsidiary was accredited to “High and New Technology Enterprise” in December 2020 and is subject to tax rate of 15% during the Period.

Pursuant to Cai Shui (2011) No. 112 issued by SAT and MOF, from 1 January 2010 to 31 December 2020, a newly established enterprise, which complies with the “Announcement of the preferential enterprise income tax in respect of the two special Kashi and Khorgos economic development zones in Xinjiang Province”, is entitled to an EIT exemption for five years, commencing from the first operating revenue-making year. Pursuant to Cai Shui (2021) No. 27 issued by SAT and MOF, such tax benefit was extended from 1 January 2021 to 31 December 2030. Four of the Group’s PRC subsidiaries are incorporated in Khorgos economic development zone in Xinjiang Province in the PRC and entitled to such EIT exemption during the Period.

During the Period, one of the Group’s PRC subsidiaries is entitled to preferential EIT rate of 20% for small and micro enterprises pursuant to Cai Shui (2019) No. 13 issued by MOF and 40% tax-free exemption pursuant to Gui Zheng Fa (2014) No. 5 issued by the People’s Government of Guangxi Zhuang Autonomous Region in the PRC.

According to the relevant laws and regulations promulgated by the SAT that were effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (the “**Super Deduction**”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining the assessable profits for the Period.

For the Period, income tax credit was approximately RMB1,157,000 (for the six months ended 30 June 2022: approximately RMB63,000).

Loss for the Period

The Group’s loss for the Period was approximately RMB14,201,000 (for the six months ended 30 June 2022: approximately RMB19,913,000). The decrease in loss for the Period was a combined result of the increase in gross profit resulting from the decrease in cost of sales greater than the decrease in revenue, the decrease in research and development expenses and administrative expenses during the Period, and the increase in provision for impairment losses based on the expected credit loss model.

Interim Dividend

The Board does not recommend any distribution of interim dividend for the Period.

Gearing Ratio

The Group’s gearing ratio as at 30 June 2023, calculated on the basis of total bank and other borrowings divided by total equity at the end of the Period, was 12.2% (31 December 2022: 68.6%).



Liquidity and Financial Resources

The operations of the Group are mainly financed by the cash generated from its operations. As at 30 June 2023, the net current assets of the Group amounted to approximately RMB172,375,000 (31 December 2022: approximately RMB183,768,000) and cash and cash equivalents as at 30 June 2023 amounted to approximately RMB80,251,000 (31 December 2022: approximately RMB94,579,000).

As at 30 June 2023, the Group has bank and other borrowings of approximately RMB23,222,000 (31 December 2022: approximately RMB136,269,000).

Credit Risk

The Group uses provision matrix to calculate expected credit loss (the “ECL”) for the trade receivables and calculates the ECL for the other receivables by grouping the counterparties with similar nature under general approach. The provision of ECL is sensitive to changes in estimates. The decrease in the launch of new games in the market due to the prolonged pre-approval process of the NPPA has an adverse impact on the business of game developers and publishers. More game developers and publishers were unable to launch new games and could not make the repayment to settle receivables in accordance with the agreed schedule. The Group has adjusted the ECL rates for the Period as a result.

Currency Risk

The functional currency of the Group’s main operating subsidiaries is Renminbi as their substantial revenue is in Renminbi. However, certain subsidiaries of the Group have their assets and liabilities denominated in currencies other than Renminbi. The Group is subject to foreign exchange rate risk with respect to recognised assets and liabilities which are denominated in currencies other than Renminbi. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group will continue to monitor foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Capital Commitments

As at 30 June 2023, other than the unpaid registered capital for the Group’s subsidiaries, the Group did not have any significant capital commitments (31 December 2022: nil).

Capital Structure

The Company’s capital structure remained unchanged after the listing of the Company’s Shares on the Stock Exchange on 15 July 2020. The capital structure of the Group comprises equity interest attributable to the owners of the Company (including issued share capital and reserves). The Directors regularly review the capital structure of the Group. As part of the review, the Directors have considered the cost of capital and the associated risks of various types of capital.

Material Acquisitions and Disposals

Pursuant to the reorganisation, the Company became the holding company of the Group after the reorganisation. The details of the reorganisation are set out in the paragraph headed “Reorganisation” under the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.



Management Discussion and Analysis

Employees and Remuneration Policy

As at 30 June 2023, the Group employed 30 (30 June 2022: 50) employees. Remunerations of the Group's employees were determined with reference to factors such as market terms, their qualification, responsibility, contribution and experience.

Pledged Assets and Contingent Liabilities of the Group

As at 30 June 2023, save as the pledged assets disclosed in note 16 to the Condensed Consolidated Financial Statements, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

Prospects

The NPPA's prolonged approval process has created short-term uncertainty to the industry, certain game developers and publishers may experience operational difficulties due to failure to obtain license to launch new games. The Group firmly believes that the current downturn in China's game industry is temporary. With its solid financial foundation, the Group is capable of navigating the ever-changing game industry. The Group will regularly review its business strategies in compliance with prevailing applicable policies to capture business opportunities in China and overseas.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	4	868	10,155
Cost of sales		(271)	(9,804)
Gross profit		597	351
Other income		1,508	411
Other gains and losses		218	1,189
Administrative expenses		(9,406)	(12,855)
Finance costs		(1,169)	(449)
Impairment losses under expected credit loss model, net of reversal	12	(6,557)	(2,278)
Research and development expenses		(549)	(6,345)
Loss before tax		(15,358)	(19,976)
Income tax credit	6	1,157	63
Loss for the period	7	(14,201)	(19,913)
Other comprehensive income for the period, net of income tax:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		2,414	—
Total comprehensive expenses for the period		(11,787)	(19,913)
Loss for the period attributable to:			
— Owners of the Company		(13,385)	(19,889)
— Non-controlling interests		(816)	(24)
		(14,201)	(19,913)
Total comprehensive expenses attributable to:			
— Owners of the Company		(11,382)	(19,889)
— Non-controlling interests		(405)	(24)
		(11,787)	(19,913)
Loss per share	8		
— Basic (RMB cents)		(3.34)	(4.97)
— Diluted (RMB cents)		(3.34)	(4.97)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment		13	14
Right-of-use assets		56	97
Intangible assets		8,695	6,555
Deferred tax assets		9,310	8,153
		18,074	14,819
CURRENT ASSETS			
Cryptocurrencies	10	3	73,212
Trade and other receivables	11	94,571	107,683
Pledged bank deposits		—	53,356
Other assets	15	25,000	—
Cash and cash equivalents		80,251	94,579
		199,825	328,830
CURRENT LIABILITIES			
Trade and other payables	13	651	5,188
Lease liabilities		58	86
Bank borrowings		—	47,748
Loans from a non-controlling interest	14	23,222	88,521
Tax liabilities		3,519	3,519
		27,450	145,062
NET CURRENT ASSETS		172,375	183,768
TOTAL ASSETS LESS CURRENT LIABILITIES		190,449	198,587
NON-CURRENT LIABILITY			
Lease liabilities		—	15
NET ASSETS		190,449	198,572
CAPITAL AND RESERVES			
Share capital		281	281
Reserves		182,593	190,311
Equity attributable to owners of the Company		182,874	190,592
Non-controlling interests		7,575	7,980
TOTAL EQUITY		190,449	198,572

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023



	Share capital	Share premium	Other reserve	Statutory surplus reserve	Share held under share award plan reserve	Share-based payment reserve	Translation reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	275	104,355	5,000	4,177	—	480	—	173,075	287,362	—	287,362
Loss and total comprehensive expense for the period	—	—	—	—	—	—	—	(19,889)	(19,889)	(24)	(19,913)
Issuance of shares under the share award plan	6	—	—	—	(6)	—	—	—	—	—	—
Equity settled share-based transaction	—	—	—	—	—	3,619	—	—	3,619	—	3,619
Deem disposal of partial interest in a subsidiary	—	—	(8,149)	—	—	—	—	—	(8,149)	9,395	1,246
At 30 June 2022 (unaudited)	281	104,355	(3,149)	4,177	(6)	4,099	—	153,186	262,943	9,371	272,314
At 1 January 2023 (audited)	281	109,622	(3,141)	4,177	(5)	507	2,459	76,692	190,592	7,980	198,572
Loss for the period	—	—	—	—	—	—	—	(13,385)	(13,385)	(816)	(14,201)
Other comprehensive income for the period, net of income tax:											
<i>Item that may be reclassified subsequently to profit or loss:</i>											
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	2,003	—	2,003	411	2,414
Total comprehensive expenses for the period	—	—	—	—	—	—	2,003	(13,385)	(11,382)	(405)	(11,787)
Equity-settled share-based transaction	—	—	—	—	—	3,664	—	—	3,664	—	3,664
At 30 June 2023 (unaudited)	281	109,622	(3,141)	4,177	(5)	4,171	4,462	63,307	182,874	7,575	190,449

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	(3,163)	(11,659)
Decrease in trade and other receivables	6,555	15,097
Decrease in trade and other payables	(4,529)	(3,052)
Cash (used in) from operations	(1,137)	386
Income tax paid	—	(484)
NET CASH USED IN OPERATING ACTIVITIES	(1,137)	(98)
INVESTING ACTIVITIES		
Interest received from bank deposits	1,505	50
Purchase of other assets	(25,000)	—
Purchase of intangible assets	(4,406)	—
Purchase of property and equipment	—	(2)
Purchase of cryptocurrencies	(22,179)	(94,845)
Disposal of cryptocurrencies	28,790	—
Proceeds on disposal of partial interest in a subsidiary without losing control	—	1,246
NET CASH USED IN INVESTING ACTIVITIES	(21,290)	(93,551)
FINANCING ACTIVITIES		
New bank borrowings raised	—	46,230
New loans from a non-controlling interest	—	20,381
Withdrawal (placement) of pledged bank deposits	53,356	(52,213)
Payment of lease liabilities	(44)	(78)
Repayment of loans from a non-controlling interest	(304)	—
Repayment of bank borrowings	(50,163)	—
Interest paid on bank borrowings and loans from a non-controlling interest	(300)	(373)
NET CASH FROM FINANCING ACTIVITIES	2,545	13,947
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,882)	(79,702)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	94,579	88,256
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	5,554	(48)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, Represented by Cash and Cash Equivalents	80,251	8,506

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



1. GENERAL INFORMATION

Sino-Entertainment Technology Holdings Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 of the Cayman Islands on 18 April 2018 by eleven citizens of the People’s Republic of China (the “**PRC**”) (the “**Registered Shareholders**”) through setting up wholly-owned companies incorporated in the British Virgin Islands (“**BVI**”).

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in publishing and development of mobile games (the “**Listing Business**”) in the PRC and blockchain technology business. The operations of the Listing Business are conducted by Luo Cheng Mulao Autonomous County Dinglian Technology Company Limited (“**Dinglian Technology**”) and its subsidiaries (the “**Operating Entities**”) while Dinglian Technology is legally owned by the Registered Shareholders.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2020.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

1A. SIGNIFICANT EVENTS IN THE CURRENT PERIOD

During the current period, there is a substantial decrease in the Group’s revenue from the publishing of self-developed mobile games and third party mobile games as the launch of the Group’s new self-developed mobile games and new third party mobile games are pending for the pre-approval of the National Press and Publication Administration in the PRC.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

Contractual arrangements

Due to the restrictions imposed by Law of the People’s Republic of China (the “**PRC Laws**”) on foreign ownership of companies engaged in the Listing Business carried out by the Group, the Group conducts a substantial portion of the Listing Business through the Operating Entities. On 7 November 2018, Khorgos Entertainment Information Technology Company Limited (“**Khorgos Entertainment**”), Dinglian Technology and the Registered Shareholders entered into a series of contractual agreements (collectively, the “**Contractual Arrangements**”), which enable Khorgos Entertainment and the Group to:

- exercise effective control over the Operating Entities, expose, or has rights, to variable returns from its involvement with the Operating Entities and has ability to affect those returns through its power over the Operating Entities;
- exercise equity holders’ controlling voting rights of the Operating Entities;

For the six months ended 30 June 2023

2. BASIS OF PREPARATION (Continued)

Contractual arrangements (Continued)

- receive substantially all of the economic interest returns generated by the Operating Entities in consideration for the business support, technical and consulting services provided by Khorgos Entertainment;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Operating Entities from the Registered Shareholders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration permitted under the PRC Laws. Khorgos Entertainment may exercise such options at any time until it has acquired all equity interests and/or all assets of the Operating Entities. In addition, the Operating Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Khorgos Entertainment; and
- obtain a pledge over the entire equity interest of the Operating Entities from their equity holders as collateral security, to secure all obligations of Dinglian Technology and the Registered Shareholders under the Contractual Arrangements.

The Group does not have any equity interest in the Operating Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the Operating Entities and has the ability to affect those returns through its power over the Operating Entities and is considered to have control over the Operating Entities. Consequently, the Company regards the Operating Entities as indirect subsidiaries.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), and application of certain accounting policies which become relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.



For the six months ended 30 June 2023

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Except as described below, the application of the new and amendments to HKFRSs in the current interim 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 financial statements.

3.1 Impacts on application of Amendments to HKAS 8 *Definition of Accounting Estimates*

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements

For the six months ended 30 June 2023

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies on application of Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

3.2.1 Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

3.2.2 Transition and summary of effects

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.



For the six months ended 30 June 2023

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.3 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2023

	Publishing of third party games RMB'000 (unaudited)	Publishing of self-developed mobile games RMB'000 (unaudited)	Development and sales of games RMB'000 (unaudited)	Provision of digital services with blockchain technology RMB'000 (unaudited)	Total RMB'000 (unaudited)
Geographical market					
Hong Kong	—	—	—	85	85
The PRC	—	—	783	—	783
Total	—	—	783	85	868
Timing of revenue recognition					
At a point of time	—	—	783	85	868
Over time	—	—	—	—	—
Total	—	—	783	85	868

For the six months ended 30 June 2022

	Publishing of third party games RMB'000 (unaudited)	Publishing of self-developed mobile games RMB'000 (unaudited)	Development and sales of games RMB'000 (unaudited)	Provision of digital services with blockchain technology RMB'000 (unaudited)	Total RMB'000 (unaudited)
Geographical market					
Hong Kong	—	—	—	778	778
The PRC	9,377	—	—	—	9,377
Total	9,377	—	—	778	10,155
Timing of revenue recognition					
At a point of time	—	—	—	778	778
Over time	9,377	—	—	—	9,377
Total	9,377	—	—	778	10,155



For the six months ended 30 June 2023

4. REVENUE (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
The contracts with customers are with:		
Variable consideration	—	9,377
Fixed price	868	778
	868	10,155

5. OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Mr. Sui Jiaheng, an executive director of the Company, and Mr. Li Tao, a chief executive officer of the Company, being the chief operating decision makers (the “**CODM**”), in order for the CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments under HKFRS 8 *Operating Segments* are as follows:

- (i) Blockchain technology business: provision of digital services to liquidity pools operating on blockchain protocols within cryptocurrency networks.
- (ii) Mobile game business: publishing and development of mobile games in the PRC.

For the six months ended 30 June 2023

5. OPERATING SEGMENTS (Continued)**(a) Segment revenues and results**

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 June 2023 (unaudited)

	Mobile game business RMB'000	Blockchain technology business RMB'000	Total RMB'000
Revenue	783	85	868
Segment results	(9,873)	(959)	(10,832)
Unallocated other gains or losses			218
Unallocated other income			238
Unallocated corporate expenses			(4,982)
Loss before tax			(15,358)

During the six months ended 30 June 2022, the CODM regularly reviewed revenue analysis by services and products to assess performance and allocation of resources. Other than revenue analysis, no other operating results and other discrete financial information was provided for the assessment of performance. The CODM reviewed the financial results of the Group as a whole to make decision. Accordingly, only entity-wide disclosures were presented.

6. INCOME TAX CREDIT

Income tax (credit) expense for the periods are as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	—	118
Deferred tax	(1,157)	(181)
Income tax credit	(1,157)	(63)



For the six months ended 30 June 2023

7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation and amortisation:		
Depreciation of property and equipment	1	11
Depreciation of right-of-use assets	41	74
Amortisation of intangible assets	2,266	1,921
Total depreciation and amortisation (<i>Note a</i>)	2,308	2,006
Short-term lease payments	154	224
Research and development expenses (<i>Note a</i>)	549	6,345
Legal and professional fees	883	955
Staff cost (<i>Note a</i>)	5,100	5,807
Interest income from bank deposits	(1,505)	(50)
Government grants recognised (<i>Note b</i>)	—	(144)

Notes:

- (a) During the six months ended 30 June 2023, research and development expenses consist of staff costs for the Group's research and development personnel of approximately RMB549,000 which are included in "Staff cost" as above.

During the six months ended 30 June 2022, research and development expenses consist of subcontracting fee amounting to approximately RMB5,660,000, staff costs for the Group's research and development personnel of approximately RMB624,000, depreciation of property and equipment amounting to approximately RMB3,000 and amortisation of intangible assets of approximately RMB58,000 which are also included in "Staff cost" and "Total depreciation and amortisation" as above.

- (b) During the six months ended 30 June 2022, pursuant to Luo Zheng Fa Ban 2020 No. 151 "Announcement from Encouraging Enterprise Development in Luocheng 2020" (the "**Announcement**"), the local government has launched series of grants to the entities established in Luocheng, including grants to those foreign-invested entities who utilised the funds received from their shareholders. Amount of government granted recognised mainly represented RMB100,000 received from the local government pursuant to the Announcement which is one-off in nature.

For the six months ended 30 June 2023

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(13,385)	(19,889)
	Six months ended 30 June	
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share (<i>Note</i>)	401,324	400,000
Effect of dilutive potential ordinary shares:		
Effect of shares awarded under share award plan	10,844	9,168
Weighted average number of ordinary shares for the purpose of diluted loss per share	412,168	409,168

Notes:

- (a) The calculation of weighted average number of ordinary shares exclude approximately 5,174,000 ordinary shares (six months ended 30 June 2022: 9,168,000) held under the share award plan.
- (b) The computation of diluted loss per share for the six months ended 30 June 2023 and 30 June 2022 did not assume the vesting of awarded shares since it would result in a decrease in loss per share for the period which was regarded as anti-dilutive.

9. DIVIDEND

No dividend was paid, declared or proposed during both interim periods. The directors of the Company (the “**Directors**”) have determined that no dividend will be paid in respect of both interim periods.



For the six months ended 30 June 2023

10. CRYPTOCURRENCIES

	<i>RMB'000</i>
COST	
At 1 January 2022	—
Addition	297,321
Disposal	(223,555)
	<hr/>
At 31 December 2022 (Audited)	73,766
Addition	22,179
Disposal	(99,091)
Exchange adjustment	3,730
	<hr/>
At 30 June 2023 (Unaudited)	584
IMPAIRMENT LOSS	
At 1 January 2022	—
Impairment loss recognised	540
Exchange adjustment	14
	<hr/>
At 31 December 2022 (Audited)	554
Exchange adjustment	27
	<hr/>
At 30 June 2023 (Unaudited)	581
CARRYING VALUES	
At 30 June 2023 (Unaudited)	3
	<hr/>
At 31 December 2022 (Audited)	73,212
	<hr/>
Held on exchange institutions	
At 30 June 2023 (Unaudited)	3
	<hr/>
At 31 December 2022 (Audited)	73,212
	<hr/>

The Group estimated the recoverable amounts of cryptocurrencies based on their fair values less costs of disposal, which are arrived at using available information for the reference prices in the relevant cryptocurrencies markets. The fair values were categorised under Level 1 fair value hierarchy as their fair values were based on a quoted (unadjusted) market price in active markets for identical assets. The Directors considered that the carrying amounts of cryptocurrencies approximated to its fair values less costs of disposal.

For the six months ended 30 June 2023

11. TRADE AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables — contracts with customers	79,043	87,022
Less: Allowance for credit losses	(31,921)	(25,364)
Trade receivables, net (<i>Note a</i>)	47,122	61,658
Down payments to game publishers — refundable	32,615	32,622
Less: Allowance for credit losses	(17,468)	(17,468)
Down payments to game publishers — refundable, net (<i>Note b</i>)	15,147	15,154
Down payments to game publishers — non-refundable	24,900	24,920
Less: Provision for impairment losses	(2,500)	(2,500)
Down payments to game publishers — non-refundable, net (<i>Note c</i>)	22,400	22,420
Advances to suppliers (<i>Note d</i>)	6,006	4,647
Deposits and prepayments	80	122
Value-added tax recoverable	3,816	3,682
Other receivables, deposits and prepayments, net	47,449	46,025
Trade and other receivables, net	94,571	107,683



For the six months ended 30 June 2023

11. TRADE AND OTHER RECEIVABLES (Continued)

- (a) The Group allows a credit period of 90 to 180 days to its trade customers.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of delivery of goods or monthly statements issued, at the end of the reporting periods:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 to 90 days	—	274
91 to 180 days	—	464
181 to 365 days	—	6,376
Over one year	47,122	54,544
	47,122	61,658

- (b) As at 30 June 2023 and 31 December 2022, the refundable down payments to the game publishers was mainly attributable to the down payments of approximately RMB10.26 million (net of allowance for credit losses of approximately RMB6.42 million) for securing the publishing rights of 6 new games which has been developed but not yet launched to the market.

Subsequent to the six months ended 30 June 2023, no refundable down payments to the game publishers had been utilised up to the report date as most of the underlying games have not yet been launched.

- (c) As at 30 June 2023 and 31 December 2022, the non-refundable down payments to the game publishers was mainly attributable to the down payments for securing the publishing rights of 45 new games of approximately RMB22.40 million.

Subsequent to the six months ended 30 June 2023, no non-refundable down payments to the game publishers had been utilised up to the report date as most of the underlying games have not yet been launched.

For the six months ended 30 June 2023

11. TRADE AND OTHER RECEIVABLES (Continued)

- (d) During the six months ended 30 June 2023, the increase in advances to suppliers was mainly due to the prepayment to subcontractors for artistic solutions to optimise the game production cycle of the self-developed games by reducing the time and staff cost of the Group, therefore, there was significant payment to subcontractors for the provision of artistic solutions.

During the year ended 31 December 2022, the significant decrease in advances to suppliers was mainly due to the recognition of the subcontractor fees for the provision of artistic solutions and the utilisation of the prepaid game promotion spending with the game platform operators.

Subsequent to the six months ended 30 June 2023, no advance to suppliers had been utilised up to the report date.

12. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

During the six months ended 30 June 2023, the Group provided a net impairment loss of approximately RMB6,557,000 which include a gross impairment loss of approximately RMB6,598,000 and the reversal of approximately RMB41,000 (six months ended 30 June 2022: approximately RMB2,278,000, which include a gross impairment loss of approximately RMB3,622,000 and the reversal of approximately RMB1,344,000) for trade receivables.



For the six months ended 30 June 2023

13. TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables	12	3,942
Other tax payables	11	30
Payroll and welfare payables	270	473
Accrued expenses	291	680
Others	67	63
	651	5,188

The credit period on services provided by suppliers is generally from 30 to 90 days.

The following is an aged analysis of trade payables presented based on the date of receipt of services or monthly statements issued at the end of the reporting period.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Over 180 days	12	3,942

For the six months ended 30 June 2023

14. LOANS FROM A NON-CONTROLLING INTEREST

During the six months ended 30 June 2023, the Group had loans of approximately RMB23,222,000 (equivalent to approximately HK\$25,043,000) (31 December 2022: approximately of RMB21,605,000 (equivalent to approximately HK\$24,490,000)) from DeFiner Limited (“**DeFiner**”), the non-controlling interest of Luocheng Dinglian (International) Limited (“**Luocheng Dinglian (International)**”) (formerly known as SimpliFi Limited), a subsidiary of the Company. The loans carry interest rates at 4.35% per annum, secured by all assets of Luocheng Dinglian (International).

As at 31 December 2022, the Group has loans of approximately RMB66,916,000, which represented 9,670,000 BUSD borrowed from DeFiner. The loans are unsecured, interest bearing of 2% per annum and repayable on demand. The loans have been fully settled in terms of cryptocurrencies during the six months ended 30 June 2023.

15. OTHER ASSETS

As at 30 June 2023, the balance of RMB25,000,000 represents the non-principal guaranteed with variable return wealth management products offered by the China Construction Bank. The balance bear non-guaranteed expected annualized rate of return ranged from 2.20% to 2.40% and with no fixed maturity period.

16. PLEDGE ON ASSETS

At 31 December 2022, the Group has pledged bank deposits of approximately RMB53,356,000 to secure the bank borrowings of approximately RMB47,748,000. During the six months ended 30 June 2023, the pledged bank deposits have been withdrawn upon the settlement of the respective bank borrowings.

At 30 June 2023, the Group has pledged all assets of Luocheng Dinglian (International) to secure loans from a non-controlling interest of approximately RMB23,222,000 (31 December 2022: RMB21,605,000).



For the six months ended 30 June 2023

17. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in these condensed consolidated financial statement, the Group did not have material transactions with related parties during both six months ended 30 June 2023 and 30 June 2022.

Compensation of key management personnel

The remuneration of Directors and other members of key management during the periods were as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	507	689
Post-employment benefits	45	52
Share-based payments	165	110
	717	851

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individual and market trends.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors do not recommend any distribution of interim dividend for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2023, to the best of the knowledge of the Directors, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long Positions in the Shares of the Company

Director	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company ⁽¹⁾
Mr. Sui Jiaheng ⁽²⁾	Interest in a controlled corporation	158,900,000	38.84%

Notes:

1. Based on 409,167,630 issued Shares as at 30 June 2023.
2. Mr. Sui Jiaheng is the sole shareholder of Sun JH Holding Ltd. which holds 158,900,000 Shares. Therefore, Mr. Sui is deemed to be interested in Sun JH Holding Ltd.'s interest in the Shares pursuant to the SFO.

(ii) Long position in associated corporations***Luocheng Mulao Autonomous County Dinglian Technology Company Limited (羅城仫佬族自治縣頂聯科技有限責任公司) (“Dinglian Technology”)***

Name	Nature of interest	Approximate percentage shareholding in the associated corporation
Mr. Sui Jiaheng <i>(Note)</i>	Beneficial interest	50%

Note: Mr. Sui Jiaheng holds 50% of the equity interest of Dinglian Technology as part of the contractual arrangements to enable the Company to maintain and exercise control over Dinglian Technology.

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company or any of its holding company and subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2023, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company, had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Long Positions in the Shares of the Company

Name	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company ⁽¹⁾
Sun JH Holding Ltd. ⁽²⁾	Beneficial interest	158,900,000	38.84%
Li Wei ⁽²⁾	Interest of spouse	158,900,000	38.84%
Together Win Capital (Holdings) Co., Ltd. ⁽³⁾	Interest in controlled corporations	22,740,000	5.56%
Mr. Huang Zhigang ⁽⁴⁾	Interest in a controlled corporation	22,740,000	5.56%

Notes:

- Based on 409,167,630 issued Shares as at 30 June 2023.
- Ms. Li Wei is the spouse of Mr. Sui Jiaheng. By virtue of the SFO, Ms. Li Wei is deemed to be interested in the same number of Shares in which Mr. Sui Jiaheng is deemed to be interested; Mr. Sui Jiaheng is the sole shareholder of Sun JH Holding Ltd. Therefore, Mr. Sui Jiaheng is deemed to be interested in Sun JH Holding Ltd.'s interest in the Shares pursuant to the SFO.
- Together Win Capital (Holdings) Co., Ltd. is, pursuant to the SFO, a control entity of HX Tech Holdings Limited and LYZ Tech Holding Ltd., which hold 12,960,000 Shares and 9,780,000 Shares, respectively. Together Win Capital (Holdings) Co., Ltd. is deemed to be interested in an aggregate of 22,740,000 Shares pursuant to the SFO.
- Mr. Huang Zhigang is the sole shareholder of Together Win Capital (Holdings) Co., Ltd. and thus is deemed to be interested in Together Win Capital (Holdings) Co., Ltd.'s interest in the Shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any other person, other than Directors and the chief executive of the Company, who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

For the six months ended 30 June 2023, the Company or any of its subsidiaries had not entered into any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 30 June 2023.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 19 June 2020, the Company has adopted a share option scheme (the “**Share Option Scheme**”) to recognise and acknowledge the contributions that eligible persons (the “**Eligible Participants**”) have had or may have made to the Group. Eligible Participants of the Share Option Scheme include (a) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (b) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (d) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are: (aa) contribution to the development and performance of the Group; (bb) quality of work performed for the Group; (cc) initiative and commitment in performing his/her duties; and (dd) length of service or contribution to the Group.

The maximum number of Shares that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, i.e. 40,000,000 Shares. No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before the relevant acceptance date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share. The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered.

No option had been granted as at 31 December 2022 and up to 30 June 2023.

SHARE AWARD PLAN

Pursuant to the share award plan (the “**Share Award Plan**”) approved by the Board on 15 April 2021 and further amended on 8 December 2021, the purposes of the Share Award Plan are to recognise and reward the contributions by eligible persons (the “**Eligible Participants**”) to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Eligible Participants of the Share Award Plan include (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company (the “**Subsidiary**”) or any entity in which any member of the Group holds any equity interest of the Company (the “**Invested Entity**”); (b) any non-executive director (including independent non-executive director) of the Company, any Subsidiary or any Invested Entity; (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group. The Board may, from time to time, grant awards to any Eligible Participant who the Board considers to have contributed or will contribute to the Group.

The total number of Shares that can be subscribed for and/or purchased by the Trustee by applying the Group contribution for the purpose of the Share Award Plan shall not exceed 10% of the then total number of issued Shares from time to time (without taking into account the number of Shares to be subscribed for). The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Share Award Plan when such subscription and/or purchase will result in such threshold being exceeded. As amended on 8 December 2021, the total number of Shares which may be subject to an award or awards each time granted to a selected participant shall not in aggregate exceed 1% of the total number of issued Shares as at the date(s) of such award(s). Duration of the Share Award Plan is 10 years commencing from its adoption date that is, 15 April 2021 but may be terminated earlier as determined by the Board.

At the beginning of the Period, 40,916,763 number of Shares were available for grant under the Share Award Plan.

On 12 January 2023, the Board resolved to provisionally award a total of 9,670,186 Awarded Shares to 20 awardees, of which 2,285,186 Awarded Shares were provisionally awarded to 17 employees of the Group (the “**Non-connected Awardees**”) and 7,385,000 Awarded Shares were provisionally awarded to 3 Directors pursuant to the general mandate granted by the Shareholders at the annual general meeting of the Company held on 24 June 2022. The provisional awards to the 3 Directors were subject to the approval by the Shareholders.

On 3 March 2023, the Shareholders approved to award 3,385,000 Awarded Shares to 2 Directors. On 7 March 2023, the Stock Exchange granted a conditional listing approval for 5,670,186 Awarded Shares subject to fulfillment of all other conditions. For further details, please refer to the announcements of the Company dated 12 and 16 January 2023 and 3 March 2023.

As at the end of the Period, the number of Awarded Shares that were available for future award under the Share Award Plan is 35,246,577.

During the six months ended 30 June 2023, the Group recognised share-based payments expenses of approximately RMB3,664,000 (the six months ended 30 June 2022: approximately RMB3,619,000).



The movement of the Share Award Plan during the Period is as follows:

Awardee	Date of grant	Subscription price	Fair value per share	Vesting period and vesting conditions	Not yet vested as at 1 January 2023	No. of Awarded Shares granted	Vested	Lapsed	Cancelled	Not yet vested as at 30 June 2023
He Shaoning (non-executive Director)	12 January 2023	the Awarded Shares shall be issued and allotted at par value to the Trustee by the Company under the terms of the Share Award Plan by utilising the funds allocated by the Board out of the Company's resources	closing price of HK\$1.25 per share as quoted on the Stock Exchange as at the date of award	Note 1	—	2,800,000	—	—	—	2,800,000
Li Tao (executive Director)	12 January 2023	the Awarded Shares shall be issued and allotted at par value to the Trustee by the Company under the terms of the Share Award Plan by utilising the funds allocated by the Board out of the Company's resources	closing price of HK\$1.25 per share as quoted on the Stock Exchange as at the date of award	Note 2	—	585,000	—	—	—	585,000
Non-connected Awardees	12 January 2023	the Awarded Shares shall be issued and allotted at par value to the Trustee by the Company under the terms of the Share Award Plan by utilising the funds allocated by the Board out of the Company's resources	closing price of HK\$1.25 per share as quoted on the Stock Exchange as at the date of award	Note 3	—	2,285,186	—	—	—	2,285,186
Non-connected Awardees	8 December 2021	the Awarded Shares shall be issued and allotted at par value to the Trustee by the Company under the terms of the Share Award Plan by utilising the funds allocated by the Board out of the Company's resources	closing price of HK\$4.8 per share as quoted on the Stock Exchange as at the date of award	Note 4	5,174,104	—	—	—	—	5,174,104

Notes:

- Three years with (1) 20% of the Awarded Shares shall be vested on 28 December 2023; (2) 30% of the Awarded Shares shall be vested on 28 December 2024; and (3) 50% of the Awarded Shares shall be vested on 28 December 2025 subject to the terms of the Share Award Plan and upon satisfaction of the vesting conditions/performance targets of continuous performance in his role as non-executive Director and discharge his role of governance during the vesting period.
- Three years with (1) 20% of the Awarded Shares shall be vested on 28 December 2023; (2) 30% of the Awarded Shares shall be vested on 28 December 2024; and (3) 50% of the Awarded Shares shall be vested on 28 December 2025 subject to the terms of the Share Award Plan and upon satisfaction of the vesting conditions/performance targets of continuing to the contribution to the Group's business and passing the annual appraisal during the vesting period.
- Three years with (1) 20% of the Awarded Shares shall be vested on 28 December 2023; (2) 30% of the Awarded Shares shall be vested on 28 December 2024; and (3) 50% of the Awarded Shares shall be vested on 28 December 2025 subject to the terms of the Share Award Plan and upon satisfaction of the vesting conditions/performance targets of the passing of an annual appraisal during the vesting period to be carried out by the head of the department in which the Non-connected Awardee is employed.
- Three years with (1) 20% of the Awarded Shares have been vested on 30 November 2022; (2) 30% of the Awarded Shares shall be vested on 30 November 2023; and (3) 50% of the Awarded Shares shall be vested on 30 November 2024 subject to the terms of the Share Award Plan and upon satisfaction of the vesting conditions/performance targets of the passing of an annual appraisal during the vesting period to be carried out by the head of the department in which the Non-connected Awardee is employed.

The fair value of the Awarded Shares was calculated based on the closing price of the Company's shares at the respective grant date.

COMPETING INTERESTS

For the six months ended 30 June 2023, the Directors are not aware of any business or interest of each Director, controlling Shareholder, management Shareholder and their respective associates (as defined in Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

COMPLIANCE WITH PRACTICES ON CORPORATE GOVERNANCE CODE

The Directors consider that for the six months ended 30 June 2023, the Company has adopted the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

STRENGTHENING THE INTERNAL CONTROL

In light of the recent incidents relating to the non-compliance with the Listing Rules (please refer to the announcements of the Company dated 30 and 31 May 2023, 6 June 2023 and 28 July 2023 for details), the Company has strengthened its internal control. With effective from June 2023, any proposed acquisition or disposal plan with consideration reaching a threshold set by the Board from time to time is required to be submitted to the audit committee of the Company (the “**Audit Committee**”) for prior assessment of the implication under the Listing Rules. A training session regarding the directors’ duties and the requirements of notifiable transactions and connected transactions under the Listing Rules has been scheduled to take place on 29 August 2023 for all the Directors.

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules, the Company has established the Audit Committee, which operates under terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management structure is in place within the Company, including internal controls and risk management to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial factors such as the benchmarking of key operational performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a structure of internal controls and risk management and ethical standards for the Group’s management to the Audit Committee. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Pang Xia, Mr. Deng Chunhua and Ms. Chen Nan. Ms. Pang Xia is the chairlady of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023.

By order of the Board
Sino-Entertainment Technology Holdings Limited
Sui Jiaheng
Chairman

Hong Kong, 29 August 2023

As at the date of this report, the Board comprises Mr. Sui Jiaheng and Mr. Li Tao as executive Directors, Mr. He Shaoning as non-executive Director, and Ms. Pang Xia, Mr. Deng Chunhua and Ms. Chen Nan as independent non-executive Directors.



In this interim report, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Sino-Entertainment Technology Holdings Limited (Stock code: 6933)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“EIT”	enterprise income tax in the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date
“Listing Date”	15 July 2020, on which dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Period”	the six months period ended 30 June 2023
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this report, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2020
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company



Glossary

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.