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Infinites Technology International (Cayman) Holding Limited

多牛科技國際(開曼)集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1961)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Infinites Technology International (Cayman) Holding Limited (the “**Company**”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (“**First Half 2022**”) together with the comparative figures for the corresponding period in 2021.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended 30 June		Change
	2022	2021	
	(RMB'000)	(RMB'000)	(%)
	(Unaudited)	(Unaudited)	
Revenue	43,197	31,201	38.4
Gross profit	872	8,339	-89.5
Loss for the period	(35,187)	(17,132)	105.4

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the First Half 2022 (six months ended 30 June 2021 (“**First Half 2021**”): Nil).

REVIEW OF OPERATION

The Company is a digital entertainment content provider in People’s Republic of China (the “**PRC**”) with a diversified content portfolio comprising (i) mobile games mainly played on Android operating system; and (ii) e-magazines, majority of its revenue was derived from the sale of virtual items in multi-player mobile games, which is in line with business strategy of the Group as disclosed in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”).

The Group’s revenue increased by approximately RMB12.0 million or 38.4% from approximately RMB31.2 million for the First Half 2021 to approximately RMB43.2 million for the First Half 2022. The increase of the Group’s revenue is mainly due to the increase in revenue from its mobile game development and operation business by approximately RMB15.4 million and offset by the decrease in revenue from digital media content distribution business of approximately RMB3.4 million. The gross profit also decreased by approximately RMB7.4 million or 89.5% from approximately RMB8.3 million for the First Half 2021 to approximately RMB0.9 million for the First Half 2022, which was principally due to the significant increase in cost of sales of the Group, which was attributed to an increase in service fees charged by the Group’s distributors arising from the increasingly intense competition in China’s gaming industry, though there were increase in the revenue for the First Half 2022 as compared to the First Half 2021.

The loss for the First Half 2022 is approximately RMB35.2 million, increased by approximately RMB18.1 million from the loss of approximately RMB17.1 million for the First Half 2021. Such increase in loss was primarily due to (i) the decrease in the gross profit of approximately RMB7.4 million; (ii) the decrease in the other income and gains of approximately RMB2.8 million; (iii) the increase in the impairment of receivables of approximately RMB18.7 million, which were partially offset by the decrease in the research and development expense of approximately RMB7.5 million and the selling and distribution expense of approximately RMB3.6 million.

OUTLOOK

Since the suspension of issuance of game publication approvals in July 2021, the year-on-year growth rate of the domestic mobile game market has gradually decreased due to the gradual depletion of the approval reserve of game companies and the impact of the macroeconomy. In April 2022, the issuance of game publication approvals was resumed, and the China's National Press and Publication Administration issued three game publication approvals in April, June, and July 2022, respectively. The Directors consider that the issuance of the three game publication approvals has released a signal of the gradual normalization of supervision, and the adjustment period of the gaming industry supervision might come to an end. The continuous regulation of the gaming industry policies will provide a better market environment for high-quality and competitive products, which is conducive to the further quality and refined development of the game market in the future and is in line with the long-term interests of the healthy and sustainable development of the entire industry.

Looking into the future, adopting the long-term perspective, the Group will develop into a leading gaming and pan-entertainment media group in China while continuing to increase its investment in research and development, distribution and operation talents of games, and expand the market presence and business scope in the games sector to strengthen its competitiveness in the competitive environment. At the same time, the Company will actively expand the overseas market as the overseas game market is still vast and there is a lot of room for improvement in the penetration rate of Chinese game companies. Hopefully, the Group will enjoy a growth dividend in the overseas market, hence to further improve the Group's business performance and inject new impetus into the long-term development of the Group.

PROSPECTS

For the second half of 2022, the Company will continue to expand the multi-player mobile games development and operation business. Meanwhile, the Company will expand the games and pan-entertainment segments in the overseas market by launching casual games, social software, and tools to strengthen the layout of the Group's business segments.

Game is an essential spiritual consumer product and in great demand due to increasingly pressure in life. The Directors consider that game has a great development potential in the long run. With the implementation of supervision and the normalization of the issuance of game publication approvals, it is expected that the domestic mobile game market will gradually return to the growth range. Further, with respect to the growth potential in the overseas market and the continuous increase in the overseas revenue from China's self-developed games in general, the Company will have many new important development opportunities. The Company remains confident in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Mobile Game

The mobile game consists of development and operation of mobile games and information services where the Group cooperated with corporate customers to integrate media content in some of the mobile games the Group operates.

The following table sets forth certain operating statistics relating to the mobile game of the Group in the periods indicated:

	Six months ended 30 June		Change (%)
	2022	2021	
Game			
Number of paying players ('000)	73.8	41.4	78.3
Average MPUs ('000)	12.3	6.9	78.3
Average ARPPU (RMB)	493.0	542.3	-9.1

- MPUs. The average monthly paying users (“MPUs”) for the game business increased to approximately 12,300 for the First Half 2022 from approximately 6,900 for the First Half 2021. Such increase was primarily due to the fact that the Group’s multi-player mobile games generated the most revenue for the First Half 2022 were operated in the second half of 2021 and hence attracted more users to pay for the new games as compared to the First Half 2021, since the games in First Half 2021 were approaching to the end of the game life cycle.
- ARPPU. Monthly average revenue per paying user (“ARPPU”) level of game business decreased to approximately RMB493.0 for the First Half 2022 as compared to approximately RMB542.3 for the First Half 2021. Such decrease was primarily due to the paying user base in the First Half 2022 was larger than that in the First Half 2021.

The following table sets forth the Group's interim condensed consolidated statement of profit or loss for the First Half 2022 as compared to the First Half 2021:

	Six months ended 30 June		Change <i>(%)</i>
	2022 <i>(RMB'000)</i> (Unaudited)	2021 <i>(RMB'000)</i> (Unaudited)	
Revenue	43,197	31,201	38.4%
Cost of sales	(42,325)	(22,862)	85.1%
Gross profit	872	8,339	-89.5%
Other income and gain, net	792	3,617	-78.1%
Selling and distribution expenses	(257)	(3,906)	-93.4%
Administrative expenses	(9,033)	(9,774)	-7.6%
Research and development expenses	(5,495)	(12,980)	-57.7%
Impairment of trade receivables	(12,721)	(1,906)	567.4%
Other expenses	(9,008)	(54)	16,581.5%
Finance costs	(26)	(24)	8.3%
Share of results of associates	(214)	(338)	-36.7%
Loss before tax	(35,090)	(17,026)	106.1%
Income tax expense	(97)	(106)	-8.5%
Loss for the period	(35,187)	(17,132)	105.4%

Revenue

Revenue increased by approximately RMB12.0 million or 38.4% to approximately RMB43.2 million for the First Half 2022 from approximately RMB31.2 million for the First Half 2021. The following table sets forth the revenue of the Group by business segment for the six months ended 30 June 2021 and 2022:

	Six months ended 30 June			
	2022	% to total	2021	% to total
	<i>RMB'000</i>	<i>revenue</i>	<i>RMB'000</i>	<i>revenue</i>
	(Unaudited)		(Unaudited)	
<i>Revenue from contracts with customers</i>				
Mobile games				
— Development and operation	40,017	92.6	24,875	79.7
— Information services	240	0.6	—	—
Digital media content distribution	<u>2,940</u>	<u>6.8</u>	<u>6,326</u>	<u>20.3</u>
Total revenue from contracts with customers	<u>43,197</u>	<u>100.0</u>	<u>31,201</u>	<u>100.0</u>

- Revenue generated from the Group's mobile games increased by approximately RMB15.4 million or 61.8% to approximately RMB40.3 million for the First Half 2022 from approximately RMB24.9 million for the First Half 2021. Such increase was primarily due to the two popular multi-player mobile games that launched in the second half of 2021 continued to generate revenue, while the two multi-player mobile games that were launched in the first half of 2019 generated less revenue for the First Half 2021 as they were approaching to the latter part of their game life cycle.
- Revenue generated from the Group's digital media content distribution decreased by approximately RMB3.4 million or 53.5% to approximately RMB2.9 million for the First Half 2022 from approximately RMB6.3 million for the First Half 2021. Such decrease was primarily due to (i) the fact that the Company had not renewed the contracts with some of its customers in digital media content distribution business during the First Half 2022; and (ii) the further decrease in subscribers resulting from the temporary halt of services of the Group's major distribution platform for the upgrade of the user interface as at 30 June 2022.

Cost of sales

Cost of sales increased by approximately RMB19.4 million or 85.1% to approximately RMB42.3 million for the First Half 2022 from approximately RMB22.9 million for the First Half 2021. The increase was mainly due to the increase in the revenue for the First Half 2022 and the significant increase in service fees charged by the Group's distributors resulting from the increasingly intense competition in China's gaming industry. For the First Half 2022, the percentage of cost of sales to total revenue increased to approximately 98.0% (for the First Half 2021: 73.3%) mainly due to the significant increase in service fees charged by the Group's distributors resulting from the increasingly intense competition in China's gaming industry.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB3.6 million or 93.4% to approximately RMB0.3 million for the First Half 2022 from approximately RMB3.9 million for the First Half 2021. The decrease was principally due to the decrease in the marketing and planning expenses of game business.

Administrative expenses

Administrative expenses decreased by approximately RMB0.8 million or 7.6% to approximately RMB9.0 million for the First Half 2022 from approximately RMB9.8 million for the First Half 2021. The administrative expenses for the First Half 2022 was relatively stable as compared to the First Half 2021.

Research and development expenses

Research and development expenses decreased by approximately RMB7.5 million or 57.7% to approximately RMB5.5 million for the First Half 2022 from approximately RMB13.0 million for the First Half 2021. The decrease in research and development expenses was principally due to the temporary decrease in the customized research and development expenses for large-scale multi-player mobile games projects.

Other income and gains, net

Other income and gains, net decreased to approximately RMB0.8 million for the First Half 2022 from approximately RMB3.6 million for the First Half 2021. The decrease was mainly due to the decrease in the government grants.

Impairment of trade receivables

Impairment of trade receivables was approximately RMB12.7 million for the First Half 2022 as compared to approximately RMB1.9 million for the First Half 2021, which was due to the significant decrease in the recovery rate of trade receivables as it was negatively affected by the COVID-19 pandemic and a slowdown in the macroeconomic environment.

Other expenses

Other expenses were approximately RMB9.0 million for the First Half 2022, as compared to other expenses of approximately RMB54,000 for the First Half 2021. The increase was mainly due to the increase in impairment of deposit and other receivable due to the risks of some partners' improper operation and management as negatively affected by the COVID-19 pandemic and a slowdown in the macroeconomic environment.

Finance costs

Finance cost amounted to approximately RMB26,000 for the First Half 2022, which remained relatively stable as compared to the First Half 2021 which amounted to approximately RMB24,000.

Income tax expense

The income tax expense for the First Half 2022 was approximately RMB0.1 million, which remained relatively stable as compared to the First Half 2021 which amounted to approximately RMB0.1 million.

Loss for the period

Based on the foregoing, the loss for the First Half 2022 was approximately RMB35.2 million, as compared to the loss of approximately RMB17.1 million for the First Half 2021.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cash and cash equivalents	<u>11,542</u>	<u>12,128</u>

The Group's total cash and cash equivalents amounted to approximately RMB11.5 million as at 30 June 2022, which remained relatively stable as compared to approximately RMB12.1 million as at 31 December 2021.

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of fundings, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi (“**RMB**”), followed by Hong Kong dollars (“**HKD**”).

The Group did not have any bank borrowing balance as at 30 June 2022 and 31 December 2021. As at 30 June 2022, the Group's gearing ratio (calculated as bank borrowing and loan from a fellow subsidiary divided by total assets) was 3.8% (As at 31 December 2021: nil). The borrowing requirements of the Group are not subject to seasonality.

MATERIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENT

During the First Half 2022, the Group disposed 93% of equity interests in Guangzhou Jinyi Electronic Technology Company Limited* (廣州市金奕電子科技有限公司) to Hefei Minjing Information Technology Co., Ltd* (合肥旻景信息科技有限公司) with a consideration of RMB2.5 million. For details, please refer to the announcement of the Company dated 30 June 2022.

As at the date of this announcement, save as disclosed, there were no material acquisition and disposal or significant investment conducted by the Group.

CONTINGENT LIABILITIES

Reference is made to the litigation announcement of the Company dated 18 January 2022 in relation to disputes of infringement of copyrights and unfair competition that the plaintiff initiated legal proceedings to claim for economic loss, together with other expenses, against defendants, which include two indirectly non-wholly owned subsidiaries of the Company. Since the claim is still at an early stage, the eventual impact on the Group could not be determined. For details, please refer to the announcement of the Company dated 18 January 2022.

As at the date of this announcement, save as disclosed, the Group did not have any significant unrecorded contingent liabilities.

HUMAN RESOURCES

As at 30 June 2022, the Group had a total of 31 employees, the majority of whom are based in Guangzhou. Total staff costs were approximately RMB4.9 million for the First Half 2022. The Group provides employees with competitive remuneration and various benefits including housing, pension, medical and unemployment benefit plan, and the Group's remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provide customized and continuous on-the-job training to its new employees by experienced mentors from relevant teams or departments.

CHANGE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), change of directors' information of the Company since the Company's last published annual report is as follows:

Mr. Liang Junhua has been re-designated as a non-executive Director since 23 May 2022.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the approval of the shareholders of the Company (the "**Shareholder(s)**") by passing a special resolution on 30 June 2022 and the Registrar of Companies in the Cayman Islands approving the change of company name, the English name and the dual foreign name in Chinese of the Company has been changed from "Jiu Zun Digital Interactive Entertainment Group Holdings Limited 九尊數字互娛集團控股有限公司" to "Infinites Technology International (Cayman) Holding Limited 多牛科技國際(開曼)集團有限公司" with effect from 5 July 2022. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 26 July 2022. For details, please refer to the announcement of the Company dated 1 August 2022.

On 1 August 2022, Emperor Interactive Entertainment Development Company Limited (九尊互娛發展有限公司), a wholly owned subsidiary of the Company, entered into the framework agreement with Chengdu Dianwan Bashi Commerce Company Limited* (成都電頑巴士商貿有限公司) (“**Chengdu Bashi**”), pursuant to which the Group would supply the gaming consoles, console games, their merchandise and accessories to Chengdu Bashi (“**Gaming Products Supply Agreement**”). For details, please refer to the announcement of the Company dated 1 August 2022.

Chengdu Bashi is a connected person of the Company under the Listing Rules. Thus, the transactions contemplated under the Gaming Products Supply Agreement would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios of the transactions contemplated under the Gaming Products Supply Agreement are more than 25% and the annual caps in respect of the transactions contemplated under the Gaming Products Supply Agreement are expected to be higher than HKD10 million, such transactions are subject to the reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Revenue	4	43,197	31,201
Cost of sales		<u>(42,325)</u>	<u>(22,862)</u>
Gross profit		872	8,339
Other income and gain, net	4	792	3,617
Selling and distribution expenses		(257)	(3,906)
Administrative expenses		(9,033)	(9,774)
Research and development expenses		(5,495)	(12,980)
Impairment of trade receivables		(12,721)	(1,906)
Other expenses		(9,008)	(54)
Finance costs		(26)	(24)
Share of results of associates		<u>(214)</u>	<u>(338)</u>
Loss before tax	5	(35,090)	(17,026)
Income tax expense	6	<u>(97)</u>	<u>(106)</u>
Loss for the period		<u>(35,187)</u>	<u>(17,132)</u>
Attributable to:			
Owners of the parent		(33,664)	(17,398)
Non-controlling interests		<u>(1,523)</u>	<u>266</u>
		<u>(35,187)</u>	<u>(17,132)</u>
Loss per share attributable to ordinary equity holders of the parent	8		
Basic and diluted		<u>RMB(6.2) cents</u>	<u>RMB(3.2) cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	(35,187)	(17,132)
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,710	(1,051)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>(3,966)</u>	<u>–</u>
Other comprehensive loss for the period	<u>(2,256)</u>	<u>(1,051)</u>
Total comprehensive loss for the period	<u>(37,443)</u>	<u>(18,183)</u>
Attributable to:		
Owners of the parent	(35,920)	(18,449)
Non-controlling interests	<u>(1,523)</u>	<u>266</u>
	<u>(37,443)</u>	<u>(18,183)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		605	731
Right-of-use assets		843	1,096
Interests in associates		24,029	29,414
Equity investments designated at fair value through other comprehensive income		5,858	4,749
Prepayments and deposits		16,853	21,123
Total non-current assets		<u>48,188</u>	<u>57,113</u>
Current assets			
Trade receivables	9	26,409	41,596
Prepayments, deposits and other receivables		32,439	49,948
Financial asset at fair value through profit or loss		13,533	13,137
Cash and cash equivalents		11,542	12,128
Total current assets		<u>83,923</u>	<u>116,809</u>
Current liabilities			
Trade payables	10	8,650	10,414
Contract liabilities		995	7,723
Other payables and accruals		12,530	13,201
Loan from a fellow subsidiary		5,000	–
Lease liabilities		550	523
Tax payable		758	707
Total current liabilities		<u>28,483</u>	<u>32,568</u>
Net current assets		<u>55,440</u>	<u>84,241</u>
Total assets less current liabilities		<u>103,628</u>	<u>141,354</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2022	As at 31 December 2021
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Lease liabilities	394	677
Deferred tax liabilities	2,164	2,164
Total non-current liabilities	2,558	2,841
Net assets	101,070	138,513
EQUITY		
Equity attributable to owners of the parent		
Issued capital	4,946	4,946
Reserves	88,346	124,266
	93,292	129,212
Non-controlling interests	7,778	9,301
Total equity	101,070	138,513

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room B102, 1st Floor, Dongcheng Building, 58 Jianzhong Road, Tianhe District, Guangzhou, PRC. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 March 2020.

Pursuant to a special resolution passed by the Company, the name of the Company was changed from Jiu Zun Digital Interactive Entertainment Group Holdings Limited to Infinities Technology International (Cayman) Holding Limited with effect from 5 July 2022.

The registration of the new name of the Company in Hong Kong was completed on 26 July 2022.

The Company is an investment holding company. During the period, the Company’s subsidiaries were principally engaged in the development and operation of mobile games and the distribution of digital media content in Mainland China.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has 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 interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial asset at fair value through profit or loss which have been measured at fair value. They are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in mobile game development and operation and digital media content distribution in Mainland China. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) *Revenue from external customers*

All significant external customers of the Group are located in Mainland China. Accordingly, no geographical information of revenue from external customers is presented.

(b) *Non-current assets*

All significant non-current assets of the Group are located in Mainland China. Accordingly, no geographical information of non-current assets is presented.

Information about major customers

No revenues from the Group's transactions with a single customer amounted to 10% or more of the Group's revenues for the six months ended 30 June 2022 and 2021.

4. REVENUE, OTHER INCOME AND GAIN, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Mobile games		
— Development and operation	40,017	24,875
— Information services	240	—
Digital media content distribution	2,940	6,326
	<u>43,197</u>	<u>31,201</u>
Total revenue from contracts with customers	<u>43,197</u>	<u>31,201</u>
Timing of revenue recognition		
Point in time (note (a))	3,180	6,356
Over time (note (b))	40,017	24,845
	<u>43,197</u>	<u>31,201</u>
Total revenue from contracts with customers	<u>43,197</u>	<u>31,201</u>

Notes:

- (a) Including revenue from digital media content distribution. The purchasers pay for the purchased digital media content through the distribution platform on a monthly basis, and cannot cancel the purchase once made. The revenue from purchase of digital media content is recognized at the time of purchase by the purchaser as the Group does not have further obligation after providing the content to the purchaser upon purchase and all other criteria for revenue recognition are met.
- (b) Including revenue from multi-player mobile games. Since the Group has an implied obligation to provide the service which enables the virtual items to be consumed, revenue is recognized ratably over the estimated average playing period of paying players, starting from the time when virtual items are delivered to the players' accounts and all other revenue recognition criteria are met.

An analysis of other income and gain, net is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	351	86
Government grants*	301	2,383
Others	140	1,021
	<u>792</u>	<u>3,490</u>
Gain, net		
Fair value gain on financial asset at fair value through profit or loss, net	–	127
	<u>792</u>	<u>3,617</u>

* Various government grants of approximately RMB2.4 million in prior period were received by certain subsidiaries as these subsidiaries were qualified as High and New Technology Enterprises in the PRC. The remaining mainly represented COVID-19 related subsidies received from local government for employment support and business operations support in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	42,325	22,862
Depreciation of property, plant and equipment	97	87
Depreciation of right-of-use assets	253	177
Lease payments not included in the measurement of lease liabilities	89	401
Employee benefit expense (including directors' remuneration):		
Wages, salaries, bonuses and allowances	4,494	4,566
Pension scheme contributions	413	558
	<u>4,907</u>	<u>5,124</u>
Impairment of deposit and other receivable [#]	7,927	–
Write-off of items of property, plant and equipment [#]	24	54
	<u>7,927</u>	<u>54</u>

[#] Included in "Other expenses" in the interim condensed consolidated statement of profit or loss

6. INCOME TAX EXPENSE

All subsidiaries of the Group established in the PRC are subject to PRC corporate income tax at a standard rate of 25% during the period, except for:

- (i) Certain subsidiaries of the Group, which qualified as High and New Technology Enterprises in Mainland China, were entitled to a lower PRC corporate income tax rate of 15%;
- (ii) Certain subsidiaries of the Group applied the Small-Scaled Minimal Profit Enterprise Income Tax Preferential Policy announced by the PRC's State Administration of Taxation; and
- (iii) A subsidiary of the Group was qualified as a software enterprise by Guangdong Software Industry Association and was entitled to tax exemption for two years and thereafter to a preferential rate at half of the corporate income tax rate for three years.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charge for the period	<u>97</u>	<u>106</u>

7. DIVIDENDS

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share for the period is based on the loss for the period attributable to ordinary equity holders of the parent of RMB33,664,000 (six months ended 30 June 2021: RMB17,398,000), and the weighted average number of ordinary shares of 546,000,000 (six months ended 30 June 2021: 546,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021.

9. TRADE RECEIVABLES

	As at	
	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables	57,668	60,351
Impairment	<u>(31,259)</u>	<u>(18,755)</u>
	<u>26,409</u>	<u>41,596</u>

The Group's trading terms with its trade debtors are on credit. The credit periods range from 30 to 90 days during the period. The Group seeks to maintain strict control over its outstanding trade receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at	
	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Within 30 days	893	2,551
31 to 60 days	641	2,392
61 to 90 days	411	1,992
91 to 180 days	1,165	1,588
181 to 365 days	3,159	2,772
Over 365 days	<u>20,140</u>	<u>30,301</u>
	<u>26,409</u>	<u>41,596</u>

10. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 month	242	1,161
1 to 2 months	1,560	1,086
2 to 3 months	349	2,463
Over 3 months	6,499	5,704
	<hr/>	<hr/>
	8,650	10,414
	<hr/> <hr/>	<hr/> <hr/>

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 90 days.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the First Half 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The audit committee of the Company has reviewed with the Board about the accounting standards and practices adopted by the Group and the interim condensed consolidated financial information of the Company for the First Half 2022.

Corporate Governance Code

The Company has committed to delivering and maintaining a higher standard of corporate governance to meet business needs and Shareholders' expectation. The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules as the basis of the Company's principles and corporate governance practices. The Company has complied with all the applicable code provisions of the CG Code during the First Half 2022.

Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct and procedures governing Directors' securities transactions in stringent compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the code of conduct and procedures governing Directors' securities transactions during the First Half 2022.

Publication of the Unaudited Condensed Consolidated Interim Results and 2022 Interim Report

This interim results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.infinities.com.hk>). The interim report of the Company for the First Half 2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

Appreciation

The Board would like to express its sincere gratitude to the Shareholders, management teams, employees, business partners and customers of the Group for their continued support and contribution to the Group.

By Order of the Board
Infinites Technology International (Cayman) Holding Limited
多牛科技國際（開曼）集團有限公司
WANG Le
Chairman

Hong Kong, 29 August 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wang Le and Mr. Chen Ying, two non-executive Directors namely Mr. Liang Junhua and Mr. Wang Ning and three independent non-executive Directors namely Mr. Leung Ming Shu, Mr. Choi Onward and Mr. Tang Shun Lam.

* *For identification purposes only*