

Infinites Technology International (Cayman) Holding Limited 多牛科技國際(開曼)集團有限公司

(formerly known as Jiu Zun Digital Interactive Entertainment Group Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1961

2022

Interim
Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LU Jian (*Chairman*) (*resigned on 23 May 2022*)

Mr. LIANG Junhua (*re-designated as a non-executive Director on 23 May 2022*)

Mr. WANG Le (*Chairman*) (*appointed on 23 May 2022*)

Mr. CHEN Ying (*appointed on 23 May 2022*)

Non-executive Directors

Ms. SU Shaoping (*resigned on 23 May 2022*)

Mr. TSUI Wing Tak (*resigned on 23 May 2022*)

Mr. WANG Ning (*appointed on 23 May 2022*)

Mr. LIANG Junhua (*re-designated on 23 May 2022*)

Independent non-executive Directors

Mr. ZHAO Junfeng (*resigned on 23 May 2022*)

Mr. ZHUANG Wensheng (*resigned on 23 May 2022*)

Mr. LEUNG Ming Shu (*appointed on 23 May 2022*)

Mr. CHOI Onward (*appointed on 23 May 2022*)

Mr. TANG Shun Lam (*appointed on 23 May 2022*)

AUDIT COMMITTEE

Mr. ZHAO Junfeng (*Chairman*) (*resigned on 23 May 2022*)

Mr. ZHUANG Wensheng (*resigned on 23 May 2022*)

Mr. LEUNG Ming Shu (*Chairman*) (*appointed on 23 May 2022*)

Mr. LIANG Junhua (*appointed on 23 May 2022*)

Mr. CHOI Onward (*appointed on 23 May 2022*)

REMUNERATION COMMITTEE

Mr. ZHUANG Wensheng (*Chairman*)
(*resigned on 23 May 2022*)

Mr. ZHAO Junfeng (*resigned on 23 May 2022*)

Mr. TANG Shun Lam (*Chairman*) (*appointed on 23 May 2022*)

Mr. WANG Ning (*appointed on 23 May 2022*)

Mr. CHOI Onward (*appointed on 23 May 2022*)

NOMINATION COMMITTEE

Mr. LU Jian (*Chairman*) (*resigned on 23 May 2022*)

Mr. ZHAO Junfeng (*resigned on 23 May 2022*)

Mr. ZHUANG Wensheng (*resigned on 23 May 2022*)

Mr. WANG Le (*Chairman*) (*appointed on 23 May 2022*)

Mr. LEUNG Ming Shu (*appointed on 23 May 2022*)

Mr. TANG Shun Lam (*appointed on 23 May 2022*)

AUTHORIZED REPRESENTATIVES

Mr. LIANG Junhua (*resigned on 23 May 2022*)

Mr. TSUI Wing Tak (*resigned on 23 May 2022*)

Ms. WONG Wai Yee Ella (*appointed on 23 May 2022*)

Mr. WANG Ning (*appointed on 23 May 2022*)

COMPANY SECRETARY

Mr. TSUI Wing Tak (*resigned on 23 May 2022*)

Ms. WONG Wai Yee Ella (*appointed on 23 May 2022*)

AUDITORS

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

Corporate Information *(continued)*

LEGAL ADVISER

As to Hong Kong law

Eric Chow & Co. in Association with Commerce & Finance Law Offices

29th Floor
238 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room B102, 1st Floor
Dongcheng Building
58 Jianzhong Road
Tianhe District
Guangzhou
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

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

China Merchants Bank (Guangzhou Huangpu Avenue Branch)

5/F, Unicom New Space Time Plaza
No. 666 West Huangpu Road
Guangzhou
PRC

COMPANY'S WEBSITE

<https://www.infinities.com.hk>

STOCK CODE ON THE MAIN BOARD OF THE STOCK EXCHANGE

1961

Financial Highlights

RESULTS

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

ASSETS AND LIABILITIES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)	Change %
Assets			
Non-current assets	48,188	57,113	-15.6%
Current assets	83,923	116,809	-28.2%
Total assets	132,111	173,922	-24.0%
Equity and liabilities			
Total equity	101,070	138,513	-27.0%
Non-current liabilities	2,558	2,841	-10.0%
Current liabilities	28,483	32,568	-12.5%
Total liabilities	31,041	35,409	-12.3%
Total equity and liabilities	132,111	173,922	-24.0%

Chairman's Statement

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to present the interim report of the Group for the First Half 2022.

OVERVIEW

The Company is a digital entertainment content provider in the PRC with a diversified content portfolio comprising (i) mobile games mainly played on Android operating system; and (ii) e-magazines, majority of our revenue was derived from the sale of virtual items in our multi-player mobile games, which is in line with business strategy of the Group as disclosed in the 2021 Annual Report.

RESULTS

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 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.

Chairman's Statement *(Continued)*

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.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my heartfelt gratitude to our shareholders, members of the Board, senior management and all our staffs for their dedication and contribution. On behalf of the Board, I would like to thank our clients, suppliers, and business partners for their relentless support and trust. Going forward, we shall strive to explore further opportunities and overcome challenges, as we remain steadfast and committed to attaining better results for the Group.

WANG Le

Chairman

29 August 2022

Management Discussion and Analysis

REVIEW OF OPERATION

The Company is a digital entertainment content provider in 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 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.

Management Discussion and Analysis *(Continued)*

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		
	2022	2021	Change (%)
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.

Management Discussion and Analysis (Continued)

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		
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	Change (%)
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%

Management Discussion and Analysis *(Continued)*

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		2021	
	RMB'000 (Unaudited)	% to total revenue	RMB'000 (Unaudited)	% to total revenue
<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	2,940	6.8%	6,326	20.3%
Total revenue from contracts with customers	43,197	100.0%	31,201	100.0%

- 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.

Management Discussion and Analysis *(Continued)*

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 were 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 the business performance of the Group's business partners was 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.

Management Discussion and Analysis *(Continued)*

LIQUIDITY AND FINANCIAL RESOURCES

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

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 RMB, followed by 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 report, save as disclosed, there were no material acquisition and disposal or significant investment conducted by the Group.

PLEDGE OF ASSETS

As at 30 June 2022, the Group did not have any pledged assets.

CAPITAL COMMITMENTS

As at 30 June 2022, the Group did not have any significant capital commitment.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, the Group did not have other plan for material investments and capital assets.

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 report, save as disclosed, the Group did not have any significant unrecorded contingent liabilities.

Management Discussion and Analysis *(Continued)*

HUMAN RESOURCES

As at 30 June 2022, the Group had a total of 31 full-time 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.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the approval of the Shareholders 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.

PRINCIPAL RISKS AND UNCERTAINTIES

Although the Group has successfully established its mobile games, there are certain risks that could adversely affect the Group's operations and financial results due to the immaturity of the mobile game industry in PRC. The major hurdles which the Group encountered include (i) new policies or any amendment to current policies in relation to mobile game industry; (ii) reliance on distribution channel providers; (iii) the game portfolio included games that are self-developed or licensed games, so the Group's operations may be adversely affected if the Group cannot seek alternatives in a timely manner; and (iv) the Group may be exposed to payment delays or defaults from settlement agents, which would adversely affect the Group's cash flow and financial results.

Meanwhile, for the Group's established digital media content, the major hurdles which the Group encountered include external interruptions such as system disruption, hacking or service suspension on any of the distribution platforms or the publishing platforms.

Other Information

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and chief executives at the relevant time being in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interest in Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares or securities held	Approximate percentage of shareholding
Mr. Wang Le ⁽¹⁾	Interest in controlled corporation/Long position	280,498,495	51.37%

Note:

- (1) These Shares were held by Infinities Global, a limited company owned as to approximately 53.74% by Infinities Worldwide. Infinities Worldwide is a direct wholly-owned subsidiary of Infinities B&M, which is a direct wholly-owned subsidiary of Infinities Cayman. Infinities Cayman was held as to approximately 24.76% by its largest shareholder (i.e. Zhouqinhantang Technology Management Ltd.). Zhouqinhantang Technology Management Ltd. was indirectly controlled by Mr. Wang Le (who is an Executive Director) as to 50% and Ms. An Fenghua as to 50%. Mr. Wang Le and Ms. An Fenghua are the ultimate controllers of Infinities Global.

(ii) Interest in associated corporations

Name of Director	Name of the Company's associated corporation	Capacity/Nature of Interest	Approximate percentage of shareholding
Mr. Liang Junhua	Guangzhou Jiu Zun ⁽¹⁾	Beneficial interest	32.26%

Note:

- (1) Mr. Liang Junhua owns 32.26% capital contribution in Guangzhou Jiu Zun.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Capacity/Nature of interests	Total number of Shares	Approximate percentage of shareholding (%)
Ms. An Fenghua ⁽¹⁾	Interest in controlled corporation/Long position	280,498,495	51.37%
Infinites Cayman ^{(1), (4)}	Interest in controlled corporation/Long position	280,498,495	51.37%
Infinites B&M ^{(1), (4)}	Interest in controlled corporation/Long position	280,498,495	51.37%
Infinites Worldwide Limited ^{(1), (4)}	Interest in controlled corporation/Long position	280,498,495	51.37%
Ms. Liu Xiaoke ⁽²⁾	Interest in controlled corporation/Long position	280,498,495	51.37%
Infinites Global ^{(1), (2), (4)}	Beneficial interest/Long position	280,498,495	51.37%
Mr. Tan Bing ⁽³⁾	Interest in controlled corporation/Long position	48,592,274	8.9%
More Gain Group Limited ^{(3), (4)}	Beneficial interest/Long position	48,592,274	8.9%

Notes:

- (1) These Shares were held by Infinites Global, a limited company owned as to approximately 53.74% by Infinites Worldwide. Infinites Worldwide is a direct wholly-owned subsidiary of Infinites B&M, which is a direct wholly-owned subsidiary of Infinites Cayman. Infinites Cayman was held as to approximately 24.76% by its largest shareholder (i.e. Zhouqinhantang Technology Management Ltd.). Zhouqinhantang Technology Management Ltd. was indirectly controlled by Mr. Wang Le as to 50% and Ms. An Fenghua as to 50%. Mr. Wang Le and Ms. An Fenghua are the ultimate controllers of Infinites Global.
- (2) These Shares were held by Infinites Global, a limited company owned as to approximately 46.26% by Ms. Liu Xiaoke.
- (3) These Shares were held by More Gain Limited, a limited company directly wholly owned by Mr. Tan Bing.
- (4) Mr. Wang Le, an Executive Director, is also a director of Infinites Cayman, Infinites B&M and Infinites Worldwide Limited. Save as disclosed, no Director is an employee or director of any substantial shareholder of the Company.

Save as disclosed above, as at the date of this interim report, the Directors are not aware of any person who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Other Information *(Continued)*

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors and chief executives' interests and short positions in shares, underlying shares and debentures" above, at no time during the First Half 2022 and up to the date of this interim report was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this interim report, none of the Directors and their respective associates that has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, save and except for the following:

Infinites Technology Group

Infinites Technology Group was founded in 2012 and is principally engaged in technology and media businesses in the PRC. Infinites Technology Group is controlled by Infinites Cayman pursuant to contractual arrangements, and Infinites Cayman is ultimately controlled by, among others, Mr. Wang Le who is an executive Director and a controlling shareholder of the Company. Mr. Wang Le is also the chairman of Infinites Technology Group. Infinites Technology Group engages in the sale of console game hardware and related products, media operations (including campus social media platform (Renren.com (人人網)), the Chinese online gaming social platform (NGA.cn)), online advertising business (廣告流量業務), and online gaming business, which may compete or is likely to compete, either directly or indirectly, with the Group's existing businesses.

Mr. Wang Le, an executive Director, is the chairman of Infinites Technology Group and Mr. Chen Ying, an executive Director, is the secretary of the board of Beijing Infinites Interactive Media Company Limited* (北京多牛互動傳媒股份有限公司), the major operating subsidiary of the Infinites Cayman Group. Both of them are not involved in the daily operation of Infinites Technology Group. By reasons of the fact that Infinites Technology Group and the Group have (i) different management teams; (ii) different development and operation systems; (iii) independent sales and marketing activities; (iv) different target customers; and (v) different independent financial and accounting systems, the Directors held the view that the Group is financially and operationally independent from Infinites Technology Group. The Company has established relevant corporate governance measures to avoid conflicts of interest between the Group and any Director, such as a Director shall abstain from voting and shall not be counted towards the quorum for voting on any matters which he/she might be in conflict of interest. The Directors considered that the operations of Infinites Technology Group would not affect the Group's business.

Other Information *(Continued)*

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

The related party transactions which were undertaken in the First Half 2022 are set out in Note 16 to the financial information in this interim report. For those related party transactions which constituted connected transactions or continuing connected transactions (other than those described in the section headed “Report of Directors – Contractual Arrangements” of the 2021 Annual Report) of the Company under the Listing Rules, the Company has complied with the disclosure requirements in Chapter 14A of the Listing Rules, where applicable.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares during the First Half 2022.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or his/her connected entities had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its parent company, or any of its subsidiaries or fellow subsidiaries was a party during the First Half 2022 and up to the date of this interim report.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 21 February 2020. No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 June 2022.

NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

Following the resignation of Ms. Song Yi as an independent non-executive Director, a member of the Audit Committee and Remuneration Committee on 1 December 2021, the number of independent non-executive Directors and members of the Audit Committee fell below the requirements under Rules 3.10(1) and 3.21 of the Listing Rules respectively. As announced by the Company on 23 May 2022, following the appointment of Mr. Wang Le, Mr. Chen Ying, Mr. Wang Ning, Mr. Leung Ming Shu, Mr. Choi Onward and Mr. Tang Shun Lam and the redesignation of Mr. Liang Junhua with effect from 23 May 2022, the Board comprised two executive Directors, two non-executive Directors and three independent non-executive Directors. Moreover, Mr. Leung Ming Shu was appointed as the chairman of the Audit Committee, and Mr. Liang Junhua and Mr. Choi Onward were appointed as the members of the Audit Committee. The Company has complied with the Rules 3.10(1) and 3.21 of the Listing Rules since then. For details, please refer to the announcements of the Company dated 1 December 2021 and 12 May 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. 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.

Other Information (Continued)

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 CG Code 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.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the First Half 2022 (First Half 2021: Nil).

AUDIT AND COMPLIANCE COMMITTEE

The Audit Committee 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.

By order of the Board

WANG Le

Chairman and Executive Director

Hong Kong, 29 August 2022

The Board hereby presents the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022 together with comparative figures for the corresponding period in 2021. This interim condensed consolidated financial information for the six months ended 30 June 2022 has not been audited, but has been reviewed by the Audit Committee.

Interim Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	43,197	31,201
Cost of sales		(42,325)	(22,862)
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		(214)	(338)
Loss before tax	5	(35,090)	(17,026)
Income tax expense	6	(97)	(106)
Loss for the period		(35,187)	(17,132)
Attributable to:			
Owners of the parent		(33,664)	(17,398)
Non-controlling interests		(1,523)	266
		(35,187)	(17,132)
Loss per share attributable to ordinary equity holders of the parent	8		
Basic and diluted		RMB(6.2) cents	RMB(3.2) cents

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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	(3,966)	-
Other comprehensive loss for the period	(2,256)	(1,051)
Total comprehensive loss for the period	(37,443)	(18,183)
Attributable to:		
Owners of the parent	(35,920)	(18,449)
Non-controlling interests	(1,523)	266
	(37,443)	(18,183)

Interim Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	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	11	16,853	21,123
Total non-current assets		48,188	57,113
Current assets			
Trade receivables	10	26,409	41,596
Prepayments, deposits and other receivables	11	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		83,923	116,809
Current liabilities			
Trade payables	12	8,650	10,414
Contract liabilities		995	7,723
Other payables and accruals	13	12,530	13,201
Loan from a fellow subsidiary		5,000	-
Lease liabilities		550	523
Tax payable		758	707
Total current liabilities		28,483	32,568
Net current assets		55,440	84,241
Total assets less current liabilities		103,628	141,354

Interim Condensed Consolidated Statement of Financial Position *(continued)*

	<i>Notes</i>	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (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	<i>14</i>	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

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent									
	Issued capital	Share premium account	Other reserve	Statutory reserve funds	Fair value reserve of assets at fair value	Exchange fluctuation reserve	Retained profits/ (accumulated losses)	Total	Non-controlling interests	Total equity
					through other comprehensive income					
RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	
At 1 January 2021	4,946	130,168	10,000	8,585	-	(7,313)	68,809	215,195	11,067	226,262
Profit/(loss) for the period	-	-	-	-	-	-	(17,398)	(17,398)	266	(17,132)
Other comprehensive income loss for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,051)	-	(1,051)	-	(1,051)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(1,051)	(17,398)	(18,449)	266	(18,183)
Capital contribution from a non-controlling shareholder	-	-	-	-	-	-	-	-	3,300	3,300
At 30 June 2021 (unaudited)	4,946	130,168	10,000	8,585	-	(8,364)	51,411	196,746	14,633	211,379
At 31 December 2021 and at 1 January 2022	4,946	130,168*	10,000*	8,585*	1,149*	(9,389)*	(16,247)*	129,212	9,301	138,513
Loss for the period	-	-	-	-	-	-	(33,664)	(33,664)	(1,523)	(35,187)
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	1,710	-	1,710	-	1,710
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-	-	(3,966)	-	-	(3,966)	-	(3,966)
Total comprehensive income/(loss) for the period	-	-	-	-	(3,966)	1,710	(33,664)	(35,920)	(1,523)	(37,443)
Disposal of subsidiaries	-	-	-	(1,344)	-	-	1,344	-	-	-
At 30 June 2022 (unaudited)	4,946	130,168*	10,000*	7,241*	(2,817)*	(7,679)*	(48,567)*	93,292	7,778	101,070

* These reserve accounts comprise the consolidated reserves of RMB88,346,000 (31 December 2021: RMB124,266,000) in the interim condensed consolidated statement of financial position as at 30 June 2022.

Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(35,090)	(17,026)
Adjustments for:			
Finance costs		26	24
Share of results of associates		214	338
Interest income	4	(351)	(86)
Depreciation of property, plant and equipment	5	97	87
Depreciation of right-of-use assets	5	253	177
Impairment of trade receivables, net		12,721	1,906
Impairment of deposit and other receivable	5	7,927	-
Write-off of items of property, plant and equipment	5	24	54
Loss on disposal of subsidiaries		4	-
Loss on deemed disposal of an associate		96	-
Fair value gain/(loss) on financial asset at fair value through profit or loss, net		93	(127)
		(13,986)	(14,653)
Decrease in trade receivables		2,466	2,310
Decrease/(increase) in prepayments, deposits and other receivables		13,852	(13,525)
Increase/(decrease) in trade payables		(1,764)	1,928
Decrease in contract liabilities		(6,728)	(3,466)
Decrease in other payables and accruals		(671)	(2,660)
Cash used in operations		(6,831)	(30,066)
Taxes paid		(46)	(2,153)
Net cash flows used in operating activities		(6,877)	(32,219)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		351	86
Purchases of items of property, plant and equipment		-	(502)
Proceeds from disposal of items of property, plant and equipment		-	18
Purchases of financial assets at fair value through profit or loss		-	(13,002)
Proceeds from disposals of financial assets at fair value through profit or loss		-	13,002
Increase in amount due from an associate		-	(1,500)
Net cash flows from/(used in) investing activities		351	(1,898)

Interim Condensed Consolidated Statement of Cash Flows *(continued)*

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments	(282)	(91)
Loan from a fellow subsidiary	5,000	-
Capital contribution from a non-controlling shareholder	-	3,300
Net cash flows from financing activities	4,718	3,209
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,808)	(30,908)
Cash and cash equivalents at beginning of period	12,128	47,156
Effect of foreign exchange rate changes, net	1,222	(714)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11,542	15,534
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	11,542	15,534

Notes to the Interim Condensed Consolidated Financial Information

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.

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

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.

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

- (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.

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

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.

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

4. REVENUE, OTHER INCOME AND GAIN, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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
Total revenue from contracts with customers	43,197	31,201
Timing of revenue recognition		
Point in time <i>(note (a))</i>	3,180	6,356
Over time <i>(note (b))</i>	40,017	24,845
Total revenue from contracts with customers	43,197	31,201

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 player's accounts and all other revenue recognition criteria are met.

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

4. REVENUE, OTHER INCOME AND GAIN, NET *(Continued)*

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

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

* 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.

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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
	4,907	5,124
Impairment of deposit and other receivable [#]	7,927	-
Write-off of items of property, plant and equipment [#]	24	54

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

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

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% (six months ended 30 June 2021: 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% (six months ended 30 June 2021: 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 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current — Mainland China		
Charge for the period	97	106

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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, there were no additions of items of property, plant and equipment (six months ended 30 June 2021: RMB502,000).

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

10. TRADE RECEIVABLES

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

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:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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	20,140	30,301
	26,409	41,596

During the six months ended 30 June 2022, the impairment of trade receivables, net amounted to RMB12,721,000 (six months ended 30 June 2021: RMB1,906,000).

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Prepayments	38,896	55,252
Deposits and other receivables	10,396	15,819
	49,292	71,071
Less: Portion classified as non-current assets	(16,853)	(21,123)
	32,439	49,948

The movements in the loss allowance for impairment of deposits and other receivables are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At beginning of year	4,026	661
Impairment (Note 5)	7,927	3,365
At end of period/year	11,953	4,026

12. 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:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (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
	8,650	10,414

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

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

13. OTHER PAYABLES AND ACCRUALS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Other payables	10,908	11,674
Other tax payables	263	46
Accruals	1,359	1,481
	12,530	13,201

14. ISSUED CAPITAL

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Authorized: 2,000,000,000 ordinary shares of HK\$0.01 each	18,015	18,015
Issued and fully paid: 546,000,000 ordinary shares of HK\$0.01 each	4,946	4,946

15. 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.

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<i>A related company:</i>			
Financial advisory and company secretary service fee	(i)	672	922
<i>Associates:</i>			
Channel fee	(ii)	14	100

Notes:

- (i) The service fee was charged by a related company based on terms agreed between the relevant parties. Mr. Tsui Wing Tak is a director and/or beneficial shareholder of the related company. Mr. Tsui Wing Tak resigned as the director of the Company on 23 May 2022.
- (ii) The channel fee was charged by the associates based on the terms mutually agreed between the relevant parties.

- (b) Outstanding balance with a related party:

As at 30 June 2022, the Group had a loan from a fellow subsidiary with principal amount of RMB5,000,000 (31 December 2021: Nil). The loan is unsecured, bears an interest at 1.988% per annum, and repayable on 30 June 2023.

- (c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Short term employee benefits	682	838
Post-employment benefits	29	22
Total compensation paid to key management personnel	711	860

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, amount due from an associate, trade payables, loan from a fellow subsidiary and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments or the effect of discounting is not material.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the unlisted investment fund (classified as financial asset at fair value through profit or loss) is assessed to approximate the net asset value indicated on the net asset value statement issued by the investment fund manager, which takes into consideration the fair values of the underlying assets held under the investment.

The fair values of unlisted equity investments designated at fair value through other comprehensive income are estimated by using the asset-based approach, which based on assumptions that are not supported by observable market prices or rates.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Equity investments designated at fair value through other comprehensive income	-	-	5,858	5,858
Financial asset at fair value through profit or loss	-	13,533	-	13,533
	-	13,533	5,858	19,391

Notes to the Interim Condensed Consolidated Financial Information *(continued)*

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Assets measured at fair value: *(Continued)*

As at 31 December 2021

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Equity investments designated at fair value through other comprehensive income	-	-	4,749	4,749
Financial asset at fair value through profit or loss	-	13,137	-	13,137
	-	13,137	4,749	17,886

The movements in fair value measurements within Level 3 during the period are as follows:

	Financial assets at fair value through other comprehensive income RMB'000 (Unaudited)
At 1 January 2022	4,749
Transferred from investment in an associate	5,075
Total losses recognised in the statement of other comprehensive income	(3,966)
At 30 June 2022	5,858

The Group did not have any financial liabilities measured at fair value as at 30 June 2022 and 31 December 2021.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2021: Nil).

18. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorized for issue by the Board on 29 August 2022.

Definitions

“Android operating system”	a mobile operating system developed by Google, designed primarily for touchscreen mobile devices such as smartphones and tablets
“ARPPU”	monthly average gross receipts per paying user, calculated by dividing the average monthly gross receipts during a certain period by the average MPUs during the same period
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Cayman Islands”	the Cayman Islands
“Chairman”	the chairman of the Board
“China”, “PRC” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Infinites Technology International (Cayman) Holding Limited (多牛科技國際(開曼)集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands under the Cayman Islands Companies Law on 5 February 2018, whose Shares became listed on the Main Board of the Stock Exchange on 17 March 2020
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules
“Contractual Arrangement(s)”	the series of contractual arrangements entered into between WFOE, Guangzhou Jiu Zun and the relevant shareholders, details of which are set out in the section headed “Contractual Arrangements” of the 2021 Annual Report
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“Director(s)”	director(s) of the Company
“Executive Director(s)”	executive Director(s)
“First Half 2021”	the six months ended 30 June 2021

Definitions *(continued)*

“First Half 2022”	the six months ended 30 June 2022
“Group”	the Company and its subsidiaries, collectively
“Guangzhou Jiu Zun”	Guangzhou Jiu Zun Digital Entertainment Technology Development Company Limited* (廣州市九尊數娛科技發展有限公司), a company established under the laws of the PRC with limited liability on 13 April 2018 and by virtue of the Contractual Arrangements, accounted for as our subsidiary
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Non-executive Director(s)”	independent non-executive Director(s)
“Infinites B&M”	Infinites B&M Technology Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of Infinites Cayman
“Infinites Cayman”	Infinites Technology (Cayman) Holding Limited, a company incorporated in the Cayman Islands with limited liability and was held as to approximately 24.76% by its largest shareholder (i.e. Zhouqinhantang Technology Management Ltd.) and approximately 75.24% by 37 minority shareholders. Zhouqinhantang Technology Management Ltd. is a company incorporated in the BVI and was indirectly controlled by Mr. Wang Le (who is an Executive Director) as to 50% and Ms. An Fenghua as to 50%
“Infinites Global”	Infinites Global Technology Limited Partnership, a limited company formed in the BVI with limited liability and is owned as to approximately 53.74% by Infinites Worldwide, which is its sole general partner. Infinites Global held approximately 51.37% of the issued Shares
“Infinites Technology Group”	Infinites Technology Group* (多牛科技集團)
“Infinites Worldwide”	Infinites Worldwide Technology Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of Infinites B&M
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Model Code”	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules

Definitions *(continued)*

“MPU(s)”	monthly paying users
“Nomination Committee”	the nomination committee of the Board
“Non-executive Director(s)”	non-executive Director(s)
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 21 February 2020 for the benefit of our Directors, members of senior management, employees and other eligible participants defined in the scheme
“Share(s)”	ordinary share(s) in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in the Listing Rules
“virtual item”	virtual item(s) which enhance the players’ gaming experience, by, for example, enhancing the powers, abilities or attractiveness
“%”	per cent
“2021 Annual Report”	the annual report of the Company for the year ended 31 December 2021

* *For identification purposes only*