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SINO-ENTERTAINMENT TECHNOLOGY HOLDINGS LIMITED

新娛科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6933)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Sino-Entertainment Technology Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the six months ended 30 June 2024. This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. The Company’s 2024 interim report will be available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.sinotecw.com on 6 September 2024, and the printed version of the Company’s 2024 interim report will be dispatched to the shareholders of the Company in due course according to the manner in which they have elected to receive corporate communications of the Company.

By Order of the Board

Sino-Entertainment Technology Holdings Limited

Sui Jiaheng

Chairman and Executive Director

Hong Kong, 29 August 2024

As at the date of this announcement, the executive Directors are Mr. Sui Jiaheng and Mr. Li Tao; the non-executive Director is Mr. He Shaoning; and the independent non-executive Directors are Ms. Pang Xia, Mr. Deng Chunhua and Ms. Chen Nan.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. He Shaoning

Independent Non-Executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

COMPANY SECRETARY

Mr. Yuen Chi Wai *FCPA*

AUTHORISED REPRESENTATIVES

Mr. Sui Jiaheng
Mr. Yuen Chi Wai

AUDITOR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

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

PRINCIPAL BANKER

Postal Savings Bank of China

COMPANY'S INVESTOR RELATIONSHIP WEBSITE

<http://www.sinotecw.com>

STOCK CODE

6933

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)	Change%
Revenue	30,323	868	3,393.4%
Gross profit	2,263	597	279.1%
Loss for the Period	(5,984)	(14,201)	(57.9)%

Revenue for the Period amounted to approximately RMB30,323,000, representing an increase of approximately 3,393.4% as compared with that of the corresponding period in previous year.

Gross profit for the Period has increased by approximately 279.1% to approximately RMB2,263,000.

Loss for the Period was approximately RMB5,984,000, representing a decrease of approximately 57.9% as compared with that of the corresponding period in previous year. The reduction in loss for the Period was mainly due to the combined results of: (i) the increase in revenue from co-publishing of third-party games and revenue from the development and sales of games, (ii) the reversal of impairment losses under the expected credit loss model previously recognised, and (iii) the increase in administrative expenses as a result of the increase in advertisement and promotion expenses, amortisation of intangible assets, and the expenses on share-based payments.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Sino-Entertainment Technology Holdings Limited (the “**Company**”), I hereby present the interim report of the Company and its subsidiaries (collectively referred as the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”).

The National Press and Publication Administration (the “**NPPA**”) in China had suspended the issuance of new game licenses from August 2021 to March 2022. Despite new game licenses were issued again since April 2022, the prolonged pre-approval progress of NPPA and the large number of games pending for approval have led to a significant decrease in the number of new games launched in the market. The Group did not obtain any new game license during the Period, and there are currently two games of the Group which are still pending for approval by the NPPA. During the Period, the Group's revenue increased to approximately RMB30,323,000, representing an increase of approximately 3,393.4% as compared with that of the corresponding period last year. This increased revenue is derived from the revenue from co-publishing of third-party games and revenue from the development and sales of games. With the reversal of certain impairment losses under the expected credit loss model previously recognised during the Period, the Group has further reduced the extent of net loss to approximately RMB5,984,000, representing a decrease of approximately 57.9% as compared with that of the corresponding period in previous year.

With respect to the blockchain technology business, while the Group has continued to suspend the provision of digital services to liquidity pools operating on the leading blockchain protocols, the Group has entered into a letter of intent on 23 August 2024 to form a joint venture for developing and providing technical support on SocialFi mobile app with blockchain technology, which combines social media and decentralized finance allowing everyone to earn benefits while participating in social media interactions.

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

Appreciation

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

Sui Jiaheng
Chairman

Hong Kong, 29 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

Revenue

For the Period, the Group's revenue amounted to approximately RMB30,323,000, representing an increase of approximately 3,393.4% from that of approximately RMB868,000 for the six months ended 30 June 2023.

Development and sales of mobile games

During the Period, the Group conducted development and sales of 3 customised software and games to third parties, contributing sales revenue of approximately RMB14,151,000 (for the six months ended 30 June 2023: RMB783,000).

Publishing of self-developed games

During the Period, the Group did not publish any in-house mobile game with its own proprietary title, therefore, no publishing revenue was generated (for the six months ended 30 June 2023: nil).

Publishing of third party games

During the Period, the Group as a co-publisher provided publishing services for 20 third-party games, contributing co-publishing revenue of approximately RMB16,172,000 (for the six months ended 30 June 2023: nil).

Provision of digital services with blockchain technology

During the Period, the Group had no revenue from the blockchain technology business (for the six months ended 30 June 2023: RMB85,000).

Administrative expenses

Administrative expenses mainly included consumables costs, depreciation and auditor's remuneration. For the Period, the Group's administrative expenses amounted to approximately RMB21,050,000 (for the six months ended 30 June 2023: approximately RMB9,406,000). The increase was mainly attributable to the increase in advertisement and promotion expenses, amortisation of intangible assets, and the expenses on share-based payments.

Taxation

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

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

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

Management Discussion and Analysis

One of the Group's PRC subsidiary was accredited to "High and New Technology Enterprise" in December 2020 and is subject to tax rate of 15% during the Period.

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

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year. In 2023, pursuant to Cai Shui [2023] No. 7 issued by Ministry of Finance, enterprise engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year. The Group has made its best estimate for such deduction to be claimed for the Group's entities in ascertaining the assessable profits for the Period.

For the Period, income tax expense was approximately RMB1,440,000 (for the six months ended 30 June 2023: income tax credit of approximately RMB1,157,000).

Loss for the Period

The Group's loss for the Period was approximately RMB5,984,000 (for the six months ended 30 June 2023: approximately RMB14,201,000). The decrease in loss for the Period was the combined results of: (i) the increase in revenue from co-publishing of third-party games and revenue from the development and sales of games, (ii) the reversal of impairment losses under the expected credit loss model previously recognised, and (iii) the increase in administrative expenses as a result of the increase in advertisement and promotion expenses, amortisation of intangible assets, and the expenses on share-based payments.

Interim Dividend

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

Gearing Ratio

The Group's gearing ratio as at 30 June 2024, calculated on the basis of total debts divided by total equity at the end of the Period, was 34.2% (31 December 2023: 32.2%).

Liquidity and Financial Resources

The operations of the Group are mainly financed by the cash generated from its operations. As at 30 June 2024, the net current assets of the Group amounted to approximately RMB91,528,000 (31 December 2023: approximately RMB86,647,000) and cash and cash equivalents as at 30 June 2024 amounted to approximately RMB74,132,000 (31 December 2023: approximately RMB79,569,000).

As at 30 June 2024, the Group has other borrowings of approximately RMB24,300,000 (31 December 2023: approximately RMB23,257,000).

Credit Risk

The Group uses provision matrix to calculate expected credit loss (the “ECL”) for the trade receivables and calculates the ECL for the other receivables by grouping the counterparties with similar nature under general approach. The provision of ECL is sensitive to changes in estimates. Significant credit-impaired receivables are identified and assessed individually; the remaining debtors are grouped into different categories and the basis of expected loss rates in each category is determined with reference to historical default rates and forward-looking information. Impairment losses for the Period are recognised as a result of the expected loss assessment, which has considered the expected timing of collection and the quality of debtors, including their credit worthiness and repayment history.

Currency Risk

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

Capital Commitments

As at 30 June 2024, other than the unpaid registered capital for the Group’s subsidiaries, the Group did not have any significant capital commitments (31 December 2023: nil).

Capital Structure

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

Material Acquisitions and Disposals

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

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

Management Discussion and Analysis

Employees and Remuneration Policy

As at 30 June 2024, the Group employed 28 (30 June 2023: 30) employees. Remunerations of the Group's employees were determined with reference to factors such as market terms, their qualification, responsibility, contribution and experience.

Pledged Assets and Contingent Liabilities of the Group

As at 30 June 2024, there were no charges on the Group's assets and the Group did not have any contingent liabilities (31 December 2023: nil).

Prospects

The prolonged pre-approval process of the NPPA has undoubtedly casted uncertainty to the mobile gaming industry in the PRC, a number of game developers and publishers experienced financial and operational difficulties as a result. With solid financial foundation, the Group is capable to navigate in the recovering mobile gaming industry in the PRC. At the same time, the Group is also optimistic on developing and providing technical support on SocialFi mobile app with blockchain technology. The Group would adhere to the prevailing applicable policies and review the Group's business strategy regularly to capture business opportunities in the PRC and abroad.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	30,323	868
Cost of sales		(28,060)	(271)
Gross profit		2,263	597
Other income		1,819	1,508
Other gains and losses		283	218
Administrative expenses		(21,050)	(9,406)
Finance costs		(484)	(1,169)
Impairment losses under expected credit loss model, net of reversal	10	12,892	(6,557)
Research and development expenses		(267)	(549)
Loss before tax		(4,544)	(15,358)
Income tax (expense) credit	6	(1,440)	1,157
Loss for the period	7	(5,984)	(14,201)
Other comprehensive income for the period, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		889	2,414
Total comprehensive expenses for the period		(5,095)	(11,787)
Loss for the period attributable to:			
— Owners of the Company		(5,561)	(13,385)
— Non-controlling interests		(423)	(816)
		(5,984)	(14,201)
Total comprehensive expenses attributable to:			
— Owners of the Company		(4,870)	(11,382)
— Non-controlling interests		(225)	(405)
		(5,095)	(11,787)
Loss per share	8		
— Basic (RMB cents)		(1.38)	(3.34)
— Diluted (RMB cents)		(1.38)	(3.34)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment		13	13
Right-of-use assets		—	14
Intangible assets		11,264	12,449
Deferred tax assets		4,149	5,589
		15,426	18,065
CURRENT ASSETS			
Cryptocurrencies		5	3
Trade and other receivables	11	50,890	32,634
Financial assets at fair value through profit or loss ("FVTPL")	12	3,082	8,138
Cash and cash equivalents		74,132	79,569
		128,109	120,344
CURRENT LIABILITIES			
Trade and other payables	13	8,762	6,906
Lease liabilities		—	15
Loans from a non-controlling interest	14	24,300	23,257
Tax liabilities		3,519	3,519
		36,581	33,697
NET CURRENT ASSETS		91,528	86,647
NET ASSETS		106,954	104,712
CAPITAL AND RESERVES			
Share capital		285	285
Reserves		99,891	97,424
Equity attributable to owners of the Company		100,176	97,709
Non-controlling interests		6,778	7,003
TOTAL EQUITY		106,954	104,712

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Share held under share award scheme reserve RMB'000	Share-based payment reserve RMB'000	Translation reserve RMB'000	Retained profits (accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023 (audited)	281	109,622	(3,141)	4,177	(5)	507	2,459	76,692	190,592	7,980	198,572
Loss for the period	—	—	—	—	—	—	—	(13,385)	(13,385)	(816)	(14,201)
Other comprehensive income for the period, net of income tax:											
<i>Items that may be reclassified subsequently to profit or loss:</i>											
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	2,003	—	2,003	411	2,414
Total comprehensive expenses for the period	—	—	—	—	—	—	2,003	(13,385)	(11,382)	(405)	(11,787)
Equity-settled share-based transaction	—	—	—	—	—	3,664	—	—	3,664	—	3,664
At 30 June 2023 (unaudited)	281	109,622	(3,141)	4,177	(5)	4,171	4,462	63,307	182,874	7,575	190,449
At 1 January 2024 (audited)	285	118,624	(3,141)	4,177	(7)	845	3,612	(26,686)	97,709	7,003	104,712
Loss for the period	—	—	—	—	—	—	—	(5,561)	(5,561)	(423)	(5,984)
Other comprehensive income for the period, net of income tax:											
<i>Items that may be reclassified subsequently to profit or loss:</i>											
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	691	—	691	198	889
Total comprehensive expenses for the period	—	—	—	—	—	—	691	(5,561)	(4,870)	(225)	(5,095)
Equity-settled share-based transaction	—	—	—	—	—	7,337	—	—	7,337	—	7,337
At 30 June 2024 (unaudited)	285	118,624	(3,141)	4,177	(7)	8,182	4,303	(32,247)	100,176	6,778	106,954

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	(6,175)	(3,163)
(Increase) decrease in trade and other receivables	(6,136)	6,555
Increase (decrease) in trade and other payables	1,856	(4,529)
Cash used in operations	(10,455)	(1,137)
Income tax paid	—	—
NET CASH USED IN OPERATING ACTIVITIES	(10,455)	(1,137)
INVESTING ACTIVITIES		
Interest received from bank deposits	1,787	1,505
Purchase of financial assets at FVTPL	—	(25,000)
Proceeds on disposal of financial assets at FVTPL	5,098	—
Purchase of intangible assets	(3,302)	(4,406)
Purchase of cryptocurrencies	—	(22,179)
Disposal of cryptocurrencies	—	28,790
NET CASH FROM (USED IN) INVESTING ACTIVITIES	3,583	(21,290)
FINANCING ACTIVITIES		
Withdrawal of pledged bank deposits	—	53,356
Payment of lease liabilities	(15)	(44)
Repayment of loans from a non-controlling interest	—	(304)
Repayment of bank borrowings	—	(50,163)
Interest paid on bank and loans from a non-controlling interest	—	(300)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(15)	2,545
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,887)	(19,882)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	79,569	94,579
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,450	5,554
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by cash and cash equivalents	74,132	80,251

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

The directors of the Company (the “**Directors**”) have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

Contractual arrangements

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

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

For the six months ended 30 June 2024

2. BASIS OF PREPARATION (Continued)

Contractual arrangements (Continued)

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

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

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), and application of certain accounting policies which become relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

For the six months ended 30 June 2024

3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts on application of Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments")* and Amendments to HKAS 1 *Non-current Liabilities with Covenants (the "2022 Amendments")*

3.1.1 Accounting policies

Convertible loan notes (with conversion options not meeting "fixed for fixed criterion")

When determining the classification of convertible loan notes as current or non-current, the Group considers both the redemption through cash settlement and the transfer of the Group's own equity instruments as a result of exercise of conversion options by holders as settlement of the convertible loan notes.

3.1.2 Transition and summary of impact

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2024

	Publishing of third party games RMB'000 (unaudited)	Development and sales of games RMB'000 (unaudited)	Provision of digital services with blockchain technology RMB'000 (unaudited)	Total RMB'000 (unaudited)
Geographical market				
Hong Kong	—	—	—	—
The PRC	16,172	14,151	—	30,323
Total	16,172	14,151	—	30,323
Timing of revenue recognition				
At a point of time	—	14,151	—	14,151
Over time	16,172	—	—	16,172
Total	16,172	14,151	—	30,323

For the six months ended 30 June 2023

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

For the six months ended 30 June 2024

4. REVENUE (Continued)**(i) Disaggregation of revenue from contracts with customers** (Continued)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The contracts with customers are with:		
Variable consideration	16,172	—
Fixed price	14,151	868
	30,323	868

5. OPERATING SEGMENTS

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

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

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

(a) Segment revenues and results

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

For the six months ended 30 June 2024 (unaudited)

	Mobile game business RMB'000	Blockchain technology business RMB'000	Total RMB'000
Revenue	30,323	—	30,323
Segment results	1,385	114	1,499
Unallocated other gains or losses			283
Unallocated other income			1,787
Unallocated corporate expenses			(8,113)
Loss before tax			(4,544)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. OPERATING SEGMENTS (Continued)

(a) Segment revenues and results (Continued)

For the six months ended 30 June 2023 (unaudited)

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

6. INCOME TAX EXPENSE (CREDIT)

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

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Current tax:		
PRC enterprise income tax ("EIT")	—	—
Deferred tax	1,440	(1,157)
Income tax expense (credit)	1,440	(1,157)

For the six months ended 30 June 2024

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation and amortisation:		
Depreciation of property and equipment	—	1
Depreciation of right-of-use assets	14	41
Amortisation of intangible assets	5,260	2,266
Total depreciation and amortisation (<i>Note a</i>)	5,274	2,308
Short-term lease payments	83	154
Research and development expenses (<i>Note a</i>)	267	549
Legal and professional fees	831	883
Staff cost (<i>Note a</i>)	8,778	5,100
Interest income from bank deposits	(1,787)	(1,505)

Note:

- (a) During the six months ended 30 June 2024, research and development expenses consist of staff costs for the Group's research and development personnel of approximately RMB265,000 (six months ended 30 June 2023: RMB549,000) which are included in "Staff cost" as above.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(5,561)	(13,385)
	Six months ended 30 June	
	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share (<i>Notes</i>)	404,398	401,324
Effect of dilutive potential ordinary shares: Effect of shares awarded under share award scheme	7,770	10,844
Weighted average number of ordinary shares for the purpose of diluted loss per share	412,168	412,168

Notes:

- The calculation of weighted average number of ordinary shares exclude approximately 10,440,000 ordinary shares (six months ended 30 June 2023: 5,174,000) held under the share award scheme for the six months ended 30 June 2024.
- The computation of diluted loss per share for the six months ended 30 June 2024 and 30 June 2023 did not assume the vesting of awarded shares since it would result in a decrease in loss per share for the period which was regarded as anti-dilutive.

9. DIVIDEND

No dividend was paid, declared or proposed during both interim periods. The Directors have determined that no dividend will be paid in respect of both interim periods.

For the six months ended 30 June 2024

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

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

During the six months ended 30 June 2024, the Group provided a net reversal of impairment loss of approximately RMB12,892,000 which included a gross impairment loss of approximately RMB484,000 and the reversal of approximately RMB13,376,000 (six months ended 30 June 2023: net impairment loss of approximately RMB6,557,000, which include a gross impairment loss of approximately RMB6,598,000 and the reversal of approximately RMB41,000) for trade receivables.

11. TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables — contracts with customers	73,970	64,333
Less: Allowance for credit losses	(35,915)	(48,807)
Trade receivables, net (<i>Note a</i>)	38,055	15,526
Down payments to game publishers — refundable	18,023	21,444
Less: Allowance for credit losses	(18,023)	(20,477)
Down payments to game publishers — refundable, net (<i>Note b</i>)	—	967
Down payments to game publishers — non-refundable	3,310	3,310
Less: Provision for impairment losses	(3,310)	(3,310)
Down payments to game publishers — non-refundable, net (<i>Note c</i>)	—	—
Other receivables	5,970	5,970
Less: Allowance for credit losses	(5,970)	(5,970)
Other receivables, net	—	—
Advances to suppliers (<i>Note d</i>)	4,818	6,214
Deposits and prepayments	471	2,278
Value-added tax recoverable	7,546	7,649
Other receivables, deposits and prepayments, net	12,835	17,108
Trade and other receivables, net	50,890	32,634

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

11. TRADE AND OTHER RECEIVABLES (Continued)

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

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0 to 90 days	23,211	4,102
91 to 180 days	6,500	—
181 to 365 days	1,345	—
Over one year	6,999	11,424
	38,055	15,526

- (b) During the six months ended 30 June 2024, pursuant to the game publishing rights transfer agreements entered between the Group and the game publishers, the Group has acquired a game publishing right at the consideration of approximately RMB3,421,000. The consideration was settled by offsetting the refundable down payments to the game publishers for securing the publishing rights of a new game of fair value of approximately RMB773,000 (net of tax effect of RMB194,000) from the Group.

As at 31 December 2023, the refundable down payments to the game publishers was mainly attributable to the down payments of approximately RMB970,000 (net of allowance for credit losses of approximately RMB11,130,000) for securing the publishing rights of 5 new games which have been developed but not yet launched to the market.

- (c) During the year ended 31 December 2023, pursuant to the game publishing rights transfer agreements entered between the Group and the game publishers, the Group has acquired 45 game publishing rights at the consideration of approximately RMB22,400,000. The consideration was settled by offsetting the non-refundable down payments to the game publishers for securing the publishing rights of 45 new games of fair value of approximately RMB20,322,000 (net of tax effect of RMB1,268,000) from the Group.
- (d) During the period ended 30 June 2024 and year ended 31 December 2023, the advances to suppliers mainly included the prepaid game promotion spending with the game platform operators.

Subsequent to the six months ended 30 June 2024, approximately RMB Nil (31 December 2023: RMB1,684,000) advances to suppliers had been utilised up to the report date.

For the six months ended 30 June 2024

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial assets at FVTPL — Wealth management products	3,082	8,138

13. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	8,103	5,889
Other tax payables	52	50
Payroll and welfare payables	289	255
Accrued expenses	251	647
Others	67	65
	8,762	6,906

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

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0 to 30 days	1,325	5,878
31 to 60 days	3,042	—
61 to 90 days	3,736	—
91 to 180 days	—	—
Over 180 days	—	11
	8,103	5,889

For the six months ended 30 June 2024

14. LOANS FROM A NON-CONTROLLING INTEREST

As at 30 June 2024, the Group had loans of approximately RMB24,300,000 (equivalent to approximately HK\$26,071,000) (31 December 2023: approximately of RMB23,257,000 (equivalent to approximately HK\$25,558,000)) from DeFiner Limited (“**DeFiner**”), the non-controlling interest of Luocheng Dinglian (International) Limited (“**Luocheng Dinglian (International)**”), a subsidiary of the Company.

On 1 September 2023, DeFiner agreed to extend the borrowing to 31 December 2024, the borrowing carries interest rates at 4.35% per annum and will be repayable in December 2024. The Group’s pledge of all assets of Luocheng Dinglian (International) to secure loans from a non-controlling interest has been released.

15. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in these condensed consolidated financial statement, the Group did not have material transactions with related parties during both six months ended 30 June 2024 and 30 June 2023.

Compensation of key management personnel

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	528	507
Post-employment benefits	45	45
Share-based payments	569	165
	1,142	717

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

For the six months ended 30 June 2024

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation process

The Directors are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The fair value of the financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial asset that is measured at fair value on a recurring basis

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)		
Financial assets at FVTPL — wealth management products	3,082	8,138	Level 2	Quotes from the issuer bank

There were no transfers between levels 1, 2 and 3 during the period.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors do not recommend any distribution of interim dividend for the six months ended 30 June 2024.

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

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

DISCLOSURE OF INTERESTS

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

As at 30 June 2024, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long Positions in the Shares of the Company

Director	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company ⁽¹⁾
Mr. Sui Jiaheng ⁽²⁾	Interest in a controlled corporation	158,900,000	38.30%
Mr. Li Tao	Beneficial owner	117,000	0.02%
Mr. He Shaoning	Beneficial owner	560,000	0.13%

Notes:

1. Based on 414,837,816 issued Shares as at 30 June 2024.
2. Mr. Sui Jiaheng is the sole shareholder of Sun JH Holding Ltd. which holds 158,900,000 Shares. Therefore, Mr. Sui is deemed to be interested in Sun JH Holding Ltd.'s interest in the Shares pursuant to the SFO.

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

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

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

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

As at 30 June 2024, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company, had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Long Positions in the Shares of the Company

Name	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company ⁽¹⁾
Sun JH Holding Ltd. ⁽²⁾	Beneficial interest	158,900,000	38.30%
Li Wei ⁽²⁾	Interest of spouse	158,900,000	38.30%
Together Win Capital (Holdings) Co., Ltd. ⁽³⁾	Interest in controlled corporations	22,740,000	5.48%
Mr. Huang Zhigang ⁽⁴⁾	Interest in a controlled corporation	22,740,000	5.48%

Notes:

1. Based on 414,837,816 issued Shares as at 30 June 2024.
2. Ms. Li Wei is the spouse of Mr. Sui Jiaheng. By virtue of the SFO, Ms. Li Wei is deemed to be interested in the same number of Shares in which Mr. Sui Jiaheng is deemed to be interested; Mr. Sui Jiaheng is the sole shareholder of Sun JH Holding Ltd. Therefore, Mr. Sui Jiaheng is deemed to be interested in Sun JH Holding Ltd.'s interest in the Shares pursuant to the SFO.
3. Together Win Capital (Holdings) Co., Ltd. is, pursuant to the SFO, a control entity of HX Tech Holdings Limited and LYZ Tech Holding Ltd., which hold 12,960,000 Shares and 9,780,000 Shares, respectively. Together Win Capital (Holdings) Co., Ltd. is deemed to be interested in an aggregate of 22,740,000 Shares pursuant to the SFO.
4. Mr. Huang Zhigang is the sole shareholder of Together Win Capital (Holdings) Co., Ltd. and thus is deemed to be interested in Together Win Capital (Holdings) Co., Ltd.'s interest in the Shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other person, other than Directors and the chief executive of the Company, who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

For the six months ended 30 June 2024, the Company or any of its subsidiaries had not entered into any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 30 June 2024.

SHARE OPTION SCHEME

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

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

No option had been granted as at 31 December 2023 and up to 30 June 2024.

SHARE AWARD PLAN

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

The total number of Shares that can be subscribed for and/or purchased by the Trustee by applying the Group contribution for the purpose of the Share Award Plan shall not exceed 10% of the then total number of issued Shares from time to time (without taking into account the number of Shares to be subscribed for). The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Share Award Plan when such subscription and/or purchase will result in such threshold being exceeded. As amended on 8 December 2021, the total number of Shares which may be subject to an award or awards each time granted to a selected participant shall not in aggregate exceed 1% of the total number of issued Shares as at the date(s) of such award(s). Subject to any early termination as may be determined by the Board pursuant to the terms of the Share Award Plan, the Share Award Plan shall be valid and effective for a term of ten (10) years commencing on its Adoption Date of 15 April 2021. The remaining life of the Share Award Plan shall be approximately seven (7) years.

At the beginning and end of the Period and as of the date of this report, 41,483,781 number of Shares were available for grant under the Share Award Plan, representing 10% of the total number of issued shares of the Company, which is also the number of Shares that may be issued in respect of the awarded granted during the Year divided by the weighted average number of Shares in issue for the Year.

No Awarded Shares were granted during the Period.

During the six months ended 30 June 2024, the Group recognised share-based payments expenses of approximately RMB7,337,000 (the six months ended 30 June 2023: approximately RMB3,664,000).

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

Awardee	Date of grant	Subscription price	Closing price per share immediately before the date of grant	Fair value per share	Vesting period and vesting conditions	Not yet vested as at 1 January 2024	No. of Awarded Shares granted	Vested	Lapsed	Cancelled	Not yet vested as at 30 June 2024
He Shaoning (non-executive Director)	12 January 2023	The Awardee is not required to pay any amount for the Awarded Shares. The Awarded Shares shall be issued and allotted at par value to the Trustee by the Company under the terms of the Share Award Plan by utilising the funds allocated by the Board out of the Company's resources	HK\$1.27	closing price of HK\$1.25 per share as quoted on the Stock Exchange as at the date of award	Note 1	2,240,000	—	—	—	—	2,240,000
Li Tao (executive Director)	12 January 2023	The Awardee is not required to pay any amount for the Awarded Shares. The Awarded Shares shall be issued and allotted at par value to the Trustee by the Company under the terms of the Share Award Plan by utilising the funds allocated by the Board out of the Company's resources	HK\$1.27	closing price of HK\$1.25 per share as quoted on the Stock Exchange as at the date of award	Note 2	468,000	—	—	—	—	468,000
Non-connected Awardees	12 January 2023	The Awardee is not required to pay any amount for the Awarded Shares. The Awarded Shares shall be issued and allotted at par value to the Trustee by the Company under the terms of the Share Award Plan by utilising the funds allocated by the Board out of the Company's resources	HK\$1.27	closing price of HK\$1.25 per share as quoted on the Stock Exchange as at the date of award	Note 3	1,828,149	—	—	—	—	1,828,149
Non-connected Awardees	8 December 2021	The Awardee is not required to pay any amount for the Awarded Shares. The Awarded Shares shall be issued and allotted at par value to the Trustee by the Company under the terms of the Share Award Plan by utilising the funds allocated by the Board out of the Company's resources	HK\$4.30	closing price of HK\$4.8 per share as quoted on the Stock Exchange as at the date of award	Note 4	3,233,815	—	—	—	—	3,233,815

Notes:

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

Having considered that the past performance and contributions to the Group of the Selected Participants, the Remuneration Committee and the Board consider that the grant of such Awarded Shares with a short vesting period:

- (i) aligns the interests of the Selected Participants with those of the Company and the shareholders of the Company as a whole;
- (ii) rewards and recognises the contribution of the Selected Participants to the Group; and
- (iii) provides incentive to the Selected Participants to continue to work for the success and improved performance of the Group. All of these are consistent with the purpose of the Share Award Plan.

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

COMPETING INTERESTS

For the six months ended 30 June 2024, the Directors are not aware of any business or interest of each Director, controlling Shareholder, management Shareholder and their respective associates (as defined in Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

COMPLIANCE WITH PRACTICES ON CORPORATE GOVERNANCE CODE

The Directors consider that for the six months ended 30 June 2024, the Company has adopted the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules, the Company has established the Audit Committee, which operates under terms of reference approved by the Board. It is the Board's responsibility to ensure that an effective internal control and risk management structure is in place within the Company, including internal controls and risk management to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial factors such as the benchmarking of key operational performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a structure of internal controls and risk management and ethical standards for the Group's management to the Audit Committee. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Pang Xia, Mr. Deng Chunhua and Ms. Chen Nan. Ms. Pang Xia is the chairlady of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024.

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

Hong Kong, 29 August 2024

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

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Sino-Entertainment Technology Holdings Limited (Stock code: 6933)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“EIT”	enterprise income tax in the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date
“Listing Date”	15 July 2020, on which dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Period”	the six months period ended 30 June 2024
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this report, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2020
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company

Glossary

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