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Infinites Technology International (Cayman) Holding Limited

多牛科技國際(開曼)集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1961)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Infinites Technology International (Cayman) Holding Limited (the “**Company**”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (“**First Half 2024**”) together with the comparative figures for the corresponding period in 2023.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended 30 June		Change (%)
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	
Revenue	133,899	142,787	-6.2%
Gross profit	21,147	23,647	-10.6%
Loss for the period	(19,458)	(10,544)	84.5%

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the First Half 2024 (six months ended 30 June 2023 (“**First Half 2023**”)): Nil).

REVIEW OF OPERATION

With breakthroughs in AI technology, the application of AI technology in various industries has begun to flourish. At the beginning of 2024, China once again proposed to accelerate the development of new quality productive forces and steadily promote high-quality development. Predictably, the digital entertainment service industry will also further develop towards informatization, digitization, and intelligence in the future. The Company keeps up with the times, further solidifying its strategic goal of using AI technology as the core to create a diversified digital entertainment service platform for global users. The Company has accumulated substantial resources and technical advantages in mobile games, digital media, gaming products supply and other businesses. In the future, we will gradually integrate various businesses with AI technology, make product iteration and upgrades, further enhance user viscosity of products, and achieve the goal of reducing costs and increasing efficiency. Through continuous optimization of the existing business structure, the Company is able to forge ahead steadily. Meanwhile, in the First Half 2024, the Company newly expanded into AI application development and related services, providing partners with more excellent AI products and services, while accumulating more AI technology advantages for the Company.

The Company’s revenue decreased by RMB8.9 million or 6.2% to approximately RMB133.9 million for the First Half 2024 from approximately RMB142.8 million for the First Half 2023. The decrease was mainly due to a decrease of approximately RMB9.3 million in revenue from mobile games business, an increase of approximately RMB31.4 million in revenue from digital media business, and a decrease of RMB31.1 million in revenue from gaming products supply business. The gross profit decreased by approximately RMB2.5 million or 10.6% to approximately RMB21.2 million for the First Half 2024 from approximately RMB23.7 million for the First Half 2023. The decrease was mainly due to (1) a slight decline in mobile games business revenue for the current period; and (2) AI application development and related services business was newly established during the period, which was at an early stage of development and spent more resources, resulting in a lower level of gross profit.

OUTLOOK

The boom of AI technology development has brought a new round of evolution and opportunities to various industries. The digital entertainment service industry aligns with AI technology, quickly becoming the frontier of technological innovation. It has not only rapidly developed in terms of technological integration, but also demonstrated astonishing speed and efficiency in practical application. The integration of AI technology has enriched and enhanced the form of performance and user experience of digital entertainment services, and will also provide new energy for the innovation and development of the overall digital entertainment service industry.

At the same time, the global players' demand for high-quality and diversified gaming products continues to grow. Domestic games like the Black Myth: Wukong continue to gain influence globally, and gradually demonstrate their competitiveness internationally. In the future, the domestic and overseas gaming markets will experience stronger development.

The Company will focus on the future, seize the industry opportunities brought by the boom of AI technology, and continue to increase investment in mobile games development, digital media development, AI technology development and overseas market expansion. We will further explore the integration of AI technology with our businesses, continuously uncover new application scenarios of products, integrate resources to make innovation, create more product portfolios, and empower our partners, to provide momentum for the Company's long-term development.

PROSPECTS

In the second half of 2024, the Company will continue to focus on AI technology, increase efforts in technology development, promote the application of products, further improve the digital entertainment service ecosystem empowered by AI technology, and achieve the integrated development of mobile games and digital media businesses with AI technology. We will also enhance user experience and user viscosity through technological innovation and product iteration.

Meanwhile, the Company will strengthen the development of mobile games and actively expand into overseas markets. By collaborating with well-known IP companies and renowned gaming companies, the Company will create high-quality games and continuously enhance its reputation and influence in the international market. The Company will deepen the business structure of digital media, enhance its capability for digital media distribution services, and provide higher-quality advertisement services to partners, to gain mutual benefits.

Looking forward, the Company will continue to adhere to the principles of allocating resources in a flexible and timely manner. While ensuring the steady development of existing businesses, the Company will closely monitor market demands, continuously advance its diversified business development strategies empowered by AI technology, improve the efficiency of digital entertainment service platforms, provide users with higher-quality products and services, and lay a more solid foundation for the Company's long-term development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Mobile Games

The mobile games 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 games of the Group in the periods indicated:

	Six months ended 30 June		Change (%)
	2024	2023	
Game			
Number of paying players ('000)	211.3	680.0	-68.9%
Average MPUs ('000)	35.2	113.3	-68.9%
Average ARPPU (RMB)	176.8	114.9	53.9%

- MPUs. The average monthly paying users (“MPUs”) for the game business decreased to approximately 35.2 thousand for the First Half 2024 from approximately 113.3 thousand for the First Half 2023. Such decrease was primarily because some games have been approaching to the latter part of game life cycle and less attractive to the new paying users, while the promotion of newly launched games were still in the initial stage of operation.
- ARPPU. The average revenue per paying user (“ARPPU”) level of game business increased to approximately RMB176.8 for the First Half 2024 as compared to approximately RMB114.9 for the First Half 2023. Such increase was primarily due to the star game products operated during the period, with stronger attraction to paying players.

The following table sets forth the Group's interim condensed consolidated statement of profit or loss for the First Half 2024 as compared to the First Half 2023:

	Six months ended 30 June		Change (%)
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	
Revenue	133,899	142,787	-6.2%
Cost of sales	(112,752)	(119,140)	-5.4%
Gross profit	21,147	23,647	-10.6%
Other income and gains, net	6,048	1,902	218.0%
Selling and distribution expenses	(3,756)	(4,724)	-20.5%
Administrative expenses	(21,768)	(14,534)	49.8%
Research and development expenses	(16,045)	(12,189)	31.6%
Impairment of trade receivables	(2,408)	(1,039)	131.8%
Other expenses	(2,313)	(3,060)	-24.4%
Finance costs	(199)	(163)	22.1%
Share of results of associates	(20)	(33)	-39.4%
Loss before tax	(19,314)	(10,193)	89.5%
Income tax expense	(144)	(351)	-59.0%
Loss for the period	(19,458)	(10,544)	84.5%

Revenue

Revenue decreased by approximately RMB8.9 million or 6.2% to approximately RMB133.9 million for the First Half 2024 from approximately RMB142.8 million for the First Half 2023. The following table sets forth the revenue of the Group by business for the six months ended 30 June 2023 and 2024:

	Six months ended 30 June			
	2024	% to total	2023	% to total
	<i>RMB'000</i>	<i>revenue</i>	<i>RMB'000</i>	<i>revenue</i>
	(Unaudited)		(Unaudited)	
Mobile games				
— Development and operation	46,760	34.9%	54,833	38.4%
— Information services	117	0.1%	1,327	0.9%
Digital media				
— Content distribution	588	0.4%	1,209	0.8%
— Advertisement distribution services	53,724	40.1%	24,633	17.3%
— Subscription fee of AIGC mobile app	1,563	1.2%	21,221	14.9%
— AI application development and related services	22,649	16.9%	—	—
Gaming products supply	8,498	6.4%	39,564	27.7%
Total revenue from contracts with customers	133,899	100.0%	142,787	100.0%

- Revenue generated from the Group's mobile games decreased by approximately RMB9.3 million or 16.5% to approximately RMB46.9 million for the First Half 2024 from approximately RMB56.2 million for the First Half 2023. Such decrease was primarily due to (1) the number of games promoted decreased as compared with the same period last year; and (2) some games have been approaching to the latter part of game life cycle and the promotion of newly launched game were still in their initial stage of operation.
- Revenue generated from the Group's digital media content distribution increased by approximately RMB31.4 million or 66.8% to approximately RMB78.5 million for the First Half 2024 from approximately RMB47.1 million for the First Half 2023. Such increase was primarily due to (1) the development of the advertisement distribution services business was more stable as compared with the same period of last year, and its revenue recorded a double growth; and (2) the AI application development and related services business was newly established during the period.

- Revenue generated from the Group’s game product supply businesses decreased by approximately RMB31.1 million or 78.5% to approximately RMB8.5 million for the First Half 2024 from approximately RMB39.6 million for the First Half 2023. Such decrease was primarily due to the decrease in the gaming products demands resulting from the delay in the release of new products for the main selling game products and the relatively saturated market for the existing products.

Cost of sales

Cost of sales decreased by approximately RMB6.3 million or 5.4% to approximately RMB112.8 million for the First Half 2024 from approximately RMB119.1 million for the First Half 2023. The decrease was mainly due to the decrease in service fees charged by the Group’s distribution channel suppliers resulting from decrease in the revenue. For the First Half 2024, the percentage of cost of sales to total revenue increased to approximately 84.2% (for the First Half 2023: 83.4%) mainly due to the AI application development and related services business was newly added during the period, which was at an early stage of development and required more investment in cost resources.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB0.9 million or 20.5% to approximately RMB3.8 million for the First Half 2024 from approximately RMB4.7 million for the First Half 2023. Such decrease was principally due to decrease in advertisement promoting expenses during the period.

Administrative expenses

Administrative expenses increased by approximately RMB7.3 million or 49.8% to approximately RMB21.8 million for the First Half 2024 from approximately RMB14.5 million for the First Half 2023. Such increase was principally due to (1) the higher employee costs and office expenses resulting from increase in office premises and staff headcount, as well as higher depreciation expenses for new assets during the period; and (2) the increase in professional service fees arising from the acquisition of Beijing Wande Game Technology Company Limited (“**Beijing Wande**”) during the current period (for details, please refer to the announcement of the Company dated 24 April 2024).

Research and development expenses

Research and development expenses increased by approximately RMB3.8 million or 31.6% to approximately RMB16.0 million for the First Half 2024 from approximately RMB12.2 million for the First Half 2023. Such increase was principally due to increased investment in the development of multiplayer mobile games projects in response to the market changes during the current period, with some of the game development projects completed.

Other income and gains, net

Other income and gains, net, increased to approximately RMB6.0 million for the First Half 2024 from approximately RMB1.9 million for the First Half 2023. Such increase was mainly due to the increase in gain arising from disposal of subsidiaries during the period.

Impairment of trade receivables

Impairment of trade receivables was approximately RMB2.4 million for the First Half 2024 as compared to approximately RMB1.0 million for the First Half 2023. Such increase was mainly due to the increase in trade receivable balance during the period, which the management has cautiously considered impairment risk and increased the provision for impairment.

Other expenses

Other expenses were approximately RMB2.3 million for the First Half 2024, as compared to other expenses of approximately RMB3.1 million for the First Half 2023. Such decrease was because interests in associates have been adequately considered for impairment risk in the past, and there is less impairment provision to be recognized during the current period.

Finance costs

Finance cost amounted to approximately RMB199,000 for the First Half 2024, as compared to the First Half 2023 which amounted to approximately RMB163,000. Such increase was mainly due to the interest on loans arising from the new bank borrowings, and the increase in interest on lease liabilities during the current period.

Income tax expense

The income tax expense for the First Half 2024 was approximately RMB144,000, as compared to the First Half 2023 which amounted to approximately RMB351,000. Such decrease was mainly due to the decline in profitability of some subsidiaries.

Loss for the period

Based on the foregoing, the loss for the First Half 2024 was approximately RMB19.5 million, as compared to the loss of approximately RMB10.5 million for the First Half 2023.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Cash and cash equivalents	<u>15,280</u>	<u>37,211</u>

The Group's total cash and cash equivalents decreased to approximately RMB15.3 million as at 30 June 2024 from approximately RMB37.2 million as at 31 December 2023. Such decrease was mainly due to increase of the resource spent on the development of multiplayer mobile games projects in response to the market changes during the current period, to enhance the Group's market competitiveness in the future.

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

The Group's bank borrowing balance was RMB3 million as at 30 June 2024 (As at 31 December 2023: Nil). As at 30 June 2024, the Group's gearing ratio (calculated as bank borrowing and loan from fellow subsidiaries divided by total assets) was 1.5% (As at 31 December 2023: 0.04%). The borrowing requirements of the Group are not subject to seasonality.

MATERIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENT

On 8 September 2023, the Company entered into a share purchase agreement with Infinities B&M Technology Limited (“**Infinities B&M**”), pursuant to which the Company conditionally agreed to acquire and Infinities B&M conditionally agreed to sell the entire issued share capital of Infinities Wonder Limited (“**Infinities Wonder**”) at the consideration of HK\$134,820,000. The consideration shall be satisfied by the 96,300,000 shares to be issued and allotted by the Company under specific mandate. On 24 April 2024, the Company completed the acquisition, and held the entire issued share capital of Infinities Wonder, while Infinities Wonder has become a wholly-owned subsidiary of the Company and indirectly owns 60% equity interest in Beijing Wande. Pursuant to the share purchase agreement, the Company has allotted and issued 96,300,000 consideration shares at the issue price of HK\$1.4 per consideration share to Infinities B&M under the acquisition. For details, please refer to the announcement of the Company dated 24 April 2024.

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

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant unrecorded contingent liabilities.

HUMAN RESOURCES

As at 30 June 2024, the Group had a total of 110 employees (as at 30 June 2023: 83 employees) who are based in Guangzhou, Beijing, Chengdu and Hong Kong. Total staff costs were approximately RMB11.8 million for the First Half 2024. The Group provides employees with competitive remuneration and various benefits including housing, pension, medical and unemployment benefit plans, and the Group’s remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provides customized and continuous on-the-job training to its new employees by experienced mentors from relevant teams or departments.

EVENT AFTER THE REPORTING PERIOD

The Group did not have any significant events after 30 June 2024 and up to the date of this announcement.

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 games industry in the People's Republic of China ("PRC"). The major hurdles include (i) new policies or any amendment to the current policies in relation to the mobile games 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 or financial results.

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

With regard to the Group's newly established business, gaming products supply, as the Group's suppliers include both domestic and overseas suppliers, the main difficulties faced by the Group include (i) the quality of game products purchased from suppliers, as well as losses during transportation; (ii) relying on a single customer; and (iii) fluctuations in foreign exchange rates that may adversely affect the Group's cash flow or financial results.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	133,899	142,787
Cost of sales		(112,752)	(119,140)
		<hr/>	<hr/>
Gross profit		21,147	23,647
Other income and gains, net	4	6,048	1,902
Selling and distribution expenses		(3,756)	(4,724)
Administrative expenses		(21,768)	(14,534)
Research and development expenses		(16,045)	(12,189)
Impairment of trade receivables		(2,408)	(1,039)
Other expenses		(2,313)	(3,060)
Finance costs		(199)	(163)
Share of results of associates		(20)	(33)
		<hr/>	<hr/>
Loss before tax	5	(19,314)	(10,193)
Income tax expense	6	(144)	(351)
		<hr/>	<hr/>
Loss for the period		(19,458)	(10,544)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the parent		(22,380)	(10,416)
Non-controlling interests		2,922	(128)
		<hr/>	<hr/>
		(19,458)	(10,544)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to ordinary equity holders of the parent	8		
Basic and diluted		RMB(3.3) cents	RMB(1.8) cents
		<hr/> <hr/>	<hr/> <hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	(19,458)	(10,544)
Other comprehensive income/(loss)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group companies	2,338	5,660
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>(3,496)</u>	<u>(2,471)</u>
Other comprehensive income/(loss) for the period	<u>(1,158)</u>	<u>3,189</u>
Total comprehensive loss for the period	<u><u>(20,616)</u></u>	<u><u>(7,355)</u></u>
Attributable to:		
Owners of the parent	(23,538)	(7,227)
Non-controlling interests	<u>2,922</u>	<u>(128)</u>
	<u><u>(20,616)</u></u>	<u><u>(7,355)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		5,798	6,893
Right-of-use assets		6,742	7,788
Goodwill	11	128,555	–
Interests in associates		865	3,961
Equity investments designated at fair value through other comprehensive income		2,925	6,421
Prepayments and deposits		13,351	13,814
		<hr/>	<hr/>
Total non-current assets		158,236	38,877
		<hr/>	<hr/>
Current assets			
Trade receivables	9	133,629	84,753
Prepayments, deposits and other receivables		93,843	67,315
Cash and cash equivalents		15,280	37,211
		<hr/>	<hr/>
Total current assets		242,752	189,279
		<hr/>	<hr/>
Current liabilities			
Trade payables	10	112,295	59,275
Contract liabilities		10,537	16,795
Other payables and accruals		30,002	23,409
Interest-bearing bank borrowings		3,000	–
Lease liabilities		1,921	3,470
Loans from fellow subsidiaries		3,020	100
Tax payable		1,530	1,467
		<hr/>	<hr/>
Total current liabilities		162,305	104,516
		<hr/>	<hr/>
Net current assets		80,447	84,763
		<hr/>	<hr/>
Total assets less current liabilities		238,683	123,640
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current liabilities		
Lease liabilities	5,019	4,875
Deferred tax liabilities	2,303	2,303
	<hr/>	<hr/>
Total non-current liabilities	7,322	7,178
	<hr/>	<hr/>
Net assets	231,361	116,462
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	6,650	5,683
Reserves	218,841	105,476
	<hr/>	<hr/>
	225,491	111,159
	<hr/>	<hr/>
Non-controlling interests	5,870	5,303
	<hr/>	<hr/>
Total equity	231,361	116,462
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NOTES

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 606, West Building, Fangyuan E Time, 12-1 Keyun 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.

During the period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the development and operation of mobile games, the distribution of digital media content and gaming products supply in China and overseas.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023.

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 which have been measured at fair value. They are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in mobile games development and operation, digital media content distribution and gaming products supply in China and overseas. 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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Mainland China	78,716	81,643
Other countries/regions	55,183	61,144
Total revenue	<u>133,899</u>	<u>142,787</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
	Mainland China	140,041
Other countries/regions	1,919	2,560
Total non-current assets	<u>141,960</u>	<u>18,642</u>

The non-current asset information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income, prepayments and deposits.

Information about major customers

Revenue of gaming products supply approximately RMB8,498,000 (six months ended 30 June 2023: RMB33,426,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Types of goods and services		
Mobile games		
— Development and operation	46,760	54,833
— Information services	117	1,327
Digital media		
— Content distribution	588	1,209
— Advertisement distribution services	53,724	24,633
— Subscription fee of AIGC mobile app	1,563	21,221
— AI application development and related services	22,649	—
Gaming products supply	8,498	39,564
	<hr/>	<hr/>
Total revenue from contracts with customers	133,899	142,787
	<hr/> <hr/>	<hr/> <hr/>
Geographical markets		
Mainland China	78,716	81,643
Other countries/regions	55,183	61,144
	<hr/>	<hr/>
Total revenue from contracts with customers	133,899	142,787
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
Point in time	80,860	66,733
Over time	53,039	76,054
	<hr/>	<hr/>
Total revenue from contracts with customers	133,899	142,787
	<hr/> <hr/>	<hr/> <hr/>

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	5	15
Government grants*	12	700
Reversal of impairment of interest in an associate	2,299	–
Additional deduction of input value-added tax**	–	1,096
Others	259	91
	<u>2,575</u>	<u>1,902</u>
Total other income	<u>2,575</u>	<u>1,902</u>
Gains, net		
Gain on disposal of subsidiaries	3,151	–
Gain on lease termination	322	–
	<u>3,473</u>	<u>–</u>
Total gains, net	<u>3,473</u>	<u>–</u>
Total other income and gains, net	<u><u>6,048</u></u>	<u><u>1,902</u></u>

* During the six months ended 30 June 2023, various government grants of approximately RMB0.7 million were received by certain subsidiaries as these subsidiaries were qualified as High and New Technology Enterprises in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

** During the six months ended 30 June 2023, an additional deduction of input value-added tax amounting to RMB1.1 million was recognized in profit or loss due to the VAT reform. In accordance with announcement No.39 of Relevant Policies for Deepening the VAT Reform jointly issued by the Ministry of Finance (the “MOF”), State Taxation Administration (the “SAT”) and General Administration of Customs, certain subsidiaries were eligible for deduction after a 10% increase in the current deductible input tax from 1 April 2019 to 31 December 2021. The implementation period was further extended to 31 December 2022 according to announcement No.11 by the MOF and SAT in 2022. In accordance with announcement No.1 by the MOF and SAT in 2023, certain subsidiaries were eligible for a 5% additional deduction to their tax payable based on the creditable input VAT in the period from 1 January 2023 to 31 December 2023.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	112,752	119,140
Depreciation of property, plant and equipment	937	484
Depreciation of right-of-use assets	1,836	412
Employee benefit expense (including directors' and chief executives' remuneration):		
Wages, fees, salaries, bonuses and allowances	8,966	10,034
Pension scheme contributions*	894	1,405
Total	<u>9,860</u>	<u>11,439</u>
Impairment/(reversal of impairment) of deposits and other receivables [#]	5	(26)
Impairment of interests in associates [#]	969	3,086
Loss on disposal of items of property, plant and equipment [#]	<u>4</u>	<u>–</u>

[#] 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.

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 2023: 25%) during the period, except for:

- (i) 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;
- (ii) In the prior period, a subsidiary of the Group which was qualified as a High and New Technology Enterprise in Mainland China, was entitled to a lower PRC corporate income tax rate of 15%; and
- (iii) In the prior period, a subsidiary of the Group was qualified as a software enterprise by the 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charge for the period	<u><u>144</u></u>	<u><u>351</u></u>

7. DIVIDEND

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent of RMB22,380,000 (six months ended 30 June 2023: RMB10,416,000), and the weighted average number of ordinary shares of 670,102,723 (six months ended 30 June 2023: 568,205,693) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

9. TRADE RECEIVABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	180,667	130,016
Impairment	(47,038)	(45,263)
	<u>133,629</u>	<u>84,753</u>

The Group's trading terms with its debtors are on credit. The credit periods range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding trade receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 30 days	29,808	13,468
31 to 60 days	12,686	15,620
61 to 90 days	17,512	17,371
91 to 180 days	45,069	15,940
181 to 365 days	15,172	9,401
Over 365 days	13,382	12,953
Total	<u>133,629</u>	<u>84,753</u>

10. TRADE PAYABLES

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 month	17,553	9,708
1 to 2 months	15,474	13,622
2 to 3 months	16,587	7,384
Over 3 months	<u>62,681</u>	<u>28,561</u>
Total	<u><u>112,295</u></u>	<u><u>59,275</u></u>

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

11. BUSINESS COMBINATION

On 24 April 2024, the Group acquired a 100% equity interest in Infinities Wonder Limited (“IWL”) from an intermediate holding company of the Company. IWL is an investment holding company with 60% equity interest in Beijing Wande Game Technology Company Limited (“Wande”). Wande is principally engaged in the development of mobile gaming products. The acquisition was made as part of the Group’s strategy to strengthen the diversification of products and expansion of business portfolio. The purchase consideration for the acquisition was in the form of allotment and issuance of 96,300,000 consideration shares of RMB124,910,000 on 24 April 2024.

The provisional fair values of the identifiable assets and liabilities of IWL as at the date of acquisition were as follows:

	Provisional fair value recognised on acquisition RMB'000 (Unaudited)
Cash and cash equivalents	323
Prepayments and other receivables	72
Other payables and accruals	(950)
Due to fellow subsidiaries	<u>(5,520)</u>
Total identifiable net liabilities	(6,075)
Non-controlling interests	2,430
Provisional goodwill on acquisition	<u>128,555</u>
Satisfied by allotment and issuance of shares	<u><u>124,910</u></u>

OTHER INFORMATION

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

During the First Half 2024 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury shares).

Use of Proceeds from Placing of New Shares under General Mandate

The net proceeds raised by the Company from placing of new shares under general mandate on 2 May 2023 (the “**First Placing**”) are approximately RMB88.18 million (after deduction of the underwriting commissions in respect of the offering and other estimated expenses). As at 30 June 2024, the net proceeds from the First Placing were fully utilized in accordance with the intended purposes stated in the announcement of the Company dated 2 May 2023 (the “**Placing Announcement I**”).

As at 30 June 2024, the net proceeds from the First Placing had been applied as follows:

	Net amount available on 2 May 2023 <i>RMB million</i>	Actual net amount utilized as at 30 June 2024 <i>RMB million</i>	Unutilized net amount on 30 June 2024 <i>RMB million</i>
30% for Research and development in the gaming products and AI products	26.45	26.45	–
15% for Expand the gaming sector	13.23	13.23	–
15% for Expand digital media sector	13.23	13.23	–
40% for Working capital and general corporate use	35.27	35.27	–
Total	<u>88.18</u>	<u>88.18</u>	<u>–</u>

The net proceeds raised by the Company from placing of new shares under general mandate on 18 December 2023 (the “**Second Placing**”) are approximately RMB25.32 million (after deduction of the underwriting commissions in respect of the offering and other estimated expenses). As at 30 June 2024, the net proceeds from the Second Placing were fully utilized in accordance with the intended purposes stated in the announcement of the Company dated 18 December 2023 (the “**Placing Announcement II**”).

As at 30 June 2024, the net proceeds from the Second Placing had been applied as follows:

	Net amount available on 18 December 2023 <i>RMB million</i>	Actual net amount utilized as at 30 June 2024 <i>RMB million</i>	Unutilized net amount on 30 June 2024 <i>RMB million</i>
30% for Research and development in the gaming products and AI products	7.60	7.60	–
30% for Expand the gaming sector	7.60	7.60	–
40% for Working capital and general corporate use	10.12	10.12	–
	<hr/>	<hr/>	<hr/>
Total	25.32	25.32	–
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net proceeds raised by the Company from placing of new shares under general mandate on 28 March 2024 (the “**Third Placing**”) are approximately RMB12.96 million (after deduction of the underwriting commissions in respect of the offering and other estimated expenses). As at 30 June 2024, the net proceeds from the Third Placing were partially utilized in accordance with the intended purposes stated in the announcement of the Company dated 28 March 2024 (the “**Placing Announcement III**”), with the balance amounted to approximately RMB3.10 million. The balance of the proceeds are intended to be utilized according to the manner and proportions as disclosed in the Placing Announcement III.

As at 30 June 2024, the net proceeds from the Placing had been applied as follows:

	Net amount available on 28 March 2024	Actual net amount utilized as at 30 June 2024	Unutilized net amount on 30 June 2024	Expected timeline for utilising the remaining net proceeds (<i>Note</i>)
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
30% for Research and development in the gaming products and AI products	3.89	2.89	1.00	By 31 December 2024
30% for Expand the gaming sector	3.89	2.59	1.30	By 31 December 2024
40% for Working capital and general corporate use	5.18	4.38	0.80	By 31 December 2024
Total	<u>12.96</u>	<u>9.86</u>	<u>3.10</u>	

Note: The expected timeline for utilizing the remaining net proceeds is based on the best estimation of future market conditions and is consistent with that as described in the Placing Announcement III. It might be subject to changes based on the current and future development of the market conditions.

Audit Committee

The audit committee of our Company (the “**Audit Committee**”) currently has three members, being an independent non-executive Director, Mr. Leung Ming Shu (chairman of Audit Committee) , an independent non-executive Director, Mr. Yan Chi Kwan and a non-executive Director, Mr. Liang Junhua, with terms of reference in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Audit Committee has reviewed with the Board about the accounting standards and practices adopted by the Group and the unaudited interim condensed consolidated financial information of the Company for the First Half 2024, and has discussed matters in relation to the accounting policies and practices adopted by the Company and the internal control and risk management systems and financial reporting with the management. The Audit Committee considered that the interim financial results for the six months ended 30 June 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Corporate Governance Code

The Company has committed to delivering and maintaining a higher standard of corporate governance to meet the business needs and expectation from the shareholders of the Company (the “**Shareholders**”). The Company has adopted principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules as the basis of the Company’s principles and corporate governance practices. During the reporting period and up to the date of this announcement, the Board comprised only male Directors. In order to achieve board diversity requirement pursuant to Rule 13.92 of the Listing Rules, the Company will appoint at least one female Director by no later than 31 December 2024.

Save as disclosed above, the Company has complied with the applicable code provisions of the CG Code during the First Half 2024.

Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct and procedures governing Directors’ securities transactions in stringent compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the code of conduct and procedures governing Directors’ securities transactions during the First Half 2024.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

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

This interim results announcement is published on the websites of Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.infinities.com.hk>). The interim report of the Company for the First Half 2024 containing all the information required by the Disclosure of Financial Information as set out in Appendix D2 to the Listing Rules will be despatched to the Shareholders, if necessary, and published on the websites of the Stock Exchange and the Company in due course.

Appreciation

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

By Order of the Board
Infinites Technology International (Cayman) Holding Limited
多牛科技國際(開曼)集團有限公司
Li Qiang
Chairman and Executive Director

Hong Kong, 29 August 2024

As at the date of this announcement, the Board comprises two executive Directors namely Mr. Li Qiang and Mr. Wang Le; two non-executive Directors namely Mr. Liang Junhua and Mr. Wang Ning; and three independent non-executive Directors namely Mr. Leung Ming Shu, Mr. Yan Chi Kwan and Mr. Tang Shun Lam.