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## **智數科技集團有限公司**

**SMART DIGITAL TECHNOLOGY GROUP LIMITED**

*(Formerly known as Starlight Culture Entertainment Group Limited 星光文化娛樂集團有限公司)*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1159)**

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

## **INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Smart Digital Technology Group Limited (the “Company”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 as follows:

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>25,569</b>	44,228
Cost of sales		<u>–</u>	<u>(32,649)</u>
Gross profit		<b>25,569</b>	11,579
Other income and gains		<b>271</b>	4,304
Selling and distribution expenses		<b>(1,007)</b>	(5,036)
Administrative expenses		<b>(9,551)</b>	(12,310)
Changes in fair value of financial and derivative financial liabilities		<b>(12,668)</b>	(3,097)
Finance costs		<b>(12,573)</b>	(16,924)
Other expenses		<u><b>(1,327)</b></u>	<u>(3,936)</u>
LOSS BEFORE TAX	6	<b>(11,286)</b>	(25,420)
Income tax expense	7	<u>–</u>	<u>–</u>
LOSS FOR THE PERIOD		<u><b>(11,286)</b></u>	<u>(25,420)</u>

		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
Attributable to:			
Owners of the parent		<b>(11,286)</b>	(25,270)
Non-controlling interests		<u>          –</u>	<u>          (150)</u>
		<b><u>(11,286)</u></b>	<b><u>(25,420)</u></b>
LOSS PER SHARE ATTRIBUTABLE			
TO ORDINARY EQUITY HOLDERS OF			
THE PARENT			
	9		
Basic and diluted			
– For loss for the period		<b><u>HK\$(1.15) cents</u></b>	<b><u>HK\$(3.07) cents</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	<u>(11,286)</u>	<u>(25,420)</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(1,374)</u>	<u>(2,202)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(1,374)</u>	<u>(2,202)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(1,374)</u>	<u>(2,202)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(12,660)</u>	<u>(27,622)</u>
Attributable to:		
Owners of the parent	(12,660)	(27,471)
Non-controlling interests	<u>—</u>	<u>(151)</u>
	<u>(12,660)</u>	<u>(27,622)</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		<b>30 June</b>	31 December
		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Audited)
	Notes	<b>HK\$'000</b>	HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>22</b>	276
Right-of-use assets		<b>268</b>	1,534
Prepayments, other receivables and other assets		<b>290,056</b>	290,108
Investment in film and television programs and program rights		<b>11,713</b>	11,715
		<u><b>302,059</b></u>	<u>303,633</u>
Total non-current assets			
<b>CURRENT ASSETS</b>			
Trade receivables	10	<b>10,873</b>	12,006
Prepayments, other receivables and other assets		<b>92,905</b>	97,728
Contract assets		<b>4,403</b>	11,163
Cash and cash equivalents		<b>53,449</b>	52,003
		<u><b>161,630</b></u>	<u>172,900</u>
Total current assets			
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>86,581</b>	104,256
Contract liabilities		<b>35,879</b>	36,581
Interest-bearing borrowings and film investment loans		<b>422,963</b>	441,696
Derivative financial liabilities		<b>39,135</b>	36,984
Financial liabilities at fair value through profit or loss		<b>206,917</b>	196,464
Amount due to a shareholder		<b>1,074</b>	1,099
Lease liabilities		<b>274</b>	1,209
Tax payable		<b>35,313</b>	36,046

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Notes		
Total current liabilities	<u>828,136</u>	<u>854,335</u>
NET CURRENT LIABILITIES	<u>(666,506)</u>	<u>(681,435)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(364,447)</u>	<u>(377,802)</u>
NON-CURRENT LIABILITIES		
Lease liabilities	<u>–</u>	<u>448</u>
Net liabilities	<u>(364,447)</u>	<u>(378,250)</u>
EQUITY		
Share capital	98,556	82,356
Reserves	<u>(462,497)</u>	<u>(460,100)</u>
Equity attributable to owners of the parent	<u>(363,941)</u>	<u>(377,744)</u>
Non-controlling interests	<u>(506)</u>	<u>(506)</u>
Net deficit	<u><u>(364,447)</u></u>	<u><u>(378,250)</u></u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

## 1. CORPORATE AND GROUP INFORMATION

Smart Digital Technology Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company is Room 1201, 12th Floor, 1111 King’s Road, Taikoo Shing, Hong Kong.

During the six months ended 30 June 2024, the Company and its subsidiaries (the “Group”) were involved in the media and culture business.

In the opinion of the directors of the Company (the “Directors”), the single largest shareholder of the Company is Timcha Investment Limited (formerly known as CICFH Innovation Investment Limited) (“Timcha”), a company wholly owned by 江陰星輝文化傳播有限公司 (Jiangyin Starlight Communications Co., Ltd.\*), a limited company incorporated in the People’s Republic of China (the “PRC”). In the opinion of the Directors, as of 30 June 2024, the Company has no controlling shareholder.

\* *The English name of the entity registered in the PRC represents the best efforts made by the management of the Company to translate its Chinese name as the entity does not have an official English name. The English translation of the name is for identification purposes only.*

## 2. 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*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### 3. 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 new and 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 and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above new and revised HKFRSs had no significant financial effect on the Group's condensed consolidated interim financial information, financial position and performance for the current period and prior years.



#### 4. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2024

	<b>Media and culture business HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
<b>Segment assets</b>	<u>463,689</u>	<u>463,689</u>
Total assets		<u><u>463,689</u></u>
<b>Segment liabilities</b>	<u>(828,136)</u>	<u>(828,136)</u>
Total liabilities		<u><u>(828,136)</u></u>

Year ended 31 December 2023

	<b>Media and culture business HK\$'000 (Audited)</b>	<b>Total HK\$'000 (Audited)</b>
<b>Segment assets</b>	<u>476,533</u>	<u>476,533</u>
Total assets		<u><u>476,533</u></u>
<b>Segment liabilities</b>	<u>(854,783)</u>	<u>(854,783)</u>
Total liabilities		<u><u>(854,783)</u></u>

## 5. REVENUE

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Revenue from contracts with customers</i>	<b><u>25,569</u></b>	<b><u>44,228</u></b>

### Disaggregated revenue information for revenue from contracts with customers

**For the six months ended 30 June 2024**

#### Segments

	<b>Media and culture business (Unaudited) HK\$'000</b>
<b>Types of goods or services</b>	
Revenue from motion pictures	<u>25,569</u>
Total revenue from contracts with customers	<b><u>25,569</u></b>
<b>Geographical markets</b>	
United States of America	<u>25,569</u>
Total revenue from contracts with customers	<b><u>25,569</u></b>
<b>Timing of revenue recognition</b>	
At a point in time	<u>25,569</u>
Total revenue from contracts with customers	<b><u>25,569</u></b>

For the six months ended 30 June 2023

**Segments**

	Media and culture business (Unaudited) HK\$'000
<b>Types of goods or services</b>	
Revenue from motion pictures	44,228
	<hr/>
Total revenue from contracts with customers	44,228
	<hr/> <hr/>
<b>Geographical markets</b>	
United States of America	44,228
	<hr/>
Total revenue from contracts with customers	44,228
	<hr/> <hr/>
<b>Timing of revenue recognition</b>	
At a point in time	44,228
	<hr/>
Total revenue from contracts with customers	44,228
	<hr/> <hr/>

## 6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of sales*	–	32,649
Amortisation of investment in film and television programs and program rights*	–	32,649
Depreciation of property, plant and equipment	254	340
Depreciation of right-of-use assets	1,110	983
Exchange differences, net	(612)	1,037
	<u>–</u>	<u>1,037</u>

\* Amortisation of investment in films, television programs and program rights are included in “Cost of sales” in the consolidated statement of profit or loss.

## 7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax was made as the Group did not generate any assessable profits in Hong Kong during each of the period ended 30 June 2024 and 2023. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Income tax consists income tax charged on the Group in Mainland China and United States of America (“USA”). Provision for the PRC enterprise income tax was calculated based on the statutory tax rate of 25% on the assessable income of the PRC companies during each of the periods ended 30 June 2024 and 2023. USA income tax applicable to the Group was charged at the federal tax rate of 21% and state tax rate, net of federal effect, of 7% during each of the periods ended 30 June 2024 and 2023.

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current	–	–
Deferred	–	–
	<u>–</u>	<u>–</u>
Total tax charge for the period	<u>–</u>	<u>–</u>

## 8. DIVIDENDS

No interim dividend has been paid or declared during each of the periods ended 30 June 2024 and 2023. The board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of HK\$11,286,000 (30 June 2023: HK\$25,270,000), and the weighted average number of ordinary shares of 985,564,799 (30 June 2023: 823,564,799) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2024 (30 June 2023: Nil).

## 10. TRADE RECEIVABLES

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

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Within 6 months	<u>10,873</u>	<u>12,006</u>
	<b><u>10,873</u></b>	<b><u>12,006</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND OPERATION REVIEW

In recent years, the media business of the Group has been affected by the COVID-19 pandemic which has spread all over the world in the year of 2019 and the strikes of the Writers Guild of America and Screen Actors Guild-AFTRA in 2023. Delays in distribution, settlement as well as receipt of income of TV drama and film investments of the Company significantly and negatively affected the operating results regarding these investments, which have been reducing the amount of revenue and gross profit recognized for a few years. The slow-down of business activities and postponement of some of the film and TV drama projects developed by the Group in prior years have impacted on the financial results of the Group.

Revenue from its media and culture business for the six months ended 30 June 2024 was approximately HK\$25.6 million, compared with approximately HK\$44.2 million for the corresponding period of 2023. Due to the decrease in revenue, the Group suffered losses from operation for both periods and reported a net loss attributable to owners of the Company of approximately HK\$11.3 million for the six months ended 30 June 2024 (2023: approximately HK\$25.3 million).

#### Media and Culture

The Group's movies and TV drama series products and investments, projects incubated by film directors and related prepayments amounted to approximately HK\$291.1 million as at 30 June 2024 (31 December 2023: approximately HK\$291.2 million), and the followings are some highlights:

#### ***Media investments and products***

##### *Crazy Rich Asians*

The movie was invested and released by Warner Bros. Pictures, co-invested by the Group and directed by director Jon M. Chu (who has entered into an agreement with the Group), and was released in August 2018. The film was adapted from a best-selling novel written by Kevin Kwan under the same title, which has a solid reader base. The movie stars Constance Wu, Henry Golding, Michelle Yeoh, etc. The highly anticipated movie is the first major film that is not a period piece in Hollywood in two and a half decades to feature an all ethnically Asian cast. As the first adapted work of the novel series, there is also an expectation for it to develop into commercially successful film series where the stories of the two sequels mainly take place in China. To date, according to Box Office Mojo, its worldwide gross is US\$238,532,921.

## *Greta*

The thriller/crime movie is directed by Neil Jordan who won the Academy Award for Best Original Screenplay and starring French actress Isabelle Huppert who has been nominated for the Academy Award for Best Actress. The international sales of the movie are undertaken by veteran sales agency Sierra/Affinity. To date, international sales are anticipated to be US\$9.5 million. The movie was premiered at the Toronto International Film Festival in September 2018 and was released in March 2019.

## *Midway*

The Group arranged the investment in the epic drama movie, directed by the well-known director Roland Emmerich (who has entered into an agreement with the Group), produced by Mark Gordon and starring Woody Harrelson, Mandy Moore and Luke Evans. It started principal photography in 2018 and was released on 8 November 2019. The movie is also the first World War II film of Roland Emmerich. It is adapted from the true stories of the Battle of Midway and tells rarely known stories of war heroes. The total budget was approximately US\$100 million. In terms of distribution, Summit Entertainment, LLC is responsible for the United States (“US”), Bona Film Group is responsible for the Greater China area and Accelerate Global Content, LLC is responsible for overseas sales. The Deadline Magazine has provided an extensive coverage in this regard and the commentary has described the movie as “one of the biggest movies on-sale at Cannes”. During the pre-sales period, excluding the Greater China area, overseas pre-sales had exceeded US\$30 million.

The movie topped the North American box office only in its opening week. According to Box Office Mojo, its worldwide gross amounted to US\$126,696,475. In addition, the movie also enjoyed positive buzz among audiences since its release, with being scored by up to 92% of the audiences (Audience Score) on Rotten Tomatoes, a professional film critics website.

### *Scary Stories to Tell in the Dark*

The movie is distributed in the US by Lionsgate, co-financed by CBS Films, eOne, the Group and Rolling Hills and was released in August 2019. The film is adapted from bestselling series of short horror stories, and written by Alvin Schwartz under the same title. It is directed by André Øvredal, produced by Academy Award Winner Guillermo del Toro, and written by Dan Hageman, Kevin Hageman, and Guillermo del Toro. Starring Zoe Margaret Colletti, Michael Garza, Gabriel Rush, etc., the movie's international distributor is Entertainment One and Sierra/Affinity is the foreign sales agency of the picture. Produced for US\$25 million, the movie earned US\$21 million at the domestic box office in its opening weekend. To date, according to Box Office Mojo, its worldwide gross is US\$104,545,505.

### *Malignant*

Malignant is a 2021 American horror film directed by James Wan from a screenplay by Akela Cooper, based on a story by Wan, Ingrid Bisu, and Cooper. The film stars Annabelle Wallis as a woman who begins to have visions of people being murdered, only to realize the events are happening in real life. Maddie Hasson, George Young, Michole Briana White, and Jacqueline McKenzie are also starred. Malignant was theatrically released in the US on September 10, 2021, by Warner Bros. Pictures was simultaneously streamed on HBO Max for one month. It is streaming on YouTube, Apple TV, Google Play Movies & TV, Vudu, Amazon Prime Video, YouTube TV and Hulu now.

Posted to his Twitter handle, Stephen King, the legendary horror author, praised Wan's Malignant. In one short sentence, King summed up his feelings, saying, "I watched MALIGNANT on HBO and thought it was brilliant." King's tweet already has had over 2,461 retweets and 33,000 likes. While critics and fans seem mixed over Wan's new horror movie, King sincerely felt the film was brilliant. Given King's expertise in all things horror, receiving a praise from him must feel like a high honor. For many fans who have yet to watch Malignant, King's high praise is sure to peak their interest.



Malignant was released to high reviews and good word of mouth. David Stratton from The Australian mentioned that “Wan cheerfully draws on the extreme work of horror film aficionados such as David Cronenberg and Dario Argento as he piles on the bloody violence.” Becca James from Chicago Reader mentioned that “Malignant is the type of movie that requires viewers to strap in and shut up from the onset.” A.A. Dowd from AV Club mentioned that “There’s no way to watch this deranged follow-up and not conclude that Wan’s back where he belongs.” Alison Shoemaker from Fox 10 Phoenix mentioned that “Wan’s final twist is so maniacal and so (and this is a compliment) deeply and thoroughly stupid that it more than makes up for the minor missteps along the way.” Perri Nemiroff from YouTube mentioned that “James Wan swings for the fences and it pays off big time. Malignant is a bonkers and bloody delight that showcases a multitude of different skills and styles Wan’s honed through his horror films over the years.” The IMDb rating of Malignant is 6.3/10. And, the Tomatometer of Malignant reaches 76%.

Malignant won the ReFrame Stamp for Best Feature at ReFrame 2022. It was also nominated for 1) BloodGuts UK Horror Awards at BloodGuts UK Horror Awards 2022 2) Best CCA Super Awards at Critics Choice Super Awards 2022 3) Dorian Award at GALECA: The Society of LGBTQ Entertainment Critics 2022 4) HFCS Award at Hawaii Film Critics Society 2022 5) HCA Award at Hollywood Critics Association 2022 6) HCA Awards At Hollywood Critics Association 2021 7) INOCA at International Online Cinema Awards (INOCA) 2022 8) MCFCA Award at the Music City Film Critics’ Association Awards 2022 9) PCC Award at the Phoenix Critics Circle 2021 10) PCA Award at the Portland Critics Association Awards 2021.

### *Marshall*

The movie was obtained by the Group through acquisition. It is internationally distributed by Sony Pictures Worldwide Acquisitions Inc., and distributed by Open Road Films, LLC in North America. The movie is produced by Paula Wagner, an experienced Hollywood producer, and starring Chadwick Boseman, the leading actor of “Black Panther”, and Sterling K. Brown, an Emmy Award winner and the leading actor of “This Is Us”. The movie was nominated for Oscar Best Original Song (theme song: Stand Up For Something) and received Top Ten Films of African American Film Critics Association Awards, Audience Choice Award of Chicago International Film Festival, Annual Song Award of Hollywood Film Awards, Best Original Song Award of Annual Satellite Awards as well as 18 other internationally renowned awards nominations.

## *Umma*

“Umma” is a film that stands out for its fusion of horror with a poetic and lyrical representation of Asian culture. The film was distributed by Sony Pictures on March 15, 2022. It was produced by the renowned horror maestro Sam Raimi, who is known for his work on the “Spider-Man” series and “The Evil Dead” series. The director and writer of the film, Iris K. Shim, has previously been acclaimed for her documentary “The House of Suh”, which won six awards. The lead role in “Umma” was played by the talented Sandra Oh, who was celebrated as the first Asian actress to win a Golden Globe in 40 years. Her collaboration with Sam Raimi and Iris K. Shim brought a fresh and innovative perspective to Hollywood horror. It garnered interest from major studios and was praised for its unique blend of horror with an intimate portrayal of East Asian culture. With the backing of Sony Pictures, “Umma” made a significant impact in the film industry upon its release in 2022 and won the ReFrame Stamp award.

## *My Robot Boyfriend*

My Robot Boyfriend, an urban love sci-fi comedy directed by Lai Chun Tsang and starring Chao Jiang and Xiaotong Mao, which has been firstly broadcasted on Zhejiang Satellite TV on 21 October 2019 with concurrently releasing on Tencent Video and Mango TV.

## **PROJECTS INCUBATING BY FILM DIRECTORS**

With the commitment in further diversifying and enhancing the entertainment business of the Group so as to broaden the income sources, the Group has engaged 8 film directors.

James Wan, Roland Emmerich, Jon M. Chu, Robert Zemeckis, Alan Taylor, Jonathan Liebesman, F. Gary Gray, Sylvester Stallone, Nattawut Poonpiriya and Sam Raimi have been engaged in relation to the development and production of motion picture projects, which enable the Group to tap into the business of film production and distribution. Reference may be made to the Company’s announcement dated 20 March 2020 for details of the profile of some of the projects under development. With respect to those projects that have not been completed prior to the terminations or expirations of the development agreements, the Company and relevant directors will continue to collaborate on the development of those projects.

Under the agreements, the Group has developed 44 feature projects, 38 among which have developed completed scripts.

Here are the projects developed under Development/Production Financing Agreements:

James Wan (9)	Malignant, Sentinel, Alien Santa, Golden, Roswell, The Magnificent Theater of Enchanted Puppet, The Call of Cthulhu, Mass Extinction, Border Patrol
Jon M. Chu (6)	Here and Now and Then, The Godfather, Sophia of Silicon Valley, Human Error, Cul-De-Sac, Project Human
Sam Raimi (7)	The Procession, Untitled Rob Savage Project, Bedtime Story, Umma, Sword of the Dead, Smooth Stones and Empty Bones, Little Snake
Nattawut Poonpiriya (2)	The Innkeeper, Homelands
Robert Zemeckis (2)	The Prisoner in His Palace, Empress Wu
Alan Taylor (2)	Gold Mountain, Stone Junction
Roland Emmerich (2)	Dreamland, Emergence
Jonathan Liebesman (1)	Scorpion
Sylvester Stallone (10)	Tier 1, Scavenger Hunt, Bellhop, Arcane, Dark Waters, Hunter, The Line that Held Us, Perfect Horse, Ghost, Safecracker
F Gary Gray (3)	Saints Row, Untitled Golf Action Comedy, Echo

Meanwhile, the Group has jointly developed 12 projects with A-list talents through collaboration, including: The Burden, GMO, Hunting Season, The Troop, The Devil Came to Saint Louis, The Monkey, The Fortunate Sons, The Pigeon, In the Shadow of the Mountain, Down Range, and RIP.

For these projects, the Group will take a diversified project structuring approach, including Films suitable for streaming platforms will be redirected towards them, which allows for relatively quick cost recovery, name recognition, and increased exposure and visibility through the widespread coverage of streaming platforms. Additionally, we will explore various channels for financing, such as international sales, tax refunds, minimum guarantees in North America, and derivative applications in the metaverse (NFT/digital collectible releases, metaverse construction, blockchain games), converting a portion of the budget allocated for visual effects into investments. By retaining the copyright, we aim to establish a new ecosystem.

The Group will be able to generate revenue from these projects and intellectual properties (“IPs”) through the following ways: recouping development costs plus a profit, getting producers fees and backend, investment payback, online distribution, theatrical releases, IPs licensing, merchandising, web3 and metaverse monetization.

### **Media and culture operating results**

During the six months ended 30 June 2024, the Group’s revenue generated from media and culture business amounted to approximately HK\$25.6 million (six months ended 30 June 2023: HK\$44.2 million), with a gross profit of approximately HK\$25.6 million (six months ended 30 June 2023: HK\$11.6 million).

In recent years, the media business of the Group has been affected by the COVID-19 pandemic which has spread all over the world in the year of 2019 and the strikes of the Writers Guild of America and Screen Actors Guild-AFTRA in 2023. Business activities slowed down and some of the film and TV drama projects being developed by the Group have been postponed. Delays in distribution, settlement as well as receipt of income of TV drama and film investments of the Company significantly and negatively affected the future cash flow projections regarding these investments, which in turn reduced the amount of revenue recognized during recent years.

### **FINANCIAL REVIEW**

The Group reported a net loss attributable to owners of the Company of approximately HK\$11.3 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately HK\$25.3 million).

The Board considers that while the Group recorded a reduction in net loss for the first half of 2024 compared to the first half of 2023, the slow-down of business activities and postponement of some of the film and TV drama projects being developed by the Group in recent years due to the impact of COVID-19 continued to affect the financial results of the Group during the period ended 30 June 2024.

Basic loss per share for the six months ended 30 June 2024 amounted to approximately 1.15 HK\$ cents (six months ended 30 June 2023: approximately 3.07 HK\$ cents).

Net deficit of the Group as at 30 June 2024 was approximately HK\$364.4 million (31 December 2023: approximately HK\$378.3 million).

## **FUTURE PLANS AND PROSPECTS**

Up to the date of this announcement, the COVID-19 epidemic seems to be almost over and most of the related restrictions upon travelling and social activities have been lifted. It can be reasonably foreseen that the business activities of the media and culture business of the Group would resume to a normal level in the long term.

However, the strikes of the Writers Guild of America and Screen Actors Guild-AFTRA in 2023 have adversely affected the development, production and distribution of feature films, TV drama projects and streaming TV programmes in the USA.

Furthermore, as it takes time for the entire business cycle of the Group to get back on track, it is probable that these negative impacts may continue to be reflected in the financial results of Group in the coming year(s).

The Company plans to utilize its existing Hollywood intellectual property resources to develop metaverse businesses, advance its digital product platform construction, and establish subsidiaries in Hong Kong and Mainland China to expand cross border e-commerce operations.

On 4 January 2024, the Company entered into a strategic cooperation framework agreement (the “**Strategic Cooperation Framework Agreement**”) with Greenland Digital Technology Co., Ltd (“**Greenland Digital**”), being a global leader in providing strategic digital advices and applying digital technology to improve business operation, pursuant to which the Company as a partner, is entitled to improve the development on metaverse businesses, advance its digital product platform construction and expand crossborder e-commerce operations. These businesses are expected to commence in or around 2024.

The Directors are of the view that the entering of the Strategic Cooperation Framework Agreement enables the Group and Greenland Digital to use the resources of both parties to operate and be more involved in digital platform in metaverse, digital product and virtual reality technology. As such, the Directors believe that the Strategic Cooperation Framework Agreement can, on one hand, complement the business of the Group and, on the other hand, expand the client base of the Group. Accordingly, it will broaden the Group’s revenue base in the future and is expected to increase investment returns to the Shareholders.

With an aim to turnaround from the making of loss and safeguard a shareholder’s return, the Group is in the process of reviewing the future prospect and development of its other business segments, and at the same time exploring new business opportunities and making more efforts to explore market opportunities in Mainland China.

## **SIGNIFICANT INVESTMENTS**

There were no other significant investments held during the period.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures conducted by the Group during the period that should be notified to the shareholders of the Company.

## **INTERIM DIVIDEND**

The Board does not recommend any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## CAPITAL STRUCTURE

Net deficit of the Group as at 30 June 2024 was approximately HK\$364.4 million (31 December 2023: approximately HK\$378.3 million).

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cash flow, interest-bearing borrowings, advance from shareholder(s), issuance of promissory notes and/or convertible bonds.

The major shareholders of the Company have been able to provide financial resources (in form of loan advance, equity finance etc.) to support the Group's operations. For example, the Group obtained an advance of HK\$472,229,000 (equivalent to RMB415,000,000) (“**Advance**”) from the then controlling shareholder (江陰星輝文化傳播有限公司) in the year of 2019. The Group has fully repaid the Advance and the then controlling shareholder also confirmed the full repayment of the Advance during the year of 2020. The Company believes that its shareholders will continue to provide financial support to the Group where necessary and in due course.

As at 30 June 2024, the Group's bank balances and cash amounted to approximately HK\$53.4 million (31 December 2023: approximately HK\$52.0 million).

As at 30 June 2024, current ratio was approximately 0.20 (31 December 2023: approximately 0.20) based on current assets of approximately HK\$161.6 million (31 December 2023: approximately HK\$172.9 million) and current liabilities of approximately HK\$828.1 million (31 December 2023: approximately HK\$854.3 million).

Further details regarding the liquidity of the Group are set out in “going concern assumption” of note 2.1 of the consolidated financial statements for the year ended 31 December 2023 in the 2023 annual report of the Company.

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong Dollar, Renminbi and U.S. Dollar which have been relatively stable during the period. The Group was not exposed to material foreign exchange risk and has not employed any financial instruments for hedging purposes.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group employed 13 (31 December 2023: 13) employees as at 30 June 2024. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Employees may also be invited to participate in the share option scheme of the Group.

## **EVENTS AFTER THE REPORTING PERIOD**

On 7 June 2024, the Company announced its proposal to implement a capital reorganisation (which involved share consolidation and capital reduction) and to change its board lot size (collectively, the "**Proposals**"). The Proposals took effect on 23 July 2024. For details, please refer to the announcements of the Company dated 7 June 2024, 19 June 2024, 19 July 2024 and 23 July 2024; and the circular of the Company dated 3 July 2024.

On 24 April 2024, the Company announced its proposal to change its English and Chinese names (the "**Change of Names**"). The Registrar of Companies in Bermuda issued the Certificate of Change of Name and the Certificate of Secondary Name on 13 June 2024 and 4 June 2024 respectively certifying the respective changes in English name and Chinese name of the Company. Following the Change of Names taking effect, the Company's stock short name has been changed with effect from 29 August 2024 and the Company's logo and website have been changed with effect from 26 July 2024. For details, please refer to the announcements of the Company dated 24 April 2024, 31 May 2024 and 23 July 2024, and the circular of the Company dated 26 April 2024.

Save for the above, there is no other important event affecting the Group that require additional disclosures or adjustments occurred after the six months ended 30 June 2024 and up to the date of this announcement.



## OTHER INFORMATION

### Fund Raising Activities and Use of Proceeds

#### *Placing of New Shares*

To support the Group's general working capital and for repayment of debt, on 13 December 2023 (after trading hours), the Company entered into a placing agreement (the "**Placing Agreement**") with Roofer Securities Limited (the "**Placing Agent**"), pursuant to which the Placing Agent had conditionally agreed, as agent of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 162,000,000 new ordinary shares of HK\$0.1 each of the Company (the "**Placing Shares**") at the placing price of HK\$0.165 per Placing Share (the "**Placing**"), which represented a discount of approximately 15.82% to the closing price of HK\$0.196 per share of the Company as quoted on the Stock Exchange on 13 December 2023, being the date on which the terms of the Placing were fixed.

All the conditions precedent under the Placing Agreement have been fulfilled and completion of the Placing took place on 8 January 2024. All of the Placing Shares have been successfully placed by the Placing Agent to not less than six (6) placees who were independent third parties and are not connected persons and persons acting in concert of the Company at the placing price of HK\$0.165 per Placing Share. The gross proceeds from the Placing were approximately HK\$26.7 million, and the net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing are approximately HK\$26.4 million, representing a net issue price of HK\$0.163 per Placing Share. The Company intends to use such net proceeds to repay debts and replenish the working capital of the Group. As at 30 June 2024, net proceeds from the Placing had been fully utilised.

The following table sets forth the details of the use of the proceeds from the Placing:

<b>Use of proceeds</b>	<b>Amount utilised up to 30 June 2024 (HK\$ million)</b>
Repayment of debts	20.8
Replenish of working capital	<u>5.6</u>
Total	<u><u>26.4</u></u>

## **CORPORATE GOVERNANCE**

The Board considers that the Company has complied with all code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”) throughout the six months ended 30 June 2024.

## **AUDIT COMMITTEE**

The audit committee, comprising all the three independent non-executive Directors, has discussed with the management of the Company the accounting principles and practices adopted by the Group and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024, and is of the opinion that the preparation of the unaudited interim condensed consolidated financial statements has complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the Company's website ([www.zskj.com.hk](http://www.zskj.com.hk)) and the Stock Exchange's website (<http://www.hkexnews.hk>). The 2024 Interim Report containing all the information required by the Listing Rules will be available on the same websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, business partners, bankers and other business associates for their trust and support.

By Order of the Board  
**Smart Digital Technology Group Limited**  
**Mr. Tang Liang**  
*Co-Chairman*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Tang Liang, Mr. Jing Xufeng, Mr. Luo Lei, Mr. Sang Kangqiao, Ms. Wu Xiaoli and Mr. Hu Fanghui; and three independent non-executive Directors, namely Mr. Wu Hongliang, Mr. Niu Zhongjie and Mr. Xu Zhihao.*