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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)

MAJOR TRANSACTION — ACQUISITION THROUGH CONTRIBUTION IN KIND

Reference is made to the announcements of the Company dated 23 August 2024 and 10 September 2024 in relation to the deemed disposal of TEIL, which will be principally engaged in developing and providing technical support for mobile app on SocialFi with blockchain technology.

ACQUISITION THROUGH CONTRIBUTION IN KIND UNDER THE SHAREHOLDERS' AGREEMENT

On 12 February 2025 (after trading hours), SEHKIHL (an indirect wholly-owned subsidiary of the Company), TEIL (an indirect non-wholly owned subsidiary of the Company) and TIMCL entered into the Shareholders' Agreement to govern, among other things, the relationship between SEHKIHL and TIMCL as shareholders of TEIL and the commitment by each of SEHKIHL and TIMCL to TEIL.

Pursuant to the Shareholders' Agreement, SEHKIHL shall inject capital in the amount of HK\$20.0 million into TEIL, and TIMCL shall procure the transfer of the core source code of the SocialFi mobile app developed by TIMCL and the other relevant intellectual properties related to the SocialFi mobile app to TEIL, which constituted an acquisition through contribution in kind for the Company.

LISTING RULES IMPLICATION

The transactions under the Shareholders' Agreement constitute an acquisition (through contribution in kind) under the Listing Rules. As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the acquisition (through contribution in kind) contemplated under the Shareholders' Agreement exceed 25% but less than 100%, the entering into of the Shareholders' Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Shareholders' Agreement and the transactions contemplated thereunder. To the knowledge, information and belief of the Directors, no Shareholders have a material interest in the Shareholders' Agreement and the transactions contemplated thereunder and no Shareholders will have to abstain from voting at the EGM to approve the Shareholders' Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Shareholders' Agreement and the transactions contemplated thereunder; (ii) other information as required by the Listing Rules; and (iii) the notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 28 February 2025.

Reference is made to the announcements of the Company dated 23 August 2024 and 10 September 2024 in relation to the deemed disposal of TEIL, which will be principally engaged in developing and providing technical support for mobile app on SocialFi with blockchain technology.

ACQUISITION THROUGH CONTRIBUTION IN KIND UNDER THE SHAREHOLDERS' AGREEMENT

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The principal terms of the Shareholders' Agreement are set out below:

Date: 12 February 2025

Parties: (i) SEHKIHL;
(ii) TIMCL; and
(iii) TEIL

Contributions and the injected assets: SEHKIHL shall inject capital in the amount of HK\$20.0 million into TEIL, and TIMCL shall procure the transfer of the core source code of the SocialFi mobile app developed by TIMCL and the other relevant intellectual properties related to the SocialFi mobile app, such as the data of the software framework, user interface design and programs to TEIL. The source code will be developed as a SocialFi mobile app. The transfer of the core source code of the SocialFi mobile app by TIMCL constituted an acquisition through contribution in kind for the Company.

The amount of the Capital Injection was determined after arm's length negotiation between SEHKIHL and TIMCL with reference to (i) the expected business scale of TEIL; (ii) the total investment costs and staff cost incurred for the development of the existing core source code of the framework module of the SocialFi mobile app (including the relevant intellectual properties related to it) of approximately HK\$22.9 million; (iii) the expected funding needs of TEIL for the further development of the SocialFi mobile app of approximately HK\$25.1 million, including, among others, the development of the modules for cryptocurrencies trading, group chat, voice chat and red pocket. Although the amount of the expected funding requirement is higher than amount of the Capital Injection, the Company expects no further capital is required to be injected into TEIL and TEIL shall fund the remaining amount with its internal resources; and (iv) other data privacy and compliance related costs required for commercialising the SocialFi mobile app.

As at the date of this announcement, the Company has provided a loan in the amount of HK\$8.0 million (the "Loan") to TEIL, which is unsecured, interest-free and repayable on demand. The Capital Injection will be funded by the capitalisation of the Loan and the remaining HK\$12.0 million will be funded by the Group's internal resources.

Composition of the board of directors and appointment of senior management:	The board of directors of TEIL shall comprise three members, of whom the Group shall have the right to appoint two including the chairman of the board. The finance in-charge of TEIL shall also be nominated by the Group. As at the date of this announcement, the board of directors of TEIL comprised Mr. Sui Jiaheng, Mr. Li Tao and Ms. Wang Xiao. Mr. Sui Jiaheng and Mr. Li Tao were appointed by the Group and Ms. Wang Xiao was appointed by TIMCL.
Business scope:	TEIL is principally engaged in developing and providing technical support for the SocialFi mobile app with blockchain technology.
Equity transfer:	The shares of TEIL cannot be transferred unless having obtained the approval from the other shareholders. In case of any transfer by the shareholders of TEIL of the equity interests they held in TEIL to institution(s) other than their respective related institution(s), other shareholders of TEIL shall have the right of first refusal under the same terms.
Profit or loss sharing:	Each of the shareholders of TEIL shall be entitled to or liable for the profit or loss of TEIL proportional to their shareholding interests in TEIL.
Condition to the Shareholders' Agreement:	The Shareholders' Agreement is subject to the Company' having obtained the necessary approval from the Shareholders on the transaction contemplated under the Shareholders' Agreement as required under applicable laws and regulations (including but not limited to the Listing Rules).

Profit guarantee: TIMCL guarantees to SEHKIHL that the aggregate audited net profit after tax of TEIL for the years ending 31 December 2025, 2026 and 2027 will not be less than HK\$40.0 million (the “**Guaranteed Profit**”). If the aggregate audited net profit is less than HK\$40.0 million, TIMCL agrees to transfer the number of shares of TEIL held by TIMCL to SEHKIHL calculated with the following formula (rounded to the nearest number of share):

$$\frac{(40,000,000 - \text{aggregate audited net profit after tax of TEIL for the years ending 31 December 2025, 2026 and 2027})}{40,000,000} \times 98$$

Note: 98 represented the total number of shares of TEIL held by TIMCL as at the date of this announcement.

If TEIL record aggregate audited loss for the years ending 31 December 2025, 2026 and 2027, TIMCL will transfer the entire number of shares of TEIL held by it to SEHKIHL.

The shares of TEIL shall be transferred by TIMCL within fifteen (15) business days following the completion of the audit of TEIL’s accounts for the financial year ending 31 December 2027.

The Directors (including the independent non-executive Directors) consider the terms of the Shareholders’ Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Company is an investment holding company and its subsidiaries are principally engaged in publishing and development of mobile games in the PRC and blockchain technology business outside of the PRC. The Group provides publishing services to publishing partners for third party games and publishes its self-developed games. It is also engaged in the development and sales of customized software and games.

As at the date of this announcement, the Company held 51% equity interest in TEIL and the remaining 49% equity interest in TEIL was owned by TIMCL. TEIL is an indirect non-wholly owned subsidiary and its financial results are consolidated into the financial statements of the Group.

TIMCL

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, TIMCL is owned by Ms. Wang Xiao and Ms. Liu Yuanyuan as to 99% and 1%, respectively. Ms. Wang Xiao and Ms. Liu Yuanyuan are the chief marketing officer and the chief financial officer of Island Peak Innovation Private Limited (新加坡島峰科創有限公司), respectively, and have more than six years' experience in blockchain business and SocialFi. TIMCL is principally engaged in the research and development of blockchain technology innovation business. As TEIL is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules, notwithstanding that TIMCL is a substantial shareholder of TEIL, it is not a connected person of the Company.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SHAREHOLDERS' AGREEMENT

The Group is principally engaged in publishing and development of mobile games in the PRC and blockchain technology business outside of the PRC. The National Press and Publication Administration (the "NPPA") in China had suspended the issuance of new game licenses from August 2021 to March 2022. Although new game licenses were issued again since April 2022, the prolonged pre-approval progress of the 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 and the Group's revenue has been adversely impacted. Also, having considered the increased risk in the market as a result of certain default instances related to cryptocurrency at the end of year 2022, the Group suspended its blockchain technology business. While the Group will continue to strive to improve its business performance in the mobile game business by obtaining new game licences in the future, the Group has been exploring potential business opportunities particularly in the blockchain field from time to time in order to broaden its income source and eventually optimise the returns to the Shareholders. As at the date of this announcement, the Group has no intention to discontinue, downsize or dispose of the mobile game business.

SocialFi, short for Social Finance, is a new concept combining social media and decentralized finance which allows everyone to earn benefits while participating in social media interactions. Users on SocialFi platforms have control over their content as no central authorities are running the networks which are in the case of traditional social media platforms. On the other hand, content creators on SocialFi platforms can earn from engagement with other users and social interactions through in-app tokens or tokens developed by them. Creators can use social tokens to control who interact with their content and users will need creators' tokens to engage with the creators, which also incentivises high-quality content. With the blockchain technology, the privacy of the participants is protected and the megadata will not be easily controlled such that the participants are at ease to surf and buy goods and services from the app.

The Directors consider that SocialFi will reshape the business model of social media with high business development potentials. As such, the Group cooperated with TIMCL to form TEIL for the development of the SocialFi mobile app business. As at the date of this announcement, TIMCL has already developed the core source code of the framework modules of the SocialFi mobile app, which includes the modules for the functions of, among others, login, registration of new users, identity authentication, announcement and notifications, time token issuance, time token price review, wallet, 1-on-1 chat, sharing, homepage and hot picks, and personal center. The total investment costs and staff cost incurred for the development of the existing core source code of the SocialFi mobile app amounted to approximately HK\$22.9 million, which included the cost for, among others, market research analysis, product design, development of system, modules, database, application programming interface and user interface, testing on modules, integration, functions and compatibilities, and optimisation.

Following the signing of the Shareholders' Agreement, TIMCL will transfer the core source code of the SocialFi mobile app to TEIL for the further development of the SocialFi mobile app. TEIL is expected to utilise the proceeds from the Capital Injection for the development of modules for cryptocurrencies trading, group chat, voice chat and red pocket, including the development of certain Web 3.0 technology modules, such as cryptocurrency trading, crypto wallet integration and decentralization of accounts. It is expected that TEIL would be able to complete the above modules for the SocialFi mobile app by June 2025. Following the development, the platform will allow users to purchase paid contents of content creators and purchase the time of key opinion leaders (KOLs). The platform can earn income from the following sources: (i) content creators will publish paid content, and the platform collects handling fee when viewers make purchase; (ii) KOLs will list and sell their time as tokens, and the platform will collect issuance fee for these time token from the KOLs and the handling fee when users trade these time tokens on the platform; and (iii) advertising income. In addition, TEIL can sell the core source code and provide maintenance services to third parties for their localisation to launch the platform in different countries.

The Capital Injection will be funded by the Group's internal resources. As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB74.1 million. As the Group is not expected to further inject capital into TEIL, the Directors consider that the Group has sufficient working capital for maintaining its existing businesses, as well as the operation of TEIL.

Leveraged on the Group's experience on mobile gaming and blockchain businesses, the management of the Group are familiar with mobile apps, in-app tokens, cryptocurrency trading, crypto wallet and decentralization of accounts, which are crucial for the commercialization and ongoing development of the SocialFi mobile app.

Having considered the above, the Board considers that the terms of the Shareholders' Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

The transactions under the Shareholders' Agreement constitute an acquisition (through contribution in kind) under the Listing Rules. As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the acquisition (through contribution in kind) contemplated under the Shareholders' Agreement exceed 25% but less than 100%, the entering into of the Shareholders' Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Shareholders' Agreement and the transactions contemplated thereunder. To the knowledge, information and belief of the Directors, no Shareholders have a material interest in the Shareholders' Agreement and the transactions contemplated thereunder and no Shareholders will have to abstain from voting at the EGM to approve the Shareholders' Agreement and the transactions contemplated thereunder.

None of the Directors has any material interest in the Shareholders' Agreement and the transactions contemplated thereunder, and therefore none of the Directors is required under the Listing Rules to abstain from voting on the relevant Board resolution approving the Shareholders' Agreement.

A circular containing, among other things, (i) further details of the Shareholders' Agreement and the transactions contemplated thereunder; (ii) other information as required by the Listing Rules; and (iii) the notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 28 February 2025.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of Directors of the Company
“Capital Injection”	the capital commitment of HK\$20.0 million to be injected by SEHKIHL to TEIL pursuant to the Shareholders' Agreement
“Company”	Sino-Entertainment Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 6933)

“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other matters, the Shareholders’ Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SEHKIHL”	Sino-Entertainment (HK) International Holdings Limited, a company incorporated in Hong Kong with limited liability on 30 April 2018 and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Shareholders’ Agreement”	the shareholders’ agreement dated 12 February 2025 entered into among SEHKIHL, TIMCL and TEIL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“TEIL”	Time Entertainment International Limited, a company incorporated in Hong Kong with limited liability on 31 July 2024 and an indirect non-wholly owned subsidiary of the Company
“TIMCL”	Time Is Money Co., Limited, a company incorporated in Hong Kong with limited liability on 22 May 2024 which is owned by Ms. Wang Xiao and Ms. Liu Yuanyuan as to 99% and 1% respectively
“%”	per cent

By Order of the Board
Sino-Entertainment Technology Holdings Limited
Sui Jiaheng
Chairman and Executive Director

Hong Kong, 12 February 2025

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.