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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 TRANSACTIONS ACQUISITIONS AND DISPOSALS OF CRYPTOCURRENCIES

ACQUISITIONS OF CRYPTOCURRENCIES

The Board hereby announces that during the Relevant Period, the Group acquired cryptocurrencies in open market for depositing into the liquidity pools on DEXs in return for the liquidity fees paid by traders who utilized the DEXs, as well as rewards in the form of tokens.

DISPOSALS OF CRYPTOCURRENCIES

The Board further announces that during the Relevant Period and subsequent to the acquisitions of the cryptocurrencies, the Group revalued the market for cryptocurrencies and made disposal decisions to reduce the exposure risk of the cryptocurrencies when the related market was abnormally volatile.

IMPLICATIONS UNDER LISTING RULES

Each of the acquisitions and the subsequent disposals of the cryptocurrencies during the Relevant Period, on a standalone basis, did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the acquisitions of DAI/ADAI during the Relevant Period, when aggregated as a whole, exceed 5% but less than 25%. Such acquisitions, when aggregated as a whole, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements but are exempted from Shareholders' approval requirement under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the acquisitions of BUSD during the Relevant Period, when aggregated as a whole, exceed 25% but less than 100%. Such acquisitions, when aggregated as a whole, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the acquisitions of USDC/AUSDC during the Relevant Period, when aggregated as a whole, exceed 25% but less than 100%. Such acquisitions, when aggregated as a whole, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the disposals of DAI/ADAI during the Relevant Period, when aggregated as a whole, exceed 5% but less than 25%. Such disposals, when aggregated as a whole, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements but are exempted from Shareholders' approval requirement under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the disposals of BUSD during the Relevant Period, when aggregated as a whole, exceed 25% but less than 75%. Such disposals, when aggregated as a whole, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the disposals of USDC/AUSDC during the Relevant Period, when aggregated as a whole, exceed 25% but less than 75%. Such disposals, when aggregated as a whole, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The cryptocurrencies acquired and disposed are stablecoins which the Directors considered to be similar to foreign exchange. On a standalone basis, those acquisitions and disposals were not material and given the frequency of the transactions, the Directors considered that the transactions should be treated as revenue in nature carrying out in the ordinary course of business of the Group. Thus, the Company did not comply with the applicable notification, announcement and Shareholders approval requirements under the Listing Rules on time.

The Company will convene an EGM for the Shareholders to consider and, if thought fit, to approve, confirm and ratify the major acquisitions and disposals of cryptocurrencies during the Relevant Period. To the best of the Directors' knowledge, information and belief, no Shareholder has a material interest in the transactions and therefore, no Shareholder will be required to abstain from voting on the relevant resolutions at the EGM. A circular containing, among others, further information on the major acquisitions and disposals, notice of the EGM and other information as required by the Listing Rules shall be despatched to the Shareholders. As it is expected that more time is required to prepare and finalise the circular including the obtaining of bank confirmations, the Company expects to despatch the circular on or before 30 June 2023.

Besides the publication of this announcement and the circular and the convention of the EGM, the Company has taken and will take measures to prevent the occurrence of similar incident in the future.

The Board hereby announces that during the Relevant Period, leveraging our expertise in financial markets, risk management, and asset management, the Group participated in liquidity mining by depositing cryptocurrencies into liquidity pools on various DEXs. In return for providing liquidity, the Company received liquidity fees from traders utilizing the DEXs, as well as rewards in the form of tokens.

ACQUISITIONS OF CRYPTOCURRENCIES

For the purpose of depositing into the liquidity pools on DEXs, the Group acquired DAI/ ADAI for aggregated consideration of approximately US\$2,882,000 (equivalent to approximately RMB20,574,000) during the Relevant Period; the Group also acquired BUSD and USDC/AUSDC for aggregated considerations in each of these cryptocurrencies of approximately US\$25,560,000 (equivalent to approximately RMB173,410,000) and US\$15,213,000 (equivalent to approximately RMB108,439,000) respectively during the Relevant Period. As the acquisitions were made in the open market, such considerations represented the market price of the cryptocurrencies at the time of the relevant acquisitions which were also the book value of the cryptocurrencies acquired.

The considerations were satisfied from the Group's internal resources and the borrowings from DeFiner Limited, a connected person at the subsidiary level of the Company. For details of such borrowings, please refer to the announcement published by the Company on 30 May 2023.

Completion of the acquisitions

Settlement of the acquisitions of the cryptocurrencies were taken place immediately after the respective purchase orders have been made and completed. The units of cryptocurrency acquired by the Group would be deposited in the liquidity pools on various DEXs.

Cryptocurrencies acquired

BUSD (Binance USD)/DAI (Dai Stablecoin)/ADAI (Aave DAI) and USDC (USD Coin)/AUSDC (Aave USDC) are cryptocurrencies which are digital currencies in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds using blockchain technology. The blockchain is a public record of cryptocurrency transactions in chronological order. The blockchain is shared between all users in that blockchain. It is used to verify the permanence of transactions and to prevent double spending. Cryptocurrencies make it easier to transfer funds between two parties in a transaction and these transfers are facilitated through the use of public and private keys for security purposes. BUSD, DAI, ADAI, USDC and AUSDC are stablecoins whose value is pegged to US dollars and thus is relatively less volatile than other non-stablecoins cryptocurrencies.

Reasons for and benefits of the acquisitions

The Group participated in liquidity mining by acquiring and depositing cryptocurrencies into liquidity pools on various DEXs. In return for providing liquidity, the Company can earn liquidity fees from traders utilizing the DEXs, as well as rewards in the form of tokens. As the cryptocurrencies were acquired at market prices, the Directors (including the independent non-executive Directors) are of the view that the acquisitions of the cryptocurrencies mentioned in this announcement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Information about the vendors

As the acquisitions of the cryptocurrencies mentioned in this announcement were conducted in open market, the Company would not be aware of the identities and principal business activities of the respective vendors. However, the Company did not receive any notification from its connected persons that they had sold cryptocurrency directly or indirectly to the Group during the Relevant Period and the Directors believed, to the best of their knowledge and information, having made all reasonable enquiries, each of the vendors and their ultimate beneficial owners is an Independent Third Party.

DISPOSALS OF CRYPTOCURRENCIES

The Board further announces that during the Relevant Period and subsequent to the acquisitions of the cryptocurrencies, the Group revalued the market for cryptocurrencies and made disposal decisions to reduce the exposure risk of the cryptocurrencies when the related market was abnormally volatile.

The aggregated considerations received in DAI/ADAI were approximately US\$2,882,000 (equivalent to approximately RMB20,054,000), and earning from provision of digital services with blockchain technology in DAI/ADAI of approximately US\$7,000 (equivalent to approximately RMB47,000) during the Relevant Period; and the aggregated considerations received in each of the cryptocurrencies of BUSD and USDC/AUSDC were approximately US\$25,560,000 (equivalent to approximately RMB181,864,000) and US\$15,213,000 (equivalent to approximately RMB105,424,000) respectively, and earning from provision of digital services with blockchain technology in BUSD and USDC/AUSDC of approximately US\$218,000 (equivalent to approximately RMB1,470,000) and US\$19,000 (equivalent to approximately RMB128,000) respectively during the Relevant Period. As the disposals were made in the open market, such considerations represented the market price of the cryptocurrencies at the time of the relevant disposals.

There were no material gains or losses on the disposals as the cryptocurrencies disposed are all stablecoins whose value is pegged to US dollars.

Completion of the disposals

Settlement of the disposals of the cryptocurrencies were taken place immediately after the respective sales orders have been made and completed. The units of cryptocurrency disposed of by the Group would be withdrawn from the liquidity pools on various DEXs.

Cryptocurrencies disposed of

During the Relevant Period, the Group disposed of BUSD, DAI/ADAI and USDC/AUSDC subsequent to their acquisitions.

Reasons for and benefits of the disposals

The Group revalued the market from time to time, and made disposal decisions to reduce the exposure of the cryptocurrencies when the related market is abnormally volatile. As the cryptocurrencies were disposed of at market prices, the Directors (including the independent non-executive Directors) are of the view that the disposals of the cryptocurrencies mentioned in this announcement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Information about the purchasers

As the disposals of the cryptocurrencies mentioned in this announcement were conducted in open market, the Company would not be aware of the identities and principal business activities of the respective purchasers. However, the Company did not receive any notification from its connected persons that they had purchased cryptocurrency directly or indirectly from the Group during the Relevant Period and the Directors believed, to the best of their knowledge and information, having made all reasonable enquiries, each of the purchasers and their ultimate beneficial owners is an Independent Third Party.

INFORMATION ABOUT 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.

INFORMATION ABOUT THE PROVISION OF DIGITAL SERVICE TO LIQUIDITY POOLS ON VARIOUS DEXs

Commonly referred to as liquidity mining, the Group provided digital services by acquiring and depositing cryptocurrencies into liquidity pools on various DEXs. In return for providing liquidity, the Company can earn liquidity fees from traders utilizing the DEXs, as well as rewards in the form of tokens. During the Relevant Period, the Group generated an earning from provision of digital services with blockchain technology of approximately US\$244,000 (equivalent to approximately RMB1,645,000) attributable to the cryptocurrencies acquired and deposited into the liquidity pools to provide liquidity. The Group revalued the market from time to time, and made disposal decisions to reduce the exposure of the cryptocurrencies when the related market is abnormally volatile. As of the Latest Practicable Date, the Group has a tiny exposure in cryptocurrencies amounting to approximately RMB3,000 in total. The Group will keep abreast on the latest development of the market and regularly revalue whether or not to increase the exposure in cryptocurrencies for the purpose to participate in the liquidity mining.

IMPLICATIONS UNDER THE LISTING RULES

Each of the acquisitions and the subsequent disposals of the cryptocurrencies during the Relevant Period, on a standalone basis, did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the acquisitions of DAI/ADA during the Relevant Period, when aggregated as a whole, exceed 5% but less than 25%. Such acquisitions, when aggregated as a whole, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements but are exempted from Shareholders' approval under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the acquisitions of BUSD during the Relevant Period, when aggregated as a whole, exceed 25% but less than 100%. Such acquisitions, when aggregated as a whole, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the acquisitions of USDC/AUSDC during the Relevant Period, when aggregated as a whole, exceed 25% but less than 100%. Such acquisitions, when aggregated as a whole, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the disposals of DAI/ADAI during the Relevant Period, when aggregated as a whole, exceed 5% but less than 25%. Such disposals, when aggregated as a whole, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements but are exempted from Shareholders' approval under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the disposals of BUSD during the Relevant Period, when aggregated as a whole, exceed 25% but less than 75%. Such disposals, when aggregated as a whole, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The applicable percentage ratios under Rule 14.07 of the Listing Rules for the disposals of USDC/AUSDC during the Relevant Period, when aggregated as a whole, exceed 25% but less than 75%. Such disposals, when aggregated as a whole, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The cryptocurrencies acquired and disposed are stablecoins which the Directors considered to be similar to foreign exchange. On a standalone basis, those acquisitions and disposals were not material and given the frequency of the transactions, the Directors considered that the transactions should be treated as revenue in nature carrying out in the ordinary course of business of the Group. Thus, the Company did not comply with the applicable notification, announcement and Shareholders' approval requirements under the Listing Rules on time.

The Company will convene an EGM for the Shareholders to consider and, if thought fit, to approve, confirm and ratify the major acquisitions and disposals of cryptocurrencies during the Relevant Period. To the best of the Directors' knowledge, information and belief, no Shareholder has a material interest in the transactions and therefore, no Shareholder will be required to abstain from voting on the relevant resolutions at the EGM. A circular containing, among others, further information on the major acquisitions and disposals, notice of the EGM and other information as required by the Listing Rules shall be despatched to the Shareholders. As it is expected that more time is required to prepare and finalise the circular including the obtaining of bank confirmations, the Company expects to despatch the circular on or before 30 June 2023.

PREVENTIVE MEASURES

To prevent the occurrence of similar incident involving the acquisition and/or disposal of cryptocurrencies in the future and to comply with the requirements under the Listing Rules, the Company has taken or will take the following preventive measures:

- (i) the Company has published this announcement and will publish and despatch a circular to inform the Shareholders of the details of the acquisitions and the disposals;
- (ii) the Company will convene an EGM for the Shareholders to consider and, if thought fit, to approve, confirm and ratify the major acquisitions and disposals of cryptocurrencies during the Relevant Period;
- (iii) the Company will calculate the size test promptly when any future acquisition and/or disposal of asset including cryptocurrencies takes place;
- (iv) the audit committee of Company comprising all its independent non-executive Directors has been requested to review the procedures and the process relating to the acquisitions and disposals and to propose suggestions to the Board for strengthening the internal control on notifiable transactions;
- (v) the Company shall conduct an internal training session for its Directors and senior management on the requirements and the reporting procedures under the Listing Rules relating to notifiable transactions; and
- (vi) the Company will consult external legal advisers, financial advisers and/or the Stock Exchange in case of any doubt on notifiable transactions.

DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Sino-Entertainment Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6933)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s) at the subsidiary level”	has the meaning ascribed to it under the Listing Rules
“DEX(s)”	decentralized exchange(s), a trading platform(s) utilizing blockchain technology
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve, confirm and ratify the major acquisitions and disposals of the cryptocurrencies during the Relevant Period
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a third party(ies) independent of the Company and the connected persons of the Company
“Latest Practicable Date”	30 May 2023, being the latest practicable date prior to the publishing of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Relevant Period”	the period from 1 February 2022 to 28 February 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with a nominal value of US\$0.0001 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 31 May 2023

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