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智數科技集團有限公司

SMART DIGITAL TECHNOLOGY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1159)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 2025, together with the comparative figures for the corresponding period in 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
	Notes		
REVENUE	5	11,713	25,569
Cost of sales		<u>—</u>	<u>—</u>
Gross profit		11,713	25,569
Other income and gains		14,385	271
Selling and distribution expenses		(1,057)	(1,007)
Administrative expenses		(9,991)	(9,551)
Gain on disposal of subsidiaries		244,670	—
Impairment losses on prepayments, other receivables and other assets		(90,063)	—
Changes in fair value of financial and derivative financial liabilities		(5,950)	(12,668)
Finance costs		(9,685)	(12,573)
Other expenses		<u>(3,026)</u>	<u>(1,327)</u>
PROFIT/(LOSS) BEFORE TAX	6	150,996	(11,286)
Income tax expense	7	<u>—</u>	<u>—</u>
PROFIT/(LOSS) FOR THE PERIOD		<u><u>150,996</u></u>	<u><u>(11,286)</u></u>

		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
	Notes		
Attributable to:			
Owners of the parent		150,996	(11,286)
Non-controlling interests		—	—
		<u>150,996</u>	<u>(11,286)</u>
PROFIT/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For profit/(loss) for the period		<u>HK\$148.45 cents</u>	<u>HK\$(11.52) cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>150,996</u>	<u>(11,286)</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>(623)</u>	<u>(1,374)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(623)</u>	<u>(1,374)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(623)</u>	<u>(1,374)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	<u>150,373</u>	<u>(12,660)</u>
Attributable to:		
Owners of the parent	150,373	(12,660)
Non-controlling interests	<u>—</u>	<u>—</u>
	<u>150,373</u>	<u>(12,660)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		9	21
Prepayments, other receivables and other assets		280,991	288,581
Investment in film and television programs and program rights		11,778	11,653
Intangible assets		3,073	3,448
Total non-current assets		295,851	303,703
CURRENT ASSETS			
Trade receivables	10	–	–
Prepayments, other receivables and other assets		17,910	92,537
Contract assets		5,508	7,696
Cash and cash equivalents		37,271	38,826
Total current assets		60,689	139,059
CURRENT LIABILITIES			
Other payables and accruals		72,610	102,971
Contract liabilities		37,674	37,275
Interest-bearing borrowings and film investment loans		257,355	420,629
Derivative financial liabilities		41,040	40,632
Financial liabilities at fair value through profit or loss		167,044	185,449
Amount due to a shareholder		–	1,063
Tax payable		5,524	36,761
Total current liabilities		581,247	824,780

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Notes		
NET CURRENT LIABILITIES	<u>(520,558)</u>	<u>(685,721)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(224,707)</u>	<u>(382,018)</u>
NON-CURRENT LIABILITIES		
Lease liabilities	<u>—</u>	<u>—</u>
Net liabilities	<u>(224,707)</u>	<u>(382,018)</u>
EQUITY		
Share capital	11,826	9,856
Reserves	<u>(236,533)</u>	<u>(391,874)</u>
Equity attributable to owners of the parent	(224,707)	(382,018)
Non-controlling interests	<u>—</u>	<u>—</u>
Net deficit	<u><u>(224,707)</u></u>	<u><u>(382,018)</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

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 2025, 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 2025, 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 2025 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 2024.

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 2024, 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 HKAS 21

Lack of Exchangeability

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 2025

	Media and culture business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	<u>356,540</u>	<u>356,540</u>
Total assets		<u><u>356,540</u></u>
Segment liabilities	<u>(581,247)</u>	<u>(581,247)</u>
Total liabilities		<u><u>(581,247)</u></u>

Year ended 31 December 2024

	Media and culture business HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	<u>442,762</u>	<u>442,762</u>
Total assets		<u><u>442,762</u></u>
Segment liabilities	<u>(824,780)</u>	<u>(824,780)</u>
Total liabilities		<u><u>(824,780)</u></u>

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	<u>11,713</u>	<u>25,569</u>
Disaggregated revenue information for revenue from contracts with customers		
For the six months ended 30 June 2025		
Segments		
		Media and culture business (Unaudited) HK\$'000
Types of goods or services		
Revenue from films generated from USA market		<u>11,713</u>
Total revenue from contracts with customers		<u>11,713</u>
Geographical markets		
United States of America		<u>11,713</u>
Total revenue from contracts with customers		<u>11,713</u>
Timing of revenue recognition		
At a point in time		<u>11,713</u>
Total revenue from contracts with customers		<u>11,713</u>

For the six months ended 30 June 2024

Segments

Media
and culture
business
(Unaudited)
HK\$'000

Types of goods or services

Revenue from films generated from USA market	25,569
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Total revenue from contracts with customers	25,569
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Geographical markets

United States of America	25,569
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Total revenue from contracts with customers	25,569
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Timing of revenue recognition

At a point in time	25,569
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Total revenue from contracts with customers	25,569
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6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of sales*	—	—
Amortisation of investment in film and television programs and program rights*	—	—
Depreciation of property, plant and equipment	12	254
Depreciation of right-of-use assets	—	1,110
Exchange differences, net	2,668	(612)
Waiver of interest payable	(12,473)	—
	<u> </u>	<u> </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 2025 and 2024. 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 2025 and 2024. 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 2025 and 2024.

	For the six months ended 30 June	
	2025	2024
	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 2025 and 2024. The board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

9. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic profit/loss per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of HK\$150,996,000 (period ended 30 June 2024: loss for the period attributable to ordinary equity holders of the parent of HK\$11,286,000), and the weighted average number of ordinary shares of 101,712,833 (period ended 30 June 2024: 97,933,403) in issue during the period. The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for both years have been adjusted for the consolidation of shares on 23 July 2024.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2025 (period ended 30 June 2024: Nil).

10. TRADE RECEIVABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivable	18,845	96,152
Impairment	(18,845)	(96,152)
Net carrying amount	—	—

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:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 6 months	—	—
	—	—

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

In recent years, the media business of the world is gradually rebounding from the impact of 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 has been reducing the amount of revenue 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 2025 was approximately HK\$11.7 million, compared with approximately HK\$25.6 million for the corresponding period of 2024. Although there is a decrease in revenue, the Group recorded a one-off net gain on the disposal of subsidiaries of approximately HK\$244.7 million and reported a net profit attributable to owners of the Company of approximately HK\$151.0 million for the six months ended 30 June 2025 (2024: net loss attributable to owners of the Company of approximately HK\$11.3 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\$292.8 million as at 30 June 2025 (31 December 2024: approximately HK\$289.7 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 10 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 2025, the Group’s revenue generated from media and culture business amounted to approximately HK\$11.7 million (six months ended 30 June 2024: HK\$25.6 million), with a gross profit of approximately HK\$11.7 million (six months ended 30 June 2024: HK\$25.6 million).

In recent years, the media business of the world is gradually rebounding from the impact of 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 profit attributable to owners of the Company of approximately HK\$151.0 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: net loss attributable to owners of the Company of approximately HK\$11.3 million).

The Board considers that while the turnaround from loss to profit during the first half of 2025 compared to the first half of 2024 was mainly attributable to a one-off net gain on the disposal of subsidiaries of approximately HK\$244.7 million, while such subsidiaries had a net liability position upon the disposal.

Basic profit per share for the six months ended 30 June 2025 amounted to approximately 148.45 HK\$ cents (six months ended 30 June 2024: basic loss per share of approximately 11.52 HK\$ cents).

Net deficit of the Group as at 30 June 2025 was approximately HK\$224.7 million (31 December 2024: approximately HK\$382.0 million).

FUTURE PLANS AND PROSPECTS

Up to the date of this announcement, the economic downturn and the negative prolonged impact of the COVID-19 epidemic will be a mid to long term issue. The world is gradually rebounding from the impact and the management reasonably foresees that the business activities of the media and culture business of the Group would resume to a normal level in the long term.

In addition, the strikes of the Writers Guild of America and Screen Actors Guild-AFTRA in 2023 has adversely affected the development, production and distribution of feature films and TV and streaming TV programming in the USA.

However, 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.

The Group has been exploring new business opportunities, including but not limited to the production of short videos and web series drama, new metaverse business and new energy business, to broaden the Group's client and revenue base and increase investment returns to the shareholders of the Company. Details of the new businesses are outlined below:

- The Group has obtained certain copyrights of a novel in the PRC for producing short videos and a web series drama, and developing related products. The Group is currently searching for a director and screenwriter to develop the script and will begin auditions for actors of the web-series. In addition, the Group is in the process of obtaining approvals from regulators (where necessary). The Group has cooperated with a media company to produce two web-series and expects to release the two web-series in the second half of 2025;
- In relation to the new energy business, the Group has signed an additional agreement with a strategic partner in January 2025, whereby the Group is responsible for providing technical support and developing energy saving equipment for the strategic partner. The Group will recognize an one-off construction revenue and quarterly service fees thereafter. The Group expects to commence the new energy business in the second half of 2025 and expects that the revenue to be generated therein will improve the cash flow of the Group; and
- In relation to the new metaverse business, it was disclosed in the 2024 annual report of the Company that the Company entered into a strategic cooperation framework agreement with a global leader in providing strategic digital advices and technology to improve business operations, pursuant to which the Company as a partner, is entitled to, inter alia, advance its digital product platform construction. Due to the recent rapid development of artificial intelligence, the Company and the strategic partner intends to incorporate AI technology into its digital product platform, which would require additional technological expertise for product development and further testing. The Group expects to commence the testing phase of the new metaverse business in or around late 2025.

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 2025 (six months ended 30 June 2024: nil).

CAPITAL STRUCTURE

Net deficit of the Group as at 30 June 2025 was approximately HK\$224.7 million (31 December 2024: approximately HK\$382.0 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 2025, the Group's bank balances and cash amounted to approximately HK\$37.3 million (31 December 2024: approximately HK\$38.8 million).

As at 30 June 2025, the current ratio was approximately 0.10 (31 December 2024: approximately 0.17) based on current assets of approximately HK\$60.7 million (31 December 2024: approximately HK\$139.1 million) and current liabilities of approximately HK\$581.2 million (31 December 2024: approximately HK\$824.8 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 2024 in the 2024 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 22 (31 December 2024: 20) employees as at 30 June 2025. 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 25 July 2025, the Company completed the placing of new shares under the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 27 June 2025. The gross proceeds from the placing are approximately HK\$39.9 million and the net proceeds, after deducting the placing commission, professional fees and all related expenses borne by the Company, from the placing are approximately HK\$38.7 million. The Company intends to use such net proceeds for the (i) repayment of debts of approximately HK\$22.9 million; (ii) development of new business opportunities of approximately HK\$11.8 million; and (iii) replenishment of working capital of the Group of approximately HK\$4.0 million. For details, please refer to the announcements of the Company dated 4 July 2025, 16 July 2025, 24 July 2025 and 25 July 2025;

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 2025 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 9 May 2025 and 12 May 2025 (after trading hours), the Company entered into a placing agreement and supplemental agreement (the “**Placing Agreements**”) 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 19,700,000 new ordinary shares of HK\$0.1 each of the Company (the “**Placing Shares**”) at the placing price of HK\$0.361 per Placing Share (the “**Placing**”).

All the conditions precedent under the Placing Agreement have been fulfilled and completion of the Placing took place on 2 June 2025. 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\$0.361 per Placing Share. The gross proceeds from the Placing were approximately HK\$7.1 million, and the net proceeds, after deducting the placing commission, professional fees and all related expenses borne by the Company, from the Placing are approximately HK\$6.9 million. The Company intends to use such net proceeds to repay debts and replenish the working capital of the Group. The Company intends to use such net proceeds to repay debts and replenish the working capital of the Group by approximately September 2025.

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

	Actual amount available for utilisation <i>HK\$'million</i>	Actual amount utilised as of 30 June 2025 <i>HK\$'million</i>	Remaining balance of unutilised net proceeds as at 30 June 2025 <i>HK\$'million</i>
Intended use of net proceeds			
Repayment of debts	2.1	–	2.1
General working capital	4.8	2.1	2.7
Total	6.9	2.1	4.8

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 2025.

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 2025, 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 2025, 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) and the Stock Exchange’s website (<http://www.hkexnews.hk>). The 2025 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. Sang Kangqiao
Co-Chairman

Hong Kong, 15 August 2025

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