



**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

2020
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sui Jiaheng (*Chairman*)
Mr. Li Haijun
Mr. He Shaoning

Non-Executive Director

Mr. Huang Zhigang

Independent Non-Executive Directors

Ms. Zhang Chunmei
Mr. Deng Chunhua
Ms. Chen Nan

BOARD COMMITTEES

Audit Committee

Ms. Zhang Chunmei (*Chairlady*)
Mr. Deng Chunhua
Ms. Chen Nan

Remuneration Committee

Mr. Deng Chunhua (*Chairman*)
Ms. Zhang Chunmei
Ms. Chen Nan

Nomination Committee

Mr. Sui Jiaheng (*Chairman*)
Ms. Zhang Chunmei
Mr. Deng Chunhua

COMPANY SECRETARY

Ms. Wan Yin Yee, *ACIS, ACS*

AUTHORISED REPRESENTATIVES

Mr. Sui Jiaheng
Ms. Wan Yin Yee

LEGAL ADVISERS AS TO HONG KONG LAW

Loeb & Loeb LLP

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

COMPLIANCE ADVISER

WAG Worldsec Corporate Finance Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1-4, Floor 8, Fortune Plaza
No. 4 Deshan Road, Luo Cheng Dongmen Town
Luo Cheng Mulao Autonomous County
Hechi City
Guangxi, China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Postal Savings Bank of China

COMPANY'S INVESTOR RELATIONSHIP WEBSITE

<http://www.sinotecw.com>

STOCK CODE

6933

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (unaudited)	Change%
Revenue	106,042	77,380	37.0%
Gross profit	43,050	26,804	60.6%
Listing expenses	9,950	6,253	59.1%
Profit for the Period	20,399	12,098	68.6%
Profit for the Period (excluding listing expenses)	30,349	18,351	65.4%

Revenue for the Period amounted to approximately RMB106,042,000, representing an increase of 37.0% as compared with the corresponding period in previous year. Revenue from publishing of third-party games has decreased by 25.7% to approximately RMB53,450,000 and revenue from publishing of self-developed games has increased 870.3% to approximately RMB52,592,000.

Gross profit for the Period has increased by 60.6% to approximately RMB43,050,000.

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on 15 July 2020, and the listing expenses during the Period amounted to approximately RMB9,950,000.

Profit for the Period was approximately RMB20,399,000. If listing expenses incurred for the preparation of the Listing were excluded, the profit for the Period would be approximately RMB30,349,000, representing an increase of 65.4% as compared with the corresponding period in the previous year.



CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Sino-Entertainment Technology Holdings Limited (the “**Company**”), I hereby present the first interim report of the Company and its subsidiaries (collectively referred as the “**Group**”) for the six months ended 30 June 2020 since the successful listing of the Shares of the Company on the Main Board of the Stock Exchange on 15 July 2020.

The Group is an integrated game publisher and developer in China with a focus on publishing mobile games in the market of China. We are committed to bringing quality and interactive gameplay experience to game players by drawing upon our experience and expertise in the mobile game industry together with sound understanding with the Group’s publishing partners and game players gained over the years of operations to develop and publish high-quality and well-customised mobile games.

We have achieved steady growth in terms of revenue. Contributed by the higher revenue from publishing self-developed games, our revenue, gross profit and profit for the six months ended 30 June 2020 have increased by 37.0%, 60.6% and 68.6%, respectively as compared to the same period in 2019. Our gross profit margin of publishing self-developed games was higher and the revenue contribution from publishing self-developed games increased as compared with the same period in 2019 as well.

Looking ahead, we will make use of the advantages of the listing platform and focus on developing businesses with high growth potential, increasing game publishing capacities, deepening the relationships with existing customers, developing relationships with new customers and enhancing our game development capabilities. We aim at strengthening our position in the industry and promoting our growth, in order to maximise the return for our Shareholders.

Appreciation

On behalf of the Board, I hereby express my sincere gratitude to the employees of the Group for their hard work and contributions.

Sui Jiaheng

Chairman

Hong Kong, 28 August 2020



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

Revenue

For the Period, the Group's revenue amounted to approximately RMB106,042,000, representing an increase of approximately 37.0% from approximately RMB77,380,000 for the six months ended 30 June 2019.

Publishing of self-developed games

For the Period, the Group published three in-house mobile games with its own proprietary titles, contributing publishing revenue of approximately RMB52,592,000 (for the six months ended 30 June 2019: two games with publishing revenue of approximately RMB5,420,000).

Publishing of third party games

For the Period, the Group provided publishing services as co-publisher in relation to 99 third-party games (for the six months ended 30 June 2019: 97 third-party games), contributing co-publishing revenue of approximately RMB53,450,000 (for the six months ended 30 June 2019: approximately RMB71,960,000).

Staff costs

Staff costs mainly included salaries, wages and other staff benefits. For the Period, the Group's staff cost was approximately RMB5,697,000 (for the six months ended 30 June 2019: approximately RMB5,559,000). As at 30 June 2020, the Group had 130 employees (30 June 2019: 132 employees).

Administrative expenses

Administrative expenses mainly included consumables costs, depreciation and auditor's remuneration. For the Period, the Group's administrative expenses amounted to approximately RMB3,016,000 (for the six months ended 30 June 2019: approximately RMB3,011,000).

Listing expenses

The listing expenses were non-recurring expenses. For the Period, the Group's listing expenses were approximately RMB9,950,000 (for the six months ended 30 June 2019: approximately RMB6,253,000).

Taxation

Under the current laws of the Cayman Islands and the BVI, the Group is not subject to income tax or capital gains tax in the Cayman Islands and the BVI. Additionally, dividend payments made by the Group are not subject to withholding tax in the Cayman Islands or the BVI.

No Hong Kong Profits Tax has been provided for as the Group did not have any assessable profit in Hong Kong for the Period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%.



Management Discussion and Analysis

Pursuant to the relevant regulations issued by the State Administration of Taxation, the Ministry of Finance, and/or other government authorities, software enterprises shall be exempted from EIT for two years from the first profit-making year and shall be taxed at half of the statutory tax rate from the third to the fifth year. One of the PRC subsidiaries is qualified to be taxed at 12.5% for the Period (six months ended 30 June 2019: 12.5%).

Pursuant to Cai Shui [2011] No. 112 issued by State Administration of Taxation and the Ministry of Finance, from 1 January 2010 to 31 December 2020, a newly established enterprise, which complies with the “Announcement of the preferential enterprise income tax in respect of the two special Kashi and Khorgos economic development zones in Xinjiang Province”, is entitled to an EIT exemption for five years, commencing from the first operating revenue-making year. Two of the PRC subsidiaries are entitled to the exemption from EIT for the Period (six months ended 30 June 2019: exempted).

Pursuant to Cai Shui [2011] No. 58 issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, National Development and Reform Commission Order No.15, Announcement of the State Administration of Taxation [2012] No. 12 and Announcement of the State Administration of Taxation [2015] No. 14, from 1 January 2011 to 31 December 2020, a newly established enterprise which complies with these policies is entitled to 15% preferential tax rate for the period from date of establishment to 31 December 2020. One of the PRC subsidiaries is entitled to 15% preferential EIT rate for the six months ended 30 June 2019 and it is entitled to small and micro enterprises 20% preferential EIT pursuant to Cai Shui [2019] No. 13 issued by Ministry of Finance and 40% tax-free exemption pursuant to Gui Zheng Fa [2014] No. 5 issued by People's Government of Guangxi Zhuang Autonomous Region during the six months ended 30 June 2020.

For the Period, income tax expense was approximately RMB686,000 (for the six months ended 30 June 2019: approximately RMB219,000).

Profit for the Period

The Group's profit for the Period was approximately RMB20,399,000 (for the six months ended 30 June 2019: approximately RMB12,098,000), which was mainly attributable to the significant increase in revenue from publishing of self-developed games, leading to the corresponding increase in the profit for the Period.

Interim Dividend

The Board of Directors of the Company does not recommend any distribution of interim dividend for the Period.

Gearing Ratio

The Group's gearing ratio as at 30 June 2020, calculated on the basis of total bank and other borrowings divided by total equity at the end of the Period, was zero (31 December 2019: zero).

Liquidity and Financial Resources

The operations of the Group are mainly financed by the cash generated from its operations. As at 30 June 2020, the net current assets of the Group amounted to approximately RMB130,588,000 (31 December 2019: approximately RMB114,727,000) and cash and cash equivalents as at 30 June 2020 amounted to approximately RMB39,643,000 (31 December 2019: approximately RMB48,969,000). The Company was successfully listed on 15 July 2020 and the net proceeds from the Global Offering amounted to approximately HK\$90.7 million, which further strengthened the Group's capital base.

As at 30 June 2020, the Group did not have bank loans (31 December 2019: nil).

Currency Risk

The functional currency of the Group's operating subsidiaries is Renminbi as substantially the Group's revenue is in Renminbi. The Group does not expect any significant currency risk which might materially affect the Group's results of operations. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group will continue to monitor foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Capital Commitments

As at 30 June 2020, the Group did not have any significant capital commitments (31 December 2019: nil).

Subsequent Events

The Company was successfully listed on the Main Board of the Stock Exchange on 15 July 2020. The net proceeds from the Global Offering received by the Company, after deduction of (i) the net proceeds from the sale of the Sale Shares in the Global Offering, and (ii) the underwriting commission, fees and estimated expense payable by the Company in connection with the Global Offering, were approximately HK\$90.7 million.

Capital Structure

The Company's capital structure remained unchanged after the listing of the Company's Shares on 15 July 2020. The capital structure of the Group is comprised of equity interest attributable to the owners of the Company (including issued share capital and reserves). The Directors regularly review the capital structure of the Group. As part of the review, the Directors have considered the cost of capital and the associated risks of various types of capital.

Material Acquisitions and Disposals

Pursuant to the Reorganisation, the Company became the holding company of the Group after Reorganisation. The details of the Reorganisation are set out in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in the prospectus (the "**Prospectus**").

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Employees and Remuneration Policy

As at 30 June 2020, the Group employed 130 (30 June 2019: 132) employees. Remunerations of employees were determined with reference to factors such as qualification, responsibility, contribution and experience.

Use of Proceeds

The net proceeds from the Global Offering received by the Company, after deduction of (i) the net proceeds from the sale of the Sale Shares in the Global Offering, and (ii) the underwriting commissions, fees and estimated expenses payable by the Company in connection with the Global Offering, were approximately HK\$90.7 million. The Directors intend to apply such net proceeds for the following purposes:

- approximately HK\$30.0 million (or approximately 33.1% of the proceeds) will be used for enhancing the Company's game development capabilities and expanding its game portfolio;
- approximately HK\$41.8 million (or approximately 46.1% of the proceeds) will be used for strengthening its publishing capabilities;
- approximately HK\$12.4 million (or approximately 13.7% of the proceeds) will be used for establishing an integrated game distribution platform which will allow mobile game developers to develop and upload mobile games, game users to download, share and purchase games, as well as top up and make in-game purchases; and
- approximately HK\$6.5 million (or approximately 7.1% of the proceeds) will be used for expanding the Company's geographic coverage and build international user base.

As at the date of this report, the Group has not utilised any of the net proceeds and the Directors do not anticipate any change to the plan as to the use of proceeds.

Charges on the Group's Assets and Contingent Liabilities

As at 30 June 2020, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

Prospects

As part of the integrated game distribution platform mentioned in the paragraph "Use of Proceeds" above, the Group is designing and building a cloud gaming platform based on 5G network to allow mobile game developers to develop and upload mobile games, and allow game users to download games or directly run games through the cloud platform without downloading the game programs, users to purchase games and recharge consumption in the games as well as to share and interact in-game. The Group is looking forward to launching the cloud gaming platform in 2021.

The Directors are optimistic that the Group's businesses will maintain its growth momentum in the second half of this year. The Group's extensive portfolio of games and successful partnerships with a significant number of publishers, together with the Group's experienced game development capabilities as well as the successful listing on the Main Board of the Stock Exchange, will further strengthen the Group's recognition in the game industry. Higher game development and publishing capabilities will over time generate substantial revenue for the Group.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the Shareholders. To accomplish this, the Group will continue to comply with the Corporate Governance Code.

To the best knowledge of the Board, the Company has complied with all the code provisions contained in the Corporate Governance Code during the period from the Listing Date to the date of this report.

MODEL CODE

The Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code and its code of conduct during the period from the Listing Date to the date of this report.

AUDIT COMMITTEE

The Company established an audit committee on 19 June 2020 in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise the Group's financial reporting process and internal control and risk management systems, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

The audit committee consists of three members, being Ms. Zhang Chunmei, Mr. Deng Chunhua and Ms. Chen Nan. Ms. Zhang Chunmei currently serves as the chairlady of the audit committee.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 19 June 2020 with its written terms of reference in compliance with the Listing Rules. The primary duties of the remuneration committee are to make recommendations on the remuneration of the senior management of the Group and to recommend members of the Board.

The remuneration committee consists of three members, being Mr. Deng Chunhua, Ms. Zhang Chunmei and Ms. Chen Nan. Mr. Deng Chunhua currently serves as the chairman of the remuneration committee.

NOMINATION COMMITTEE

The Company established a nomination committee on 19 June 2020 with its written terms of reference by reference to the code provisions of the Corporate Governance Code. The primary duties of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management of the Group.

The nomination committee consists of three members, being Mr. Sui Jiaheng, Ms. Zhang Chunmei and Mr. Deng Chunhua. Mr. Sui Jiaheng currently serves as the chairman of the nomination committee.

REVIEW OF INTERIM FINANCIAL STATEMENTS

Disclosure of financial information in this report complies with Appendix 16 to the Listing Rules. The audit committee of the Company has held meetings to discuss the internal controls and financial reporting matters of the Company, including the review of the interim results and the unaudited condensed consolidated interim financial statements for the Period.

The external auditor of the Company has reviewed the interim financial information for the Period in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period from the Listing Date to the date of this report.

DISCLOSURE OF INTERESTS

Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures

Since the Shares were not listed on the Stock Exchange as at 30 June 2020, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Company, the Directors and chief executive of the Company as at 30 June 2020.

As at the date of this report, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or redeemed to have under such provision of the SFO), or which were required to be and were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long Positions in the Shares of the Company

Director	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company⁽¹⁾
Mr. Sui Jiaheng ⁽²⁾	Interest in a controlled corporation	162,000,000	40.50%
Mr. Huang Zhigang ⁽³⁾	Interest in a controlled corporation	22,740,000	5.68%
Mr. Li Haijun ⁽⁴⁾	Interest in a controlled corporation	3,240,000	0.81%

Notes:

1. Based on 400,000,000 issued Shares as at the date of this report.
2. Mr. Sui Jiaheng is the sole shareholder of Sun JH Holding Ltd. which holds 162,000,000 Shares. Therefore, Mr. Sui is deemed to be interested in Sun JH Holding Ltd.'s interest in the Shares pursuant to the SFO.
3. Mr. Huang Zhigang is the sole shareholder of Together Win Capital (Holdings) Co., Ltd. which, pursuant to the SFO, is a control entity of HX Tech Holdings Limited and LYZ Tech Holding Ltd.. HX Tech Holdings Limited and LYZ Tech Holding Ltd. together hold in aggregate 22,740,000 Shares. Therefore, Mr. Huang Zhigang is deemed to be interested in Together Win Capital (Holdings) Co., Ltd.'s interest in the Shares pursuant to the SFO.
4. Mr. Li Haijun is the sole shareholder of Leap HJ Holding Ltd. which holds 3,240,000 Shares. Therefore, Mr. Li Haijun is deemed to be interested in Leap HJ Holding Ltd.'s interest in the Shares pursuant to the SFO.

(ii) Long position in associated corporations***Luocheng Mulao Autonomous County Dinglian Technology Company Limited (“Dinglian Technology”)***

Name	Nature of interest	Approximate percentage shareholding in the associated corporation
Mr. Sui Jiaheng ^(Note)	Beneficial interest	50%
Mr. Li Haijun ^(Note)	Beneficial interest	1%

Note: Mr. Sui Jiaheng and Mr. Li Haijun respectively hold 50% and 1% of the equity interest of Dinglian Technology as part of the contractual arrangements to enable the Company to maintain and exercise control over Dinglian Technology.

Corporate Governance and Other Information

Saved as disclosed above, as at the date of this report, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company or any of its holding company and subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

Since the Shares were not listed on the Main Board of the Stock Exchange as at 30 June 2020, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable in respect of the shareholding in the Company as at 30 June 2020.

As at the date of this report, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company, had, or were deemed to be have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Long Positions in the Shares of the Company

Name	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company ⁽¹⁾
Sun JH Holding Ltd. ⁽²⁾	Beneficial interest	162,000,000	40.50%
Li Wei ⁽²⁾	Interest of spouse	162,000,000	40.50%
Rui Feng Greater China TMT Fund ⁽³⁾	Beneficial interest	37,260,000	9.32%
Zhou Yurong ⁽³⁾	Interest of controlled corporation	37,260,000	9.32%
Chen Lijuan ⁽⁴⁾	Interest of spouse	37,260,000	9.32%
Together Win Capital (Holdings) Co., Ltd. ⁽⁵⁾	Interest in controlled corporations	22,740,000	5.68%

Notes:

1. Based on 400,000,000 issued Shares as at the date of this report.
2. Ms. Li Wei is the spouse of Mr. Sui Jiaheng. By virtue of the SFO, Ms. Li Wei is deemed to be interested in the same number of Shares in which Mr. Sui Jiaheng is deemed to be interested; Mr. Sui Jiaheng is the sole shareholder of Sun JH Holding Ltd. Therefore, Mr. Sui Jiaheng is deemed to be interested in Sun JH Holding Ltd.'s interest in the Shares, pursuant to the SFO.

3. Rui Feng Greater China TMT Fund is wholly-owned by Mr. Zhou Yurong. Therefore, Mr. Zhou Yurong is deemed to be interested in Rui Feng Greater China TMT Fund's interest in the Shares pursuant to the SFO.
4. Ms. Chen Lijuan is the spouse of Mr. Zhou Yurong. By virtue of the SFO, Ms. Chen Lijuan is deemed to be interested in the same number of Shares in which Mr. Zhou Yurong is deemed to be interested.
5. Together Win Capital (Holdings) Co., Ltd. is, pursuant to the SFO, a control entity of HX Tech Holdings Limited and LYZ Tech Holding Ltd., which hold 12,960,000 Shares and 9,780,000 Shares, respectively. Together Win Capital (Holdings) Co., Ltd. is deemed to be interested in an aggregate of 22,740,000 Shares pursuant to the SFO.

Save as disclosed above, as at the date of this report, the Directors are not aware of any other person, other than Directors and the chief executive of the Company, who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 19 June 2020, the Company has adopted a share option scheme (the “**Share Option Scheme**”). The principal terms of the Share Option Scheme are set out in section headed “Statutory and general information — Other information — 15. Share Option Scheme” in Appendix IV to the Prospectus. No option had been granted as at 30 June 2020 and up to the date of this report.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SINO-ENTERTAINMENT TECHNOLOGY HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Sino-Entertainment Technology Holdings Limited (the “**Company**”) and its subsidiaries set out on pages 16 to 30, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other Matter

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2019 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	4	106,042	77,380
Cost of sales		(62,992)	(50,576)
Gross profit		43,050	26,804
Other income		323	56
Other gains and losses		(487)	252
Administrative expenses		(3,016)	(3,011)
Interest on lease liabilities		(4)	(4)
Impairment loss, net of reversal		(134)	(86)
Research and development expenses		(8,697)	(5,441)
Listing expenses		(9,950)	(6,253)
Profit before taxation		21,085	12,317
Taxation	5	(686)	(219)
Profit and total comprehensive income for the period	6	20,399	12,098
Earnings per share			
— Basic (RMB cents)	7	6.30	3.73

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-current assets			
Property and equipment		151	224
Right-of-use assets		103	43
Intangible assets		13,077	13,825
Deposits for acquisition of intangible assets		5,200	—
Deferred tax assets		266	167
		18,797	14,259
Current assets			
Trade and other receivables	9	119,568	86,831
Bank balances and cash		39,643	48,969
		159,211	135,800
Current liabilities			
Trade and other payables	11	22,798	17,516
Lease liabilities		125	37
Contract liabilities		2,068	636
Amounts due to shareholders		—	33
Taxation payable		3,632	2,851
		28,623	21,073
Net current assets		130,588	114,727
Net assets		149,385	128,986
Capital and reserves			
Share capital	12	69	69
Reserves		149,316	128,917
Total equity		149,385	128,986

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital RMB'000	Other reserve RMB'000 (note a)	Statutory surplus reserve RMB'000 (note b)	Accumulated profits RMB'000	Total RMB'000
At 1 January 2020 (audited)	69	5,000	4,139	119,778	128,986
Profit and total comprehensive income for the period	—	—	—	20,399	20,399
At 30 June 2020 (unaudited)	69	5,000	4,139	140,177	149,385
At 1 January 2019 (audited)	69	5,000	3,639	69,778	78,486
Profit and total comprehensive income for the period	—	—	—	12,098	12,098
At 30 June 2019 (unaudited)	69	5,000	3,639	81,876	90,584

Notes:

- a. The amount represents the nominal amount of paid-in capital of Luocheng Mulao Autonomous County Dinglian Technology Company Limited ("**Dinglian Technology**") which conducts the Group's operations pursuant to the group reorganisation.
- b. According to the relevant requirements in the articles of association of Dinglian Technology and the relevant laws and regulatory regime of the People's Republic of China (the "**PRC**"), it is required to transfer 10% of profit after taxation, which is limited to 50% of the paid-in capital, to statutory surplus reserve. The transfer must be made before the distribution of a dividend to equity owners. The statutory surplus reserve is non-distributable other than upon liquidation and can be used to make up the prior year losses, if any.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	21,998	12,828
Increase in trade and other receivables	(35,039)	(4,706)
Decrease in amount due from a director	—	7
Increase (decrease) in trade and other payables	8,400	(9,308)
Increase (decrease) in contract liabilities	1,432	(950)
Cash used in operations	(3,209)	(2,129)
Income tax paid	(4)	(2,210)
Net cash used in operating activities	(3,213)	(4,339)
INVESTING ACTIVITIES		
Proceeds from redemption of other financial assets	22,600	3,011
Interest received from bank deposits	48	38
Purchase of other financial assets	(22,500)	(3,000)
Purchase of intangible assets	(5,200)	(1,840)
Purchases of property and equipment	(1)	(84)
Net cash used in investing activities	(5,053)	(1,875)
FINANCING ACTIVITIES		
Issue costs paid	(1,019)	(1,436)
Payment of lease liabilities	(73)	(73)
Repayment to shareholders	(33)	—
Interest paid on lease liabilities	(4)	(4)
Consideration received for issue of shares	—	69
Repayment to directors	—	(10)
Net cash used in financing activities	(1,129)	(1,454)
Net decrease in cash and cash equivalents	(9,395)	(7,668)
Cash and cash equivalents at 1 January	48,969	32,324
Effect of foreign exchange rate changes	69	18
Cash and cash equivalents at 30 June, represented by bank balances and cash	39,643	24,674



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION

Sino-Entertainment Technology Holdings Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 of the Cayman Islands on 18 April 2018 by eleven PRC citizens (the “**Registered Shareholders**”) through setting up wholly-owned companies incorporated in the British Virgin Islands (“**BVI**”).

The Company and its subsidiaries (the “**Group**”) is principally engaged in publishing and development of mobile games (the “**Listing Business**”) in the PRC. The operations of the Group are conducted by Dinglian Technology and its subsidiaries (the “**Operating Entities**”) while Dinglian Technology is legally owned by the Registered Shareholders.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2020.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

1A. SIGNIFICANT EVENTS IN THE CURRENT PERIOD

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impact to the global economy and business environment, and directly and indirectly affect the operations of the Group. During the period from January 2020 to March 2020, many entities temporarily stopped its business due to mandatory government measure in an effort to control the spread of the pandemic. The Group seized the opportunity of “home-based” economy spurred by Covid-19 and published three in-house mobile games during the current interim period and recorded an increase in revenue from publishing of self-developed games for the period.

For the six months ended 30 June 2020

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange.

Contractual arrangements

Due to the restrictions imposed by the PRC Laws on foreign ownership of companies engaged in the Listing Business carried out by the Group, the Group conducts a substantial portion of the Listing Business through the Operating Entities. On 7 November 2018, Khorgos Entertainment Information Technology Company Limited (“**Khorgos Entertainment**”), a subsidiary of the Company, entered into the Contractual Arrangements with Dinglian Technology and the Registered Shareholders, which enable Khorgos Entertainment and the Group to:

- exercise effective control over the Operating Entities, expose, or has rights, to variable returns from its involvement with the Operating Entities and has ability to affect those returns through its power over the Operating Entities;
- exercise equity holders' controlling voting rights of the Operating Entities;
- receive substantially all of the economic interest returns generated by the Operating Entities in consideration for the business support, technical and consulting services provided by Khorgos Entertainment;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Operating Entities from the Registered Shareholders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration permitted under the PRC Laws. Khorgos Entertainment may exercise such options at any time until it has acquired all equity interests and/or all assets of the Operating Entities. In addition, the Operating Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Khorgos Entertainment; and
- obtain a pledge over the entire equity interest of the Operating Entities from their equity holders as collateral security, to secure performance of the Operating Entities obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Operating Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the Operating Entities and has the ability to affect those returns through its power over the Operating Entities and is considered to have control over the Operating Entities. Consequently, the Company regards the Operating Entities as indirect subsidiaries.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 December 2019 underlying the preparation of the Group's historical financial information included in the Accountants' Report which in turn included in the prospectus of the Company dated 30 June 2020 for the initial listing of its shares on the Main Board of the Stock Exchange (the "**Prospectus**").

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Excepted as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

For the six months ended 30 June 2020

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for publishing of third party games and publishing of self-developed games with other publishing service providers by the Group to external customers.

For the six months ended 30 June 2020

	Publishing of third party games RMB'000 (unaudited)	Publishing of self-developed games RMB'000 (unaudited)	Total RMB'000 (unaudited)
Timing of revenue recognition			
At a point of time	—	1,333	1,333
Over time	53,450	51,259	104,709
Segment revenue and revenue from contracts with customers	53,450	52,592	106,042

For the six months ended 30 June 2019

	Publishing of third party games RMB'000 (unaudited)	Publishing of self-developed games RMB'000 (unaudited)	Total RMB'000 (unaudited)
Timing of revenue recognition			
At a point of time	—	2,965	2,965
Over time	71,960	2,455	74,415
Segment revenue and revenue from contracts with customers	71,960	5,420	77,380

	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
The contracts with customers are with:		
Variable consideration	106,042	77,380

All contracts with customers are for period of one year or less.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Mr. Sui Jiaheng, an executive Director, and Mr. Li Tao, a chief executive officer of the Company, being the chief operating decision makers (the “CODM”), in order for the CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The CODM regularly reviews revenue analysis by services and products to assess performance and allocation of resources. Other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance by respective segments. The CODM reviews the financial results of the Group as a whole to make decision. Accordingly, no other segment analysis is presented.

The Group's non-current assets are all located in the PRC by physical location of assets and substantially all of the Group's revenue are derived from the PRC. Therefore, no geographical segments are presented.

5. TAXATION

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC enterprise income tax (“EIT”)		
Current tax	796	219
Hong Kong Profits Tax		
Over provision in prior years	(11)	—
Deferred taxation	(99)	—
Taxation for the period	686	219

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue Amendment (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

For the six months ended 30 June 2020

5. TAXATION (Continued)

Pursuant to the relevant regulations issued by the State Administration of Taxation, the Ministry of Finance, and/or other government authorities, software enterprises shall be exempted from EIT for two years from the first profit-making year and shall be taxed at half of the statutory tax rate from the third to the fifth year. Dinglian Technology entered into the first profit-making year in 2016, but it was not qualified as a software enterprise in 2016. Dinglian Technology obtained the certificate of software enterprise on 24 July 2017. Therefore, Dinglian Technology's first qualified profit-making year was 2017 and the tax rates were 25%, 0%, 12.5%, 12.5% and 12.5% in the respective years from 2016 to 2020.

Pursuant to Cai Shui [2011] No. 112 issued by State Administration of Taxation and the Ministry of Finance, from 1 January 2010 to 31 December 2020, a newly established enterprise, which complies with the "Announcement of the preferential enterprise income tax in respect of the two special Kashi and Khorgos economic development zones in Xinjiang Province", is entitled to an EIT exemption for five years, commencing from the first operating revenue-making year. As Khorgos Dinglian Interactive Network Technology Company Limited, a subsidiary of the Company, established in 2017 with operating revenue generated in 2017, and Khorgos Entertainment, established in 2018 with operating revenue generated in 2019, both complied with the above policy, they are entitled to the exemption from EIT for the years from 2017 to 2020.

Pursuant to Cai Shui [2011] No. 58 issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, National Development and Reform Commission Order No.15, Announcement of the State Administration of Taxation [2012] No. 12 and Announcement of the State Administration of Taxation [2015] No. 14, from 1 January 2011 to 31 December 2020, a newly established enterprise which complies with these policies is entitled to 15% preferential tax rate for the period from date of establishment to 31 December 2020. As Beihai Dinglian Technology Company Limited ("**Beihai Dinglian**"), a subsidiary of the Company established in 2017, complied with the above policies, it is entitled to 15% preferential EIT rate for the years from 2017 to 2019. For 2020, Beihai Dinglian is entitled to small and micro enterprises 20% preferential EIT pursuant to Cai Shui [2019] No. 13 issued by Ministry of Finance and 40% tax-free exemption pursuant to Gui Zheng Fa [2014] No. 5 issued by People's Government of Guangxi Zhuang Autonomous Region.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprise engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits for the reporting periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation and amortisation:		
Depreciation of property and equipment	74	68
Depreciation of right-of-use assets	69	72
Amortisation of intangible assets	748	330
Total depreciation and amortisation	891	470
Short-term lease payments	166	31
Research and development expenses (note)	8,697	5,441
Interest income from bank deposits	(48)	(38)
Investment income from other financial assets	(100)	(11)

Note: Research and development expenses consist of depreciation of property and equipment of RMB25,000 (six months ended 30 June 2019: RMB17,000) and amortisation of intangible assets of RMB208,000 (six months ended 30 June 2019: RMB99,000) for the six months ended 30 June 2020 which are also included in "Total depreciation and amortisation", as above, and staff costs for the Group's research and development personnel of RMB2,704,000 (six months ended 30 June 2019: RMB2,896,000).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of calculating basic earnings per share	20,399	12,098
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	324,000	324,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Company had been the holding company of the subsidiaries with shares issued and outstanding consistent with the basis of consolidation throughout the six months ended 30 June 2020 and 2019 and the capitalisation issue as detailed in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus had been effective on 1 January 2019.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

7. EARNINGS PER SHARE (Continued)

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the six months ended 30 June 2020 and 2019.

8. DIVIDEND

No dividend was paid, declared or proposed during both periods. The Directors of the Company have determined that no dividend will be paid in respect of both periods.

9. TRADE AND OTHER RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	74,183	49,163
Less: allowance for credit losses	(295)	(161)
	73,888	49,002
Down payments to game publishers	26,308	27,379
Advances to suppliers	11,407	5,586
Deposits and prepayments	322	158
Value-added tax recoverable	—	24
Prepaid listing expenses	—	71
Deferred issue costs	7,643	4,611
	119,568	86,831

The Group allows an average credit period of 90 to 180 days to its customers and payment platforms. The payment platforms collect payments from the game players and then repay the balance after deducting the service fees to the Group.

The following is an aging analysis of trade receivables presented based on dates of monthly statements issued, at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 to 90 days	40,821	39,780
91 to 180 days	20,784	9,222
Over 180 days	12,283	—
	73,888	49,002

Details of the impairment assessment are set on in note 10.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

10. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS

The Group's credit risk is primarily attributable to trade receivables and bank balances. As part of the Group's credit risk management, the Group applies internal credit rating for its customers. Customers are individually assessed for expected credit loss ("ECL") within lifetime ECL (not credit impaired). The Group used loss rates ranging from 0.17% to 0.5% for trade receivables. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. There is no significant change in the composition of the portfolio of the low risk category and the credit risk remains low during the reporting period.

During the six months ended 30 June 2020, the Group provided a net impairment loss of RMB134,000 (six months ended 30 June 2019: RMB86,000) for trade receivables, based on the individual assessment.

For bank deposits, no allowance for ECL was made since the Directors consider the probability of default is negligible as such amounts are receivable from or placed in banks having good reputation.

11. TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables	9,005	11,865
Other tax payables	620	682
Payroll and welfare payables	895	1,036
Accrued listing expenses and accrued issue costs	12,213	3,933
Others	65	—
	22,798	17,516

The credit period on services provided by suppliers is generally from 30 to 90 days.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

11. TRADE AND OTHER PAYABLES (Continued)

The following is an aging analysis of trade payables presented based on the date of receipt of services or monthly statements issued at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 to 30 days	2,854	3,352
31 to 60 days	5,340	5,370
61 to 90 days	783	3,143
91 to 180 days	28	—
Over 180 days	—	—
	9,005	11,865

12. SHARE CAPITAL

	Number of shares '000	Amount US\$'000	RMB'000
<i>Ordinary shares of US\$0.0001 each</i>			
Authorised:			
At 1 January 2019 (audited), 30 June 2019 (unaudited), 1 January 2020 (audited) and 30 June 2020 (unaudited)	500,000	50	343
Issued and fully paid:			
At 1 January 2019 (audited), 30 June 2019 (unaudited), 1 January 2020 (audited) and 30 June 2020 (unaudited)	100,000	10	69

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of key management personnel during the period is as follow:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Salaries and other benefits	512	515
Retirement benefits scheme contributions	14	63
	526	578

14. EVENT AFTER THE REPORTING PERIOD

On 15 July 2020, the Company allotted and issued a total of 224,000,000 ordinary shares of US\$0.0001 each, credited to the share premium account of the Company by applying such sum in full at par for allotment and issue to holders of the shares whose names appear on the register of members of the Company at the close of business on 14 July 2020, immediately in proportion (as nearly as possible without involving fractions of a share shall be allotted and issued) to their then existing shareholdings in the Company. In connection to the Listing on 15 July 2020, 76,000,000 shares were allotted and issued at the offer price of HK\$1.63 per share by way of the global offering. The Company's shares were listed on the Stock Exchange on 15 July 2020. The net proceeds from the Global Offering of approximately HK\$90.7 million, after deduction of (i) the net proceeds from the sale of the Sale Shares in the Global Offering, and (ii) underwriting fees and commissions and other related listing expenses incurred subsequently, have increased the net assets of the Group.

In this interim report, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Sino-Entertainment Technology Holdings Limited
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“EIT”	enterprise income tax in the PRC
“Global Offering”	the initial public offering of the Shares pursuant to the terms of the Prospectus
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date
“Listing Date”	15 July 2020, on which dealing in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Period”	the six months ended 30 June 2020
“PRC”	the People’s Republic of China, which, for the purpose of this report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2020
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)



GLOSSARY

“Sale Shares”	the aggregate of 24,000,000 Shares offered by the selling shareholders under the Global Offering
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.