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## **SINO-ENTERTAINMENT TECHNOLOGY HOLDINGS LIMITED**

**新娛科控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6933)**

### **2021 INTERIM RESULTS ANNOUNCEMENT**

The Board of Directors (the “**Board**”) of Sino-Entertainment Technology Holdings Limited (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (together referred to as the “**Group**”) for the six months ended 30 June 2021. The interim results have been reviewed by the audit committee of the Company and external auditor of the Group.

This announcement, containing the full text of the 2021 Interim Report of the Company for the six months ended 30 June 2021, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

The 2021 Interim Report of the Company will be dispatched to the shareholders of the Company, and be available for viewing on the websites of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.sinotecw.com](http://www.sinotecw.com) in due course.

By order of the Board

**Sino-Entertainment Technology Holdings Limited**

**Sui Jiaheng**

*Chairman and Executive Director*

Hong Kong, 31 August 2021

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

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Sui Jiaheng (*Chairman*)  
Mr. Li Tao

### Non-Executive Directors

Mr. Huang Zhigang  
Mr. He Shaoning

### 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

Mr. Yuen Chi Wai *FCPA*

## AUTHORISED REPRESENTATIVES

Mr. Sui Jiaheng  
Mr. Yuen Chi Wai

## LEGAL ADVISERS AS TO HONG KONG LAW

Stevenson, Wong & Co. in association with  
AllBright Law Offices

## 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

Suite No. 2, 3/F Sino Plaza  
255 Gloucester Road  
Causeway Bay, Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 3-4, Floor 8, Fortune Plaza  
No. 4 Deshan Road, Luocheng Dongmen Town  
Luocheng 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		
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	Change%
Revenue	<b>61,735</b>	106,042	(41.8%)
Gross profit	<b>21,399</b>	43,050	(50.3%)
Profit for the Period	<b>7,319</b>	20,399	(64.1%)

Revenue for the Period amounted to approximately RMB61,735,000, representing a decrease of 41.8% as compared with the corresponding period in previous year. Revenue from publishing of third-party games has decreased by 6.4% to approximately RMB50,036,000 and revenue from publishing of self-developed games has decreased by 93.9% to approximately RMB3,208,000. Revenue from development and sales of games amounted to approximately RMB8,491,000 for the Period and there was no such revenue in the corresponding period last year.

Gross profit for the Period has decreased by 50.3% to approximately RMB21,399,000.

Profit for the Period was approximately RMB7,319,000, representing a decrease of 64.1% 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 interim report of the Company and its subsidiaries (collectively referred as the “**Group**”) for the six months ended 30 June 2021.

Revenue from the publishing of self-developed games for the six months ended 30 June 2021 has decreased substantially as a result of (i) the self-developed games currently in operation, which used to have a higher profit margin, having reached the later stage of their respective life cycle such that both the number of the monthly paying users (“**MPU**”) and the average revenue per monthly paying user (“**ARPPU**”) in respect of these games decreased, and (ii) the Group's new self-developed games not being able to launch during the Period as they were still subject to the pre-approval process of the National Press and Publication Administration in China (the “**NPPA**”). There were protraction of the pre-approval process from NPPA for mobile games in the industry and uncertainty in the actual and the estimated time needed for the approval and issue of game publication number from the NPPA for mobile games. Further, the fast-changing marketing trend and hot topics among the game players have led to the shortening of the average lifecycle of mobile games.

In response to the prolonged pre-approval time from the NPPA and the shortened average lifecycle of mobile games in the industry, we would put more focus to develop self-developed games faster with higher quality. We have changed the use of the net proceeds from the Listing (the “**Net Proceeds**”) by applying an increased proportion of the unutilised Net Proceeds in engaging third party subcontractors for the provision of artistic solutions and music production services in the course of development of the Group's self-developed games such that the game production cycle of the self-developed games can be optimised by reducing the time and staff cost for the Group's staff to produce the artistic solutions and music for the games; and the creative element of the self-developed games can be enhanced with the utilisation of the marketing research ability of the third party subcontractors in the development of the games. We believe that with the more efficient and creative game production process and cycle, the Group will be able to develop self-developed games in a faster rate and with a better quality to cope with the prolonged pre-approval time from the NPPA and the shortened average lifecycle of mobile games in the industry.

As the launching and publishing of the Group's self-developed games are subject to the prolonged pre-approval process from the NPPA, the launching of certain self-developed games of the Group has been delayed, causing a reduction in the revenue generated from such games. To mitigate the impact of such reduction, the Group targets to strengthen the third party games publishing. We have resolved to increase the proportion of the Unutilised Net Proceeds to be applied in paying the down payment to up-stream game publishers or developers in the course of co-publishing of third party games. By increasing the budget for down payment to up-stream game publishers or developers, the Group will be able to secure the publishing rights for quality third party games from them with game publication number issued by the NPPA which are ready to launch. In view of the highly competitive mobile game publishing market, with a larger sum of down payment, the Group will be able to compete with other mobile games co-publishers in securing the mobile game publishing rights with better game quality and longer lifecycle developed by the reputable upstream game publishers or developers.



Looking ahead, we will continue to focus on developing businesses with high growth potential, increasing game publishing capacities, deepening the relationships with existing customers and developing relationships with new customers. 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, 31 August 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Overview

### Revenue

For the Period, the Group's revenue amounted to approximately RMB61,735,000, representing a decrease of approximately 41.8% from approximately RMB106,042,000 for the six months ended 30 June 2020.

### *Publishing of self-developed games*

For the Period, the Group published one in-house mobile game with its own proprietary title, contributing publishing revenue of approximately RMB3,208,000 (for the six months ended 30 June 2020: three games with publishing revenue of approximately RMB52,592,000).

### *Publishing of third party games*

For the Period, the Group provided publishing services as co-publisher in relation to 53 third-party games (for the six months ended 30 June 2020: 99 third-party games), contributing co-publishing revenue of approximately RMB50,036,000 (for the six months ended 30 June 2020: approximately RMB53,450,000). Average revenue per third party game publishing increased despite the decrease in the number of games publishing.

### Administrative expenses

Administrative expenses mainly included consumables costs, depreciation and auditor's remuneration. For the Period, the Group's administrative expenses amounted to approximately RMB7,597,000 (for the six months ended 30 June 2020: approximately RMB3,016,000). The increase was mainly attributable to the increase in professional fees subsequent to the Listing.

### 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%.

Pursuant to the relevant regulations issued by the State Administration of Taxation (“**SAT**”), the Ministry of Finance (“**MOF**”), 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 Group's PRC subsidiaries had its first qualified profit-making year in 2017 and the tax rates were 25%, 0%, 12.5%, 12.5%, 12.5% in the respective years from 2016 to 2020. The same subsidiary was accredited to “High and New Technology Enterprise” in December 2020 and is subject to tax rate of 15% during the Period.

Pursuant to Cai Shui 2011 No. 112 issued by SAT and MOF, 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. Pursuant to Cai Shui 2021 No. 27 issued by SAT and MOF, such tax benefit was extended from 1 January 2021 to 31 December 2030. Four of the Group’s PRC subsidiaries are incorporated in Khorgos economic development zones in Xinjiang Province and entitled to such EIT exemption during the Period.

During the Period, one of the Group’s PRC subsidiaries is entitled to small and micro enterprises 20% preferential EIT pursuant to Cai Shui 2019 No. 13 issued by MOF 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.

For the Period, income tax expense was approximately RMB434,000 (for the six months ended 30 June 2020: approximately RMB686,000).

### Profit for the Period

The Group’s profit for the Period was approximately RMB7,319,000 (for the six months ended 30 June 2020: approximately RMB20,399,000). Such reduction in net profit is mainly attributable to the substantial decrease in revenue from the publishing of self-developed games as a result of (i) the self-developed games currently in operation, which used to have a higher profit margin, having reached the later stage of their respective life cycle such that both the number of the MPU and the ARPPU in respect of these games decreased, and (ii) the Group’s new self-developed games not being able to launch during the Period as they were still subject to the pre-approval process of the National Press and Publication Administration in China.

### 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 2021, calculated on the basis of total bank and other borrowings divided by total equity at the end of the Period, was zero (31 December 2020: zero).



### Liquidity and Financial Resources

The operations of the Group are mainly financed by the cash generated from its operations. As at 30 June 2021, the net current assets of the Group amounted to approximately RMB261,758,000 (31 December 2020: approximately RMB253,230,000) and cash and cash equivalents as at 30 June 2021 amounted to approximately RMB106,484,000 (31 December 2020: approximately RMB106,196,000). 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 2021, the Group did not have bank loans (31 December 2020: 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 2021, the Group did not have any significant capital commitments (31 December 2020: nil).

### 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.

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

### Employees and Remuneration Policy

As at 30 June 2021, the Group employed 94 (30 June 2020: 130) 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 the underwriting commissions, fees and estimated expenses payable by the Company in connection with the Global Offering, were approximately HK\$90.7 million. The following table sets forth the status of the use of the net proceeds from the Global Offering as at 30 June 2021 and details of the change in use of the unutilised net proceeds in accordance with the announcement issued by the Company on 16 July 2021:

	Intended utilisation of Net Proceeds as disclosed in the Prospectus		Utilised Net Proceeds up to 30 June 2021	Unutilised Net Proceeds as at 30 June 2021	Proposed application of the Unutilised Net Proceeds
	HK\$'000	%	HK\$'000	HK\$'000	HK\$'000
Enhance the game development capabilities and expand the game portfolio of the Group					
— acquire game developers in the PRC	11,300	12.5	—	11,300	—
— acquire viable IP licences from third parties	10,200	11.3	10,200	—	—
— recruit talents to expand in-house development capacity	2,300	2.5	2,271	29	—
— setting up new offices and acquisition of equipment and facilities to accommodate the expanded in-house development team	700	0.7	700	—	—
— engage third party subcontractors for the provision of artistic solutions and music production services	5,500	6.1	5,500	—	11,329



## Management Discussion and Analysis

	Intended utilisation of Net Proceeds as disclosed in the Prospectus HK\$'000	%	Utilised Net Proceeds up to 30 June 2021 HK\$'000	Unutilised Net Proceeds as at 30 June 2021 HK\$'000	Proposed application of the Unutilised Net Proceeds HK\$'000
<b>Strengthen the publishing capabilities of the Group</b>					
— acquire game publishers in the PRC	11,300	12.5	—	11,300	—
— down payment to up-stream game publishers or developers for co-publishing of third party games	7,900	8.7	7,900	—	32,529
— publishing-related costs for third party games for co-publishing of third party games	5,700	6.3	5,700	—	—
— publishing related costs to publish self-developed games for co-publishing of self-developed games	10,200	11.2	10,200	—	—
— lease extra cloud server spaces	3,300	3.6	971	2,329	—
— promote the Group's brand and games in the PRC	3,400	3.8	3,400	—	—
<b>Establish an integrated game distribution platform</b>					
— recruit employees	3,100	3.4	—	3,100	—
— promote the integrated game distribution platform and games in the PRC	8,500	9.4	—	8,500	—
— lease extra cloud server spaces and acquire equipment	800	0.9	—	800	—
<b>Expand the geographic coverage of the Group and build international user base</b>					
— recruit employees	3,300	3.6	—	3,300	—
— set up new offices and acquire office equipment	700	0.7	—	700	—
— adopt online and offline marketing strategies to promote in other Asian markets	2,500	2.8	—	2,500	—
<b>Total</b>	<b>90,700</b>	<b>100</b>	<b>46,842</b>	<b>43,858</b>	<b>43,858</b>

The Unutilised Net Proceeds are expected to be fully utilised in the year ending 31 December 2021.

### **Charges on the Group's Assets and Contingent Liabilities**

As at 30 June 2021, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

### **Prospects**

As the launching and publishing of the Group's self-developed games are subject to the prolonged pre-approval process from the NPPA, the launching of certain self-developed games of the Group has been delayed, causing a reduction in the revenue generated from such games during the Period. To mitigate the impact of such reduction, we aim to strengthen the third party games publishing. By increasing the budget for down payment to up-stream game publishers or developers, the Group will be able to secure the publishing rights for quality third party games from them with game publication number issued by the NPPA which are ready to launch. In view of the highly competitive mobile game publishing market, with a larger sum of down payment, we will be able to compete with other mobile games co-publishers for securing the mobile game publishing rights with better game quality and longer lifecycle developed by the reputable upstream game publishers or developers.

In view of the fast-changing marketing trend and hot topics among the game players which in turn lead to the shortening of the average lifecycle of mobile games, we also aim to optimise the game production cycle of the self-developed games by engaging third party subcontractors for artistic solutions and music production. With more efficient and creative game production process and cycle, we will be able to develop games in a faster rate and with a better quality to cope with the prolonged pre-approval time from the NPPA and the shortened average lifecycle of mobile games.

According to the Guo Xin Chu Fa (2021) No. 14 "Notice on Further Strict Management and Practically Preventing Minors from Indulging in Online Games" issued by the NPPA on 30 August 2021, with effect from 1 September 2021, all online game providers will be restricted to only provide minors with one-hour online game services on Fridays, Saturdays, Sundays and statutory holidays from 20:00 to 21:00, and are not allowed to provide online game services to minors in any form at other times. The Group will make adjustments accordingly with preference for distribution rights of third-party games developed for adults. The target customer group for the self-developed game will also be adjusted accordingly.

Looking ahead, we believe our continuous effort to enhance the research and development capability with the support of our strong financial strength will put the Group at an advantage to compete in the fast-changing mobile gaming industry in the PRC.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CHANGE IN DIRECTORS AND CHIEF EXECUTIVES

As disclosed in the announcement of the Company dated 15 April 2021, with effect from 15 April 2021, (a) Mr. Li Haijun has resigned as an executive Director, (b) Mr. Li Tao has been appointed as an executive Director, and (c) Mr. He Shaoning has been re-designated from an executive Director to a non-executive Director.

Save as disclosed above, during the Period, there was no change in information of Directors and chief executive of the Company.

## 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 of the knowledge of the Board, the Company has complied with all the code provisions contained in the Corporate Governance Code during the Period.

## 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.

## 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 2021 interim report, 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.

## DISCLOSURE OF INTERESTS

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

As at 30 June 2021, to the best of the knowledge of the Directors, 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 required to be 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 are taken or deemed to have under such provision of the SFO), or which were required to be 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 <sup>(1)</sup>
Mr. Sui Jiaheng <sup>(2)</sup>	Interest in a controlled corporation	162,000,000	40.50%
Mr. Huang Zhigang <sup>(3)</sup>	Interest in a controlled corporation	22,740,000	5.68%

Notes:

1. Based on 400,000,000 issued Shares as at 30 June 2021.
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.

(ii) Long position in associated corporations

**Luocheng Mulao Autonomous County Dinglian Technology Company Limited (羅城仫佬族自治縣頂聯科技有限責任公司) (“Dinglian Technology”)**

Name	Nature of interest	Approximate percentage shareholding in the associated corporation
Mr. Sui Jiaheng <sup>(Note)</sup>	Beneficial interest	50%

Note: Mr. Sui Jiaheng holds 50% 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.

Save as disclosed above, as at 30 June 2021, 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

As at 30 June 2021, 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 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 <sup>(1)</sup>
Sun JH Holding Ltd. <sup>(2)</sup>	Beneficial interest	162,000,000	40.50%
Li Wei <sup>(2)</sup>	Interest of spouse	162,000,000	40.50%
Together Win Capital (Holdings) Co., Ltd. <sup>(3)</sup>	Interest in controlled corporations	22,740,000	5.68%

*Notes:*

1. Based on 400,000,000 issued Shares as at 30 June 2021.
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. 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 30 June 2021, 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**”) to recognise and acknowledge the contributions that eligible persons (the “**Eligible Participants**”) have had or may have made to the Group. Eligible Participants of the Share Option Scheme include (a) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (b) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (d) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are: (aa) contribution to the development and performance of the Group; (bb) quality of work performed for the Group; (cc) initiative and commitment in performing his/her duties; and (dd) length of service or contribution to the Group.

The maximum number of Shares that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, i.e. 40,000,000 Shares. No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before the relevant acceptance date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share. The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered.

No option had been granted as at 31 December 2020 and up to 30 June 2021.

## SHARE AWARD PLAN

On 15 April 2021, the Board approved the adoption of a share award plan. The purposes of the plan are to recognise and reward the contribution of eligible participants, including employees (whether full time or part time, including any executive Director), non-executive Directors, independent non-executive Directors, any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any entity in which any member of the Group holds any equity interest of the Company, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, to the growth and development of the Group, to give incentives to such eligible participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

No award was made during the Period.



# 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 (collectively referred to as the “**Group**”) set out on pages 20 to 34, which comprise the condensed consolidated statement of financial position as of 30 June 2021 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” 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.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
31 August 2021



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	NOTES	(Unaudited)	(Unaudited)
Revenue	4	61,735	106,042
Cost of sales		(40,336)	(62,992)
<b>Gross profit</b>		<b>21,399</b>	43,050
Other income		780	323
Other gains and losses		(525)	(487)
Administrative expenses		(7,597)	(3,016)
Interest on lease liabilities		(5)	(4)
Impairment loss under expected credit loss model, net of reversal		(1,798)	(134)
Research and development expenses		(4,501)	(8,697)
Listing expenses		—	(9,950)
<b>Profit before tax</b>		<b>7,753</b>	21,085
Income tax expense	5	(434)	(686)
<b>Profit and total comprehensive income for the period</b>	6	<b>7,319</b>	20,399
<b>Earnings per share</b>			
— Basic (RMB cents)	7	1.83	6.30

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	NOTES	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Non-current assets</b>			
Property and equipment		46	83
Right-of-use assets		261	176
Intangible assets		33,982	35,904
Deferred tax assets		1,227	462
		<b>35,516</b>	36,625
<b>Current assets</b>			
Trade and other receivables	9	170,538	172,247
Bank balances and cash		106,484	106,196
		<b>277,022</b>	278,443
<b>Current liabilities</b>			
Trade and other payables	11	10,205	19,390
Lease liabilities		129	143
Contract liabilities		—	728
Taxation payable		4,930	4,952
		<b>15,264</b>	25,213
<b>Net current assets</b>		<b>261,758</b>	253,230
<b>Total assets less current liabilities</b>		<b>297,274</b>	289,855
<b>Non-current liability</b>			
Lease liabilities		123	23
<b>Net assets</b>		<b>297,151</b>	289,832
<b>Capital and reserves</b>			
Share capital	12	275	275
Share premium and reserves		296,876	289,557
<b>Total equity</b>		<b>297,151</b>	289,832



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (note a)	Statutory surplus reserve RMB'000 (note b)	Accumulated profits RMB'000	Total RMB'000
<b>At 1 January 2020 (audited)</b>	69	—	5,000	4,139	119,778	128,986
Profit and total comprehensive Income for the period	—	—	—	—	20,399	20,399
<b>At 31 June 2020 (unaudited)</b>	69	—	5,000	4,139	140,177	149,385
<b>At 1 January 2021 (audited)</b>	275	104,355	5,000	4,140	176,062	289,832
Profit and total comprehensive Income for the period	—	—	—	—	7,319	7,319
<b>At 30 June 2021 (unaudited)</b>	275	104,355	5,000	4,140	183,381	297,151

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>OPERATING ACTIVITIES</b>		
Operating cash flows before movements in working capital	<b>11,688</b>	21,998
Increase in trade and other receivables	<b>(89)</b>	(35,039)
(Decrease) increase in trade and other payables	<b>(9,185)</b>	8,400
(Decrease) increase in contract liabilities	<b>(728)</b>	1,432
Cash from (used in) operations	<b>1,686</b>	(3,209)
Income tax paid	<b>(1,221)</b>	(4)
Net cash from (used in) operating activities	<b>465</b>	(3,213)
<b>INVESTING ACTIVITIES</b>		
Proceeds from redemption of other financial assets	—	22,600
Interest received from bank deposits	<b>99</b>	48
Purchase of other financial assets	—	(22,500)
Purchase of intangible assets	—	(5,200)
Purchases of property and equipment	—	(1)
Net cash from (used in) investing activities	<b>99</b>	(5,053)
<b>FINANCING ACTIVITIES</b>		
Issue costs paid	—	(1,019)
Payment of lease liabilities	<b>(69)</b>	(73)
Repayment to shareholders	—	(33)
Interest paid on lease liabilities	<b>(5)</b>	(4)
Cash used in financing activities	<b>(74)</b>	(1,129)
Net increase (decrease) in cash and cash equivalents	<b>490</b>	(9,395)
Cash and cash equivalents at 1 January	<b>106,196</b>	48,969
Effect of foreign exchange rate changes	<b>(202)</b>	69
Cash and cash equivalents at 30 June, represented by bank balances and cash	<b>106,484</b>	39,643

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 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 People’s Republic of China (the “**PRC**”) citizens (the “**Registered Shareholders**”) through setting up wholly-owned companies incorporated in the British Virgin Islands (“**BVI**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as 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 Luocheng Mulao Autonomous County Dinglian Technology Company Limited (“**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

During the current period, there is a substantial decrease in the Group’s revenue from the publishing of self-developed mobile games as a result of (i) the self-developed mobile games currently in operation have reached the later stage of their respective life cycle such that both the number of the monthly paying users and the average revenue per monthly paying user in respect of these games decreased, and (ii) the Group’s new self-developed mobile games are not able to launch during the period as they are still subject to the pre-approval process of the National Press and Publication Administration in the PRC.



## 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 2021

### 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 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

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

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current interim 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.

### 4. REVENUE AND SEGMENT INFORMATION

During the six months ended 30 June 2021, revenue represents the amount of consideration to which the Group expects to be entitled in exchange for publishing of third party mobile games, publishing of self-developed mobile games as well as the development and sales of mobile games (six months ended 30 June 2020: publishing of third party mobile games and publishing of self-developed mobile games).

#### For the six months ended 30 June 2021

	Publishing of third party mobile games RMB'000 (unaudited)	Publishing of self-developed mobile games RMB'000 (unaudited)	Development and sales of mobile games RMB'000 (unaudited)	Total RMB'000 (unaudited)
Timing of revenue recognition				
At a point of time	—	—	8,491	8,491
Over time	50,036	3,208	—	53,244
Segment revenue and revenue from contracts with customers	50,036	3,208	8,491	61,735

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2020

	Publishing of third party mobile games <i>RMB'000</i> (unaudited)	Publishing of self-developed mobile games <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (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
<b>Six months ended 30 June</b>			
	<b>2021</b>	<b>2020</b>	
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
The contracts with customers are with:			
Variable consideration	53,244	106,042	
Fixed price	8,491	—	
	61,735	106,042	

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

### 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 of the Company, 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.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment Information (Continued)

The CODM regularly reviews revenue analysis by services and products to assess performance and allocation of resources. Other than revenue analysis, no other operating results and other discrete financial information is provided for the assessment of performance. The CODM reviews the financial results of the Group as a whole to make decision. Accordingly, only entity-wide disclosures are 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.

### 5. TAXATION

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC enterprise income tax ("EIT")	316	796
Under (over) provision in prior years		
PRC EIT	883	(11)
Deferred taxation	(765)	(99)
Income tax expense	434	686

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%.

No provision for taxation in Hong Kong has been made as the Group's income is not derived from Hong Kong.

For the six months ended 30 June 2021

## 5. TAXATION (Continued)

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%.

Pursuant to the relevant regulations issued by the State Administration of Taxation (“**SAT**”), the Ministry of Finance (“**MOF**”), 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%, 12.5% in the respective years from 2016 to 2020. Dinglian Technology was accredited to “High and New Technology Enterprise” in December 2020 and is subject to tax rate of 15% for 2021.

Pursuant to Cai Shui 2011 No. 112 issued by SAT and MOF, 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. Pursuant to Cai Shui 2021 No. 27 issued by SAT and MOF, such tax benefit was extended from 1 January 2021 to 31 December 2030. The Group’s subsidiaries, Khorgos Dinglian Interactive Network Technology Company Limited, Khorgos Entertainment, Khorgos Sino-Entertainment Information Technology Company Limited and Khorgos Dinglian Network Technology Company Limited which are incorporated in Khorgos economic development zones in Xinjiang Province, are entitled to such EIT exemption for the years 2020 and 2021.

For 2020 and 2021, Beihai Dinglian Technology Company Limited is entitled to small and micro enterprises and subject to 20% preferential EIT pursuant to Cai Shui 2019 No. 13 issued by MOF 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 2021

### 6. PROFIT FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation and amortisation:		
Depreciation of property and equipment	37	74
Depreciation of right-of-use assets	70	69
Amortisation of intangible assets	1,922	748
Total depreciation and amortisation	2,029	891
Short-term lease payments	216	166
Research and development expenses ( <i>Note a</i> )	4,501	8,697
Interest income from bank deposits	(99)	(48)
Government grants recognised ( <i>Note b</i> )	(500)	—
Value added tax deduction	(173)	(143)
Investment income from other financial assets	—	(100)

*Notes:*

- a. Research and development expenses consist of depreciation of property and equipment of RMB9,000 (six months ended 30 June 2020: RMB25,000) and amortisation of intangible assets of RMB450,000 (six months ended 30 June 2020: RMB208,000) for the six months ended 30 June 2021 which are also included in "Total depreciation and amortisation", as above, and staff costs for the Group's research and development personnel of RMB1,797,000 (six months ended 30 June 2020: RMB2,704,000).
- b. Pursuant to Luo Zheng Fa Ban 2020 No. 151 "Announcement from Encouraging Enterprise Development in Luocheng 2020"(the "**Announcement**"), the local government has launched series of grants to the entities established in Luocheng, including provide grants to those foreign-invested entities who utilised the funds received from their shareholders. Amount of government granted recognised mainly represented RMB400,000 (six months ended 30 June 2020: Nil) received from the local government pursuant to the Announcement which is one off in nature.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 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 2021 (Unaudited)	2020 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share (RMB'000)	<b>7,319</b>	20,399
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>400,000,000</b>	324,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2020 has been determined on the assumption that the capitalisation issue as detailed in the section headed "History, Reorganisation and Corporate Structure" of the prospectus of the Company dated 30 June 2020 for the initial listing of its shares on the Main Board of the Stock Exchange had been effective on 1 January 2020.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the six months ended 30 June 2021 and 2020.

### 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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	<b>102,825</b>	126,320
Less: allowance for credit losses	<b>(2,154)</b>	(356)
	<b>100,671</b>	125,964
Down payments to game publishers	<b>39,411</b>	40,606
Advances to suppliers	<b>27,974</b>	2,622
Deposits and prepayments	<b>199</b>	1,319
Value-added tax recoverable	<b>2,283</b>	1,736
	<b>170,538</b>	172,247

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 9. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables presented based on the date of delivery of goods or monthly statements issued, at the end of the reporting period:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	<b>31 December 2020 RMB'000 (Audited)</b>
0 to 90 days	<b>32,043</b>	73,868
91 to 180 days	<b>22,732</b>	32,332
Over 180 days	<b>45,896</b>	19,764
	<b>100,671</b>	125,964

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

### 10. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

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 and performs impairment assessment on trade receivables for lifetime ECL based on individual assessment. The Group used loss rates ranging from 0.11% to 2.14% (31 December 2020: 0.12% to 0.56%) 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.

During the six months ended 30 June 2021, the Group provided a net impairment loss of RMB1,798,000 (six months ended 30 June 2020: RMB134,000) for trade receivables, based on the individual assessment.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 11. TRADE AND OTHER PAYABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Trade payables	<b>8,307</b>	15,094
Other tax payables	<b>780</b>	2,431
Payroll and welfare payables	<b>570</b>	704
Accrued listing expenses and accrued issue costs	<b>—</b>	294
Accrued expenses	<b>530</b>	850
Others	<b>18</b>	17
	<b>10,205</b>	19,390

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

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:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
0 to 30 days	<b>4,519</b>	4,418
31 to 60 days	<b>3,778</b>	5,233
61 to 90 days	<b>—</b>	3,030
91 to 180 days	<b>—</b>	2,413
Over 180 days	<b>10</b>	—
	<b>8,307</b>	15,094



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 12. SHARE CAPITAL

	Number of shares '000	Amount US\$'000	RMB'000
<i>Ordinary shares of US\$0.0001 each</i>			
<b>Authorised:</b>			
At 1 January 2020 (audited), 30 June 2020 (unaudited), 1 January 2021 (audited) and 30 June 2021 (unaudited)	500,000	50	343
<b>Issued and fully paid:</b>			
At 1 January 2020 (audited), 30 June 2020 (unaudited)	100,000	10	69
At 1 January 2021 (audited) and 30 June 2021 (unaudited)	400,000	40	275

### 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	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Salaries and other benefits	625	512
Retirement benefits scheme contributions	54	14
	679	526

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 2021
“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

“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.