

TARGET

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SINO-ENTERTAINMENT TECHNOLOGY HOLDINGS LTD:

THIS COMPANY IS STILL IN ITS INFANCY,

BUT TO WHERE IT GOES, WHO KNOWS ?

Considering that Sino-Entertainment Technology Holdings Ltd () (Code: 6933, Main Board, The Stock Exchange of Hongkong Ltd) is only about six years old, one cannot sneer at the advances that this Company's Management has achieved in the short period of its existence as a corporate entity.

This Company must, still, be considered in its infancy and, as such, that which Management has achieved, thus far, it would be unwise to presume that it should be able to reach even greater heights in respect of revenue and profitability.

The History And Business Of Sino-Entertainment Technology Holdings Ltd

Sino-Entertainment Technology Holdings Ltd describes itself as being, in a nutshell, '*an integrated game publisher and developer*'.

Its single market is that of the **P**eople's **R**epublic of **C**hina (**PRC**).

The history of the Company can be traced back to December 2, 2014, with the incorporation in the PRC of Luocheng Mulao Autonomous County Dinglian Technology Company Ltd

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The four Founders were Messrs Li Hai Jun (), He Shao Ning (), Liao Shou Rui () and Wu Shan Sheng ().

According to Page 118 of the Global Offering Prospectus of Sino-Entertainment Technology Holdings Ltd, the original concept of the Luocheng Mulao Autonomous County Dinglian Technology Company Ltd (referred to in the Global Offering Prospectus as, simply, Dinglian Technology) was *‘to engage in the sales of computers, computer accessories and electronic products, as well as the development of software and websites in the PRC.’*

However, within about one year of the incorporation of Luocheng Mulao Autonomous County Dinglian Technology Company Ltd, Mr Li Hai Jun made the determination that he would like to invest in the gaming industry in the PRC.

And so, as a consequence of this gentleman’s desire, he *‘started to look for opportunities to expand Dinglian Technology’s business into gaming industry in early 2015.’*

Mr Li Hai Jun became associated with Mr Sui Jia Heng (), described, at Page 118 of the Global Offering Prospectus, as being, *‘a passionate gamer.’*

At the third paragraph of Page 118 of the Global Offering Prospectus, one was informed of the following:

‘Understanding that both shared the same interests in investing in gaming industry, Mr. Sui and Mr. Li decided to expand into game publishing and developing business. In December 2015, we (presumably, Sino-Entertainment Technology Holdings Ltd and/or Messrs Sui and Li) entered into the first game developing contract. Seeing the potential in game-related business, Mr. Sui decided to acquire the controlling stake of Dinglian Technology from Mr. Wu Shansheng in November 2015. Since then, our business has been focusing on the gaming industry.’

The situation at Sino-Entertainment Technology Holdings Ltd, today, is given at Page 150 of the Global Offering Prospectus, under the heading of a business **‘OVERVIEW’**:

‘We are 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 our sound understanding with our publishing partners and game players gained over the years of our operations to develop and publish high-quality and well-customised mobile games. Our Group first commenced its business in 2014 engaging in the sales of computers, computer accessories and electronic products, as well as the development of software and websites in China. We expanded our game development business and started to develop mobile games since 2015 and further tap into mobile games publishing business in 2016, where third party publishers engage us as co-publisher to provide publishing services for mobile games developed by third party game developers. As a co-publisher, instead of acting as a main publisher, we act as a sub-contractor to the third party publishers to co-publish the third party games. In 2018, we also began to publish our self-developed games as the main publisher.

‘We believe our success is attributable to our strong capabilities and experience gained from the publishing and development of well-received games. During the Track Record Period (the 36 months, ended December 31, 2019), we have developed and published games in various genres including RPG (Role-Playing Games), SLG (Simulation Games) and casual games (games that are easy to learn and typically have a simple storyline).

‘As a game publisher, we (i) offer publishing services to our publishing partners for third party games; and (ii) publish our self-developed games. For co-publishing of third party games, we normally provide marketing, promotional, distribution and coordination services to third party publishers as co-publisher and assist them to publish their games on various distribution channels, where we may sometimes obtain exclusive rights from third party publishers to promote and publish games on designated distribution channels. For certain games, we would also publish and distribute the games on our self-operated platform and be responsible for user related services including user log-in, top-up and payment services. As co-publisher of third party games, we work and negotiate directly with the upstream third party publishers and do not collaborate with the mobile game developers or other publishing service providers engaged by the third party publishers. Occasionally, we would subcontract some of our co-publishing responsibilities to our downstream third party publishing partners depending on the publishing work scope and our available resources. During the Track Record Period, we have co-published over 320 third party games through third party distribution channels and our self-operated platform as co-publisher, and published two games developed by our in-house development team. For publishing of our self-developed games, we enjoy all the proprietary rights of the games and are primarily responsible for publishing or arranging various publishing services, and would often engage downstream third party publishing partners to be responsible for certain parts of the publishing of the games. We collaborate with these third party publishing partners to formulate the publishing work scope and the respective revenue sharing arrangement.

‘In addition to game publishing, we have also engaged in development and sales of customised software and games. Since the commencement of our mobile game development in 2015 and up to the Latest Practicable Date (June 21, 2020), we had developed 22 proprietary games mainly in the RPG and casual games genres. During the Track Record Period, we have sold one of our self-developed games to a third party game developer and publisher, and published two of our self-developed games. We launched an additional self-developed game in February 2020. As at the Latest Practicable Date, all of the three self-developed games were still in operation. We target to launch five self-developed games in each of 2021 and 2022 subject to approval of relevant governmental authorities. In addition to direct sales of our self-developed games, we would also be commissioned by third party game developers and publishers to develop customised software or modify certain third party game contents.’

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