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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)

2022 ANNUAL RESULTS ANNOUNCEMENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Revenue	4	12,302	104,267
Cost of sales		<u>(16,016)</u>	<u>(75,461)</u>
Gross (loss) profit		(3,714)	28,806
Other income	6	583	6,817
Other gains and losses	7	(408)	(975)
Administrative expenses		(22,073)	(19,741)
Impairment losses under expected credit loss model, net of reversal		(39,884)	(2,592)
Impairment loss recognised in respect of intangible assets		(24,657)	—
Impairment loss recognised in respect of cryptocurrencies		(540)	—
Impairment loss recognised in respect of down payments to game publishers — non-refundable		(2,500)	—
Finance costs	8	(1,954)	(11)
Research and development expenses	10	(12,580)	(14,860)
Loss before tax	10	(107,727)	(2,556)
Income tax credit (expense)	9	8,768	(394)
Loss for the year		<u>(98,959)</u>	<u>(2,950)</u>

	NOTE	2022 RMB'000	2021 RMB'000
Other comprehensive income for the year, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>2,486</u>	<u>—</u>
Total comprehensive expenses for the year		<u>(96,473)</u>	<u>(2,950)</u>
Loss for the year attributable to:			
— Owners of the Company		<u>(97,525)</u>	<u>(2,950)</u>
— Non-controlling interests		<u>(1,434)</u>	<u>—</u>
		<u>(98,959)</u>	<u>(2,950)</u>
Total comprehensive expenses attributable to:			
— Owners of the Company		<u>(95,066)</u>	<u>(2,950)</u>
— Non-controlling interests		<u>(1,407)</u>	<u>—</u>
		<u>(96,473)</u>	<u>(2,950)</u>
Loss per share	12		
— Basic (RMB cents)		<u>(24.37)</u>	<u>(0.74)</u>
— Diluted (RMB cents)		<u>(24.37)</u>	<u>(0.74)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property and equipment		14	30
Right-of-use assets		97	202
Intangible assets		6,555	32,061
Deferred tax assets		8,153	227
		<u>14,819</u>	<u>32,520</u>
CURRENT ASSETS			
Cryptocurrencies		73,212	—
Trade and other receivables	13	107,683	179,121
Pledged bank deposits		53,356	—
Cash and cash equivalents		94,579	88,256
		<u>328,830</u>	<u>267,377</u>
CURRENT LIABILITIES			
Trade and other payables	14	5,188	8,444
Lease liabilities		86	105
Bank borrowings		47,748	—
Loans from a non-controlling interest		88,521	—
Tax liabilities		3,519	3,885
		<u>145,062</u>	<u>12,434</u>
NET CURRENT ASSETS		<u>183,768</u>	<u>254,943</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>198,587</u>	<u>287,463</u>
NON-CURRENT LIABILITY			
Lease liabilities		15	101
NET ASSETS		<u>198,572</u>	<u>287,362</u>
CAPITAL AND RESERVES			
Share capital		281	275
Reserves		190,311	287,087
Equity attributable to owners of the Company		190,592	287,362
Non-controlling interests		7,980	—
TOTAL EQUITY		<u>198,572</u>	<u>287,362</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

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 citizens of the People’s Republic of China (the “PRC”) (the “Registered Shareholders”) through setting up wholly-owned companies incorporated in the British Virgin Islands (“BVI”). The addresses of the registered office is Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business of the Company is Suite No. 2, 3/F Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) is principally engaged in publishing and development of mobile games (the “Listing Business”) in the PRC and blockchain technology business. 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 consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendment to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendment to Hong Kong Accounting Standards (“HKAS”) 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Amendment to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018–2020</i>

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “Conceptual Framework”) instead of *Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010* issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 January 2022.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ³
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i> ³
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (2022)</i> ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the directors of the Company (the “Directors”) anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers

For the year ended 31 December 2022

	Publishing of third parties games <i>RMB'000</i>	Publishing of self-developed mobile games <i>RMB'000</i>	Development and sales of games <i>RMB'000</i>	Provision of digital services with blockchain technology <i>RMB'000</i>	Total <i>RMB'000</i>
Geographical markets					
Hong Kong	—	—	—	1,552	1,552
The PRC	10,750	—	—	—	10,750
Total	10,750	—	—	1,552	12,302
Time of revenue recognition					
At a point of time	—	—	—	1,552	1,552
Over time	10,750	—	—	—	10,750
Total	10,750	—	—	1,552	12,302

For the year ended 31 December 2021

	Publishing of third parties games <i>RMB'000</i>	Publishing of self-developed mobile games <i>RMB'000</i>	Development and sales of games <i>RMB'000</i>	Total <i>RMB'000</i>
Geographical markets				
The PRC	<u>92,567</u>	<u>3,209</u>	<u>8,491</u>	<u>104,267</u>
Time of revenue recognition				
At a point of time	—	351	8,491	8,842
Over time	<u>92,567</u>	<u>2,858</u>	<u>—</u>	<u>95,425</u>
Total	<u><u>92,567</u></u>	<u><u>3,209</u></u>	<u><u>8,491</u></u>	<u><u>104,267</u></u>

5. OPERATING SEGMENTS

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.

For the year ended 31 December 2021, the Group’s reportable segments under HKFRS 8 *Operating Segments* is publishing and development of mobile games in the PRC. Since this was the only reportable and operating segment of the Group, no segment information in relation to the revenues and results, assets and liabilities and other information was presented for the year ended 31 December 2021.

During the year ended 31 December 2022, the Group commenced engaging in the blockchain technology business, and it is considered as a new operating and reportable segment by the CODM.

Specifically, the Group's reportable segments under HKFRS 8 *Operating Segments* are as follows:

- (i) Blockchain technology business: provision of digital services to liquidity pools operating on blockchain protocols within cryptocurrency networks.
- (ii) Mobile game business: publishing and development of mobile games in the PRC.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2022

	Mobile game business RMB'000	Blockchain technology business RMB'000	Total RMB'000
Revenue	<u>10,750</u>	<u>1,552</u>	<u>12,302</u>
Segment results	<u>(96,115)</u>	<u>(1,233)</u>	(97,348)
Unallocated other gains or losses			(139)
Unallocated other income			211
Unallocated corporate expenses			<u>(10,451)</u>
Loss before tax			<u>(107,727)</u>

6. OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grant	153	6,510
Value-added tax refund	219	102
Interest income from bank deposits	211	205
	<u> </u>	<u> </u>
	583	6,817
	<u> </u>	<u> </u>

7. OTHER GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net foreign exchange loss	(383)	(975)
Loss on written-off of property and equipment	(4)	—
Others	(21)	—
	<u> </u>	<u> </u>
	(408)	(975)
	<u> </u>	<u> </u>

8. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interests on lease liabilities	7	11
Interests on bank borrowings	1,407	—
Interests on loans from a non-controlling interest	540	—
	<u>1,954</u>	<u>11</u>

9. INCOME TAX (CREDIT) EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	29	159
Over-provision in prior years:		
PRC EIT	(871)	—
Deferred tax		
Current year	(7,926)	235
Income tax (credit) expense	<u>(8,768)</u>	<u>394</u>

10. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Staff cost		
Directors' and chief executive's emoluments	1,184	1,247
Other staff cost	3,864	6,118
Retirement benefit scheme contributions for other staff	487	739
Redundancy fee	259	39
Share-based payments	6,437	480
	<hr/>	<hr/>
Total staff cost	12,231	8,623
	<hr/> <hr/>	<hr/> <hr/>
Depreciation and amortisation		
Depreciation of property and equipment	14	53
Depreciation of right-of-use assets	105	160
Amortisation of intangible assets	3,868	3,843
	<hr/>	<hr/>
Total depreciation and amortisation	3,987	4,056
	<hr/> <hr/>	<hr/> <hr/>
Auditors' remuneration		
— Audit service	1,301	1,026
— Non-audit service	350	550
Research and development expenses	12,580	14,860
Legal and professional fees	2,134	4,359
	<hr/> <hr/>	<hr/> <hr/>

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

12. LOSS PER SHARE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(97,525)</u>	<u>(2,950)</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share (<i>Note a</i>)	400,116	400,000
Effect of dilutive potential ordinary shares:		
Effect of share awarded under share award scheme	<u>5,174</u>	<u>9,168</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>405,290</u>	<u>409,168</u>

Notes:

- (a) The calculation of weighted average number of ordinary shares exclude approximately 7,844,000 ordinary shares (2021: Nil) held under the share award scheme.
- (b) The computation of diluted loss per share for the years ended 31 December 2022 and 31 December 2021 did not assume the vesting of awarded shares since it would result in a decrease in loss per share for the year which was regarded as anti-dilutive.

13. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables — contracts with customers	87,022	106,328
Less: Allowance for credit losses	<u>(25,364)</u>	<u>(2,519)</u>
Trade receivables, net (<i>Note</i>)	<u>61,658</u>	<u>103,809</u>
Down payments to game publishers — refundable	32,622	33,380
Less: Allowance for credit losses	<u>(17,468)</u>	<u>(429)</u>
Down payments to game publishers — refundable, net	<u>15,154</u>	<u>32,951</u>
Down payments to game publishers — non-refundable	24,920	19,220
Less: Provision for impairment losses	<u>(2,500)</u>	<u>—</u>
Down payments to game publishers — non-refundable, net	<u>22,420</u>	<u>19,220</u>
Advances to suppliers	4,647	20,188
Deposits and prepayments	122	236
Value-added tax recoverable	<u>3,682</u>	<u>2,717</u>
Other receivables, deposits and prepayments, net	<u>46,025</u>	<u>75,312</u>
Trade and other receivables, net	<u><u>107,683</u></u>	<u><u>179,121</u></u>

Note:

At 1 January 2021, trade receivables from contracts with customers amounted to approximately RMB125,964,000.

The Group allows a credit period of 90 to 180 days to its trade customers.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of delivery of goods or monthly statements issued, at the end of the reporting periods:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 90 days	274	16,537
91 to 180 days	464	24,850
181 to 365 days	6,376	44,897
Over one year	54,544	17,525
	<u>61,658</u>	<u>103,809</u>

14. TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	3,942	7,334
Other tax payables	30	134
Payroll and welfare payables	473	441
Accrued expenses	680	476
Others	63	59
	<u>5,188</u>	<u>8,444</u>

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

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 30 days	—	1,111
31 to 60 days	—	2,070
61 to 90 days	—	2,109
91 to 180 days	—	2,034
Over 180 days	3,942	10
	<u>3,942</u>	<u>7,334</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is an integrated game publisher and developer with a focus on publishing mobile games in the market of mainland 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. The Group has also commenced engaging in the blockchain technology business outside the mainland China.

BUSINESS REVIEW

During the year ended 31 December 2022 (the “Year”), the decrease in new games launching in the market due to the prolonged pre-approval process from the National Press and Publication Administration in China (the “NPPA”) has led to a significant reduction in revenue of the Group. Total revenue of the Group for the Year has decreased by 88.2% to approximately RMB12,302,000.

The Group recorded a loss for the year attributable to owners of the Company of approximately RMB97,525,000 for the Year, as compared with the loss for the year attributable to owners of the Company of approximately RMB2,950,000 for the year ended 31 December 2021. Such loss was mainly attributable to the substantial decrease in revenue generated from publishing third parties games. In addition, the Group has recognised impairment losses under Expected Credit Loss model, net of reversal of approximately RMB39,884,000 and impairment provision on intangible assets of approximately RMB24,657,000 during the Year.

OUTLOOK

The continual prolonged launching pre-approval process from the NPPA cast uncertainty to the mobile gaming industry in the PRC. Moreover, there were certain default instances related to cryptocurrency during the Year which may be detrimental to the blockchain technology business. The Group will be cautious when considering extending the scale of such business. The Group would adhere to the prevailing applicable policies and review the Group’s business strategy regularly to capture business opportunities in the PRC and abroad.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year was approximately RMB12,302,000, representing a decrease of approximately 88.2% over approximately RMB104,267,000 for the year ended 31 December 2021.

Revenue performances in different business segments for the Year were further analysed below:

Publishing self-developed games

For the Year, the Group did not have any revenue from publishing of self-developed games. For the year ended 31 December 2021, the Group had one in-house mobile game with its own proprietary titles, contributing publishing revenue of approximately RMB3,209,000.

Publishing third-party games

For the Year, the Group as a co-publisher provided publishing services for 11 third-party games (for the year ended 31 December 2021: 65 third-party games), contributing co-publishing revenue of approximately RMB10,750,000 (for the year ended 31 December 2021: approximately RMB92,567,000).

Provision of digital services with blockchain technology

For the Year, the Group commenced engaging in blockchain technology business outside the Mainland China and revenue of approximately RMB1,552,000 was generated from this business (31 December 2021: nil).

Development and sales of customised software and games

For the Year, the Group did not have any revenue from the development and sales of games. For the year ended 31 December 2021, the Group conducted development and sales of 2 customised software and games to third parties, contributing sales revenue of approximately RMB8,491,000.

Gross Loss/(profit)

Gross loss for the Year was approximately RMB3,714,000 (for the year ended 31 December 2021: gross profit of approximately RMB28,806,000). Gross loss for the Year was mainly the result of substantial decrease in revenue, the recognition of costs on mobile games which have been removed from the market, and the lesser extent of decrease in direct staff cost relative to the decrease in revenue.

Other income

Other income for the Year was approximately RMB583,000, representing a decrease of approximately 91.4% over approximately RMB6,817,000 for the year ended 31 December 2021, which was mainly due to the rewards from the government for enterprise listing, enterprise development and enterprise of high and new technology activities in prior year, which was one-off in nature.

Other gains and losses

Other losses for the Year were approximately RMB408,000 (for the year ended 31 December 2021: approximately RMB975,000). Such losses were mainly consisted of net foreign exchange loss.

Staff Costs

Staff costs comprised mainly salaries, wages and other staff benefits. The Group's staff costs for the Year amounted to approximately RMB12,231,000 (for the year ended 31 December 2021: approximately RMB8,623,000). The increase in staff costs was mainly due to the increase in expenses on share-based payments.

Impairment losses on trade and other receivables

Impairment assessment under Expected Credit Loss (“ECL”) model on trade receivables with significant balances and credit impaired individually and/or collectively is performed. Except for significant or credit-impaired balances, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix by debtors internal credit rating and the historical observed default rates adjusted by forward-looking estimates. Impairment loss on trade receivables under the ECL model of approximately RMB22,845,000 (2021: approximately RMB2,163,000) was recognised during the Year. For other receivables, the Directors make periodic individual assessment on their recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group provided an impairment loss on other receivables under the ECL model of approximately RMB17,039,000 (2021: approximately RMB429,000) during the Year.

Administrative Expenses

Administrative expenses comprised mainly consumables costs, depreciation and auditors' remuneration. The Group's administrative expenses for the Year amounted to approximately RMB22,073,000 (for the year ended 31 December 2021: approximately RMB19,741,000). The increase in administrative expenses was mainly due to increase in expenses on share-based payments.

Taxation

For the Year, income tax credit was approximately RMB8,768,000 (for the year ended 31 December 2021: income tax expense of approximately RMB394,000).

Loss for the Year

The Group's loss for the Year attributable to owners of the Company amounted to approximately RMB97,525,000 (for the year ended 31 December 2021: approximately RMB2,950,000). The loss for the year was mainly attributable to the decrease in new games launching in the market due to the prolonged pre-approval process of the NPPA, which has led to the decrease of the game publishing service revenue of the Group.

Liquidity and Financial Resources

During the Year, the Group funds its operations mainly with cash generated from its operations, bank borrowings and loans from a non-controlling interest. As at 31 December 2022, the Group's net current assets was approximately RMB183,768,000 (31 December 2021: approximately RMB254,943,000), while the Group's cash and cash equivalents as at 31 December 2022 was approximately RMB94,579,000 (for the year ended 31 December 2021: approximately RMB88,256,000).

As at 31 December 2022, the Group had bank borrowings of approximately RMB47,748,000 (31 December 2021: nil).

Gearing ratio is calculated by dividing total debts by total equity as at the end of the Year. The Group's gearing ratio as at 31 December 2022 was approximately 73.1% (31 December 2021: insignificant).

Credit Risk

The Group uses provision matrix to calculate ECL for trade receivables and calculates the ECL for other receivables by grouping the counterparties with similar nature under general approach. The provision of ECL is sensitive to changes in estimates. Significant credit-impaired receivables are identified and assessed individually; the remaining debtors are grouped into different categories and the basis of expected loss rates in each category is determined with reference to historical default rates and forward-looking information. Higher impairment losses for the Year are recognised as a result of the expected loss assessment, which has considered the expected timing of collection and the quality of debtors, including their credit worthiness and repayment history.

Currency Risk

The functional currency of the Group's operating subsidiaries is Renminbi as substantially the Group's revenue is in Renminbi. The Group has foreign currency bank balances, other receivables, loans from a non-controlling interest and bank borrowings which expose the Group to foreign currency risk. Currently, the Group does not have any hedging policy for foreign currencies. Nevertheless, the Group's management will continue to monitor the foreign currency risk and will consider hedging significant foreign currency risk when necessary.

Capital Commitments

As at 31 December 2022, the unpaid registered capital for the subsidiaries amounted to approximately RMB92,933,000 (2021: approximately RMB91,542,000). The Group did not have other material capital commitments (31 December 2021: nil).

Pledged Assets and Contingent Liabilities of the Group

At 31 December 2022, the Group has pledged bank deposits of approximately RMB53,356,000 (2021: nil) to secure the bank borrowings of approximately RMB47,748,000 (2021: Nil). At 31 December 2022, the Group has pledged all assets of a subsidiary to secure loans from a non-controlling interest of approximately RMB21,605,000 (2021: nil).

As at 31 December 2022, the Group did not have any contingent liabilities (31 December 2021: nil).

Capital Structure

The Group's capital structure has remained unchanged during the Year. The Group's capital structure comprises equity attributable to owners of the Company (including issued share capital and reserves). The Board reviews the Group's capital structure on a regular basis. As part of the review, the Board has considered the costs of capital and risks relating to various types of capital.

Significant Acquisitions and Disposals

On 26 January 2022, SimpliFi Limited ("SimpliFi"), an indirect wholly-owned subsidiary of the Company, allotted and issued an aggregate of 20,176,471 new ordinary share of SimpliFi to DeFiner Limited ("DeFiner"), an independent third party, at a cash consideration of approximately HK\$1,442,000 (equivalent to RMB1,246,000) which represented 49% of the enlarged share capital of SimpliFi. This resulted in a decrease in the Group's equity interest in SimpliFi from 100% to 51%. The Group still retains its control over SimpliFi, which is then accounted for an equity transaction with non-controlling interests. On 18 January 2023, SimpliFi changed its name to Luocheng Dinglian (International) Limited.

Other than the above-mentioned deemed disposal of subsidiary, the Group did not have any significant acquisition and disposals relating to subsidiaries, associates and joint ventures.

Significant Investments

As at 31 December 2022, the Group did not have any significant investments.

Employees and Remuneration Policy

As of 31 December 2022, the Group employed 35 (31 December 2021: 46) employees. Employees' remunerations are determined with reference to factors such as qualifications, duties, contributions and experience.

The Group also provides internal training to employees when necessary and other staff benefits which include share option scheme and share award plan.

CORPORATE GOVERNANCE

The Company has adopted and complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in the Appendix 14 to the Listing Rules for the year ended 31 December 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding Directors' securities transactions on the terms and the required standard as set out in the Model Code for Securities transacting by Directors of the listed issuers (the "Model Code") in Appendix 10 to the Listing Rules. The Group has made specific enquiries of all the Directors and they have confirmed that they have been complying with the requirements under the Model Code throughout the Year. As far as the Group is aware, none of the Directors has breached the requirements under the Model Code.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

DIVIDEND

The Board does not recommend any distribution of final dividend for the Year (2021: nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, the Company has complied with relevant laws and regulations in the Cayman Islands, Hong Kong and the PRC and was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Group.

EVENTS AFTER END OF REPORTING PERIOD

On 12 January 2023, the Board has resolved to provisionally award a total of 9,670,186 awarded shares to 20 awardees, under the share award plan which shall be satisfied by the proposed allotment and issue of 9,670,186 new shares to the trustee on trust for the awardees pursuant to the general mandate granted by the shareholders at the annual general meeting of the Company held on 24 June 2022. For details, please refer to the announcements of the Company dated 12 and 16 January 2023, the Circular dated 16 February 2023 and the poll results announcement dated 3 March 2023.

On 7 March 2023, the Stock Exchange granted a conditional listing approval for 5,670,186 awarded shares subject to fulfilment of all other conditions.

AUDIT COMMITTEE

The Board has complied with the provisions of the CG Code, and that our Audit Committee was established on 15 July 2020. In 2022, pursuant to Rule 3.21 of the Listing Rules, the Audit Committee consists of three independent non-executive Directors, namely Ms. Zhang Chunmei (resigned on 5 September 2022), Ms. Pang Xia (appointed on 5 September 2022), Mr. Deng Chunhua and Ms. Chen Nan. Mr. Pang Xia is the chairman of the Audit Committee and has experience in accounting and financial management as stipulated in the Listing Rules. For the financial year ended 31 December 2022, the Audit Committee has performed its main duties, including (1) review and advise on the Group's annual and half-yearly reports and results announcements, the relevant accounting principles and practices adopted by the Group; (2) review the risk management and internal control procedures adopted by the Group, the internal control review report, and providing suggestions and comments thereon; (3) review the effectiveness of the internal audit function and provide suggestions and comments thereon; (4) ensure that the Directors and staff have received sufficient and relevant trainings and have complied with the corporate governance practices and code of conducts of the Group; and (5) discuss and confirm with chief executive officer and senior management that the Group has complied with applicable laws and regulations, in all material aspects.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company will be held on 8 June 2023 at 3:00 p.m. A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5 June 2023 to 8 June 2023, both days inclusive for the entitlement to attend the AGM, during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road Hong Kong, not later than 4:30 p.m. on 2 June 2023.

REVIEW OF FINANCIAL STATEMENTS AND SCOPE OF WORK OF THE AUDITOR

The Group’s audited financial statements for the year ended 31 December 2022 has been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group’s Auditor, Asian Alliance (HK) CPA Limited (“Asian Alliance”), to the amounts set out in the Group’s consolidated financial statements for the Year. The work performed by Asian Alliance in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Asian Alliance on this results announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange. The 2022 Annual Report and Notice of AGM of the Company will be despatched to the shareholders of the Company as well as published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 March 2023

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