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)

2023 ANNUAL RESULTS ANNOUNCEMENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	**2023** **RMB'000**	2022 *RMB'000*
Revenue	*4*	**8,998**	12,302
Cost of sales		**(23,372)**	(16,016)
Gross loss		**(14,374)**	(3,714)
Other income	*6*	**3,467**	583
Other gains and losses, net	*7*	**619**	(408)
Administrative expenses		**(28,273)**	(22,073)
Impairment losses under expected credit loss model, net of reversal		**(34,070)**	(39,884)
Impairment loss recognised in respect of intangible assets		**(12,546)**	(24,657)
Impairment loss recognised in respect of cryptocurrencies		**—**	(540)
Impairment loss recognised in respect of down payments to game publishers — non-refundable		**(810)**	(2,500)
Finance costs	*8*	**(1,673)**	(1,954)
Research and development expenses	*10*	**(14,416)**	(12,580)
Loss before tax	*10*	**(102,076)**	(107,727)
Income tax (expense) credit	*9*	**(2,535)**	8,768
Loss for the year		**(104,611)**	(98,959)

	NOTES	**2023**	2022
		RMB'000	*RMB'000*
Other comprehensive income for the year, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,409**	2,486
Total comprehensive expenses for the year		**(103,202)**	(96,473)
Loss for the year attributable to:			
— Owners of the Company		**(103,378)**	(97,525)
— Non-controlling interests		**(1,233)**	(1,434)
		(104,611)	(98,959)
Total comprehensive expenses attributable to:			
— Owners of the Company		**(102,225)**	(95,066)
— Non-controlling interests		**(977)**	(1,407)
		(103,202)	(96,473)
Loss per share	*12*		
— Basic (RMB cents)		**(25.75)**	(24.37)
— Diluted (RMB cents)		**(25.75)**	(24.37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**13**	14
Right-of-use assets		**14**	97
Intangible assets		**12,449**	6,555
Deferred tax assets		**5,589**	8,153
		18,065	14,819
CURRENT ASSETS			
Cryptocurrencies		**3**	73,212
Trade and other receivables	*13*	**32,634**	107,683
Financial assets at fair value through profit or loss ("FVTPL")		**8,138**	—
Pledged bank deposits		**—**	53,356
Cash and cash equivalents		**79,569**	94,579
		120,344	328,830
CURRENT LIABILITIES			
Trade and other payables	*14*	**6,906**	5,188
Lease liabilities		**15**	86
Bank borrowings		**—**	47,748
Loans from a non-controlling interest		**23,257**	88,521
Tax liabilities		**3,519**	3,519
		33,697	145,062
NET CURRENT ASSETS		**86,647**	183,768
TOTAL ASSETS LESS CURRENT LIABILITIES		**104,712**	198,587
NON-CURRENT LIABILITY			
Lease liabilities		**—**	15
NET ASSETS		**104,712**	198,572
CAPITAL AND RESERVES			
Share capital		**285**	281
Reserves		**97,424**	190,311
Equity attributable to owners of the Company		**97,709**	190,592
Non-controlling interests		**7,003**	7,980
TOTAL EQUITY		**104,712**	198,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 address of the registered office of the Company is Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KYl-1111, Cayman Islands and the address of the principal place of business of the Company in Hong Kong 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") are principally engaged in publishing and development of mobile games (the "Listing Business") in the PRC and blockchain technology business. The operations of the Listing Business 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	*Insurance Contracts*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform-Pillar Two model Rules*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*

Except as described below, the application of the new and 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.

2.1 Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.2 *Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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

2.3 *Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules*

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

2.4 *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

2.5 *Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong*

As disclosed in the consolidated financial statements, the Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The application of the amendments did not have a material impact on the Group's profit or loss for the years ended 31 December 2023 and 31 December 2022 and the Group's and the Company's financial position as at 31 December 2023 and 31 December 2022.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[2]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[2]
Amendments to HKAS 21	*Lack of Exchangeability*[3]

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

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

3 Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned in the consolidated financial statements, the directors of the Company (the "Directors") anticipate that the application of all other 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 2023

	Publishing of third parties games *RMB'000*	Publishing of self-developed mobile games *RMB'000*	Development and sales of games *RMB'000*	Provision of digital services with blockchain technology *RMB'000*	Total *RMB'000*
Geographical markets					
Hong Kong	—	—	—	87	87
The PRC	8,015	—	896	—	8,911
Total	8,015	—	896	87	8,998
Time of revenue recognition					
At a point of time	—	—	896	87	983
Over time	8,015	—	—	—	8,015
Total	8,015	—	896	87	8,998

For the year ended 31 December 2022

	Publishing of third parties games *RMB'000*	Publishing of self-developed mobile games *RMB'000*	Development and sales of games *RMB'000*	Provision of digital services with blockchain technology *RMB'000*	Total *RMB'000*
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

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 and the Chairman of the Company, and Mr. Li Tao, an executive director and the 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.

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

(i) Mobile game business: publishing and development and sales of mobile games in the PRC.

(ii) Blockchain technology business: provision of digital services to liquidity pools operating on blockchain protocols within cryptocurrency networks.

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 2023

	Mobile game business *RMB'000*	Blockchain technology business *RMB'000*	Total *RMB'000*
Revenue	**8,911**	**87**	**8,998**
Segment results	**(92,187)**	**(610)**	**(92,797)**
Unallocated other gains or losses			**691**
Unallocated other income			**3,357**
Unallocated corporate expenses			**(13,327)**
Loss before tax			**(102,076)**

For the year ended 31 December 2022

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

6. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Government grant	**107**	153
Value-added tax refund	**3**	219
Interest income from cash and cash equivalents	**3,357**	211
	3,467	583

7. OTHER GAINS AND LOSSES, NET

	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange gain (loss)	**218**	(383)
Change in fair value on financial assets at FVTPL	**401**	—
Loss on written-off of property and equipment	**—**	(4)
Others	**—**	(21)
	619	(408)

8. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interests on lease liabilities	**3**	7
Interests on bank borrowings	**306**	1,407
Interests on loans from a non-controlling interest	**1,364**	540
	1,673	1,954

9. INCOME TAX EXPENSE (CREDIT)

	2023	2022
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**—**	29
Over-provision in prior years:		
PRC EIT	**(29)**	(871)
Deferred tax		
Current year	**2,564**	(7,926)
Income tax expense (credit)	**2,535**	(8,768)

10. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2023	2022
	RMB'000	*RMB'000*
Staff cost		
Directors' and chief executive's emoluments	**1,932**	1,184
Other staff cost	**2,848**	3,864
Retirement benefit scheme contributions for other staff	**341**	487
Redundancy fee	**—**	259
Share-based payments for other staff	**8,577**	6,437
Total staff cost	**13,698**	12,231
Depreciation and amortisation		
Depreciation of property and equipment	**1**	14
Depreciation of right-of-use assets	**83**	105
Amortisation of intangible assets	**5,140**	3,868
Total depreciation and amortisation	**5,224**	3,987
Auditors' remuneration		
— Audit service	**1,170**	1,301
— Non-audit service	**423**	350
Research and development expenses	**14,416**	12,580
Legal and professional fees	**3,830**	2,134

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: 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:

	2023	2022
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(103,378)**	(97,525)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share *(Note a)*	**401,506**	400,116
Effect of dilutive potential ordinary shares:		
Effect of share awarded under share award scheme	**7,770**	5,174
Weighted average number of ordinary shares for the purpose of diluted loss per share	**409,276**	405,290

Notes:

(a) The calculation of weighted average number of ordinary shares exclude approximately 10,440,000 ordinary shares (2022: 7,844,000 ordinary shares) held under the share award scheme.

(b) The computation of diluted loss per share for the years ended 31 December 2023 and 31 December 2022 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

	2023	2022
	RMB'000	*RMB'000*
Trade receivables — contracts with customers	**64,333**	87,022
Less: Allowance for credit losses	**(48,807)**	(25,364)
Trade receivables, net *(Note)*	**15,526**	61,658
Down payments to game publishers — refundable	**21,444**	32,622
Less: Allowance for credit losses	**(20,477)**	(17,468)
Down payments to game publishers — refundable, net	**967**	15,154
Down payments to game publishers — non-refundable	**3,310**	24,920
Less: Provision for impairment losses	**(3,310)**	(2,500)
Down payments to game publishers — non-refundable, net	**—**	22,420
Other receivables	**5,970**	—
Less: Allowance for credit losses	**(5,970)**	—
Other receivables, net	**—**	—
Advances to suppliers	**6,214**	4,647
Deposits and prepayments	**2,278**	122
Value-added tax recoverable	**7,649**	3,682
Other receivables, deposits and prepayments, net	**17,108**	46,025
Trade and other receivables, net	**32,634**	107,683

Note:

At 1 January 2022, trade receivables from contracts with customers amounted to approximately RMB103,809,000, net of allowance of credit losses of approximately RMB2,519,000.

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:

	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**4,102**	274
91 to 180 days	**—**	464
181 to 365 days	**—**	6,376
Over one year	**11,424**	54,544
	15,526	61,658

14. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**5,889**	3,942
Other tax payables	**50**	30
Payroll and welfare payables	**255**	473
Accrued expenses	**647**	680
Others	**65**	63
	6,906	5,188

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.

	2023	2022
	RMB'000	*RMB'000*
0 to 30 days	**5,878**	—
31 to 60 days	**—**	—
61 to 90 days	**—**	—
91 to 180 days	**—**	—
Over 180 days	**11**	3,942
	5,889	3,942

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 also engages in the blockchain technology business outside the mainland China.

BUSINESS REVIEW

During the year ended 31 December 2023 (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. The total revenue of the Group for the Year has decreased by 26.9% to approximately RMB8,998,000, which was due to the reduced number of available new games in the recovering market subsequent to the reactivation of the approval of new game licences from the NPPA, as well as the suspension of the Group's blockchain technology business after consideration of the increased risk in the market as a result of certain default instances related to crytocurrency at the end of year 2022. The Group also generated a small amount of revenue from the development and sales of games during the Year.

The Group recorded a loss for the year attributable to owners of the Company of approximately RMB103,378,000 for the Year, when compared with that of approximately RMB97,525,000 for the year ended 31 December 2022. Such loss was mainly attributable to the decrease in revenue generated from publishing third parties games and the blockchain technology business. In addition, the Group has recognised impairment losses under the Expected Credit Loss model, net of reversal of approximately RMB34,070,000 and impairment provision on intangible assets of approximately RMB12,546,000 during the Year.

OUTLOOK

The prolonged pre-approval process of the NPPA cast uncertainty to the mobile gaming industry in the PRC. As the NPPA has restarted to grant new game licence approvals since April 2022, and the number of new game licences being approved in each batch tends to be more stable, the industry is recovering and it is high likely that the Group could also obtain new game licences in the future, including the licences for the Group's two game products of which licence applications have been submitted to the NPPA for approval. 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 RMB8,998,000, representing a decrease of approximately 26.9% from approximately RMB12,302,000 for the year ended 31 December 2022.

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 2022: nil).

Publishing third-party games

For the Year, the Group as a co-publisher provided publishing services for 14 third-party games (for the year ended 31 December 2022: 11 third-party games), contributing co-publishing revenue of approximately RMB8,015,000 (for the year ended 31 December 2022: approximately RMB10,750,000).

Provision of digital services with blockchain technology

For the Year, the Group's blockchain technology business outside the mainland China generated revenue of approximately RMB87,000 (31 December 2022: RMB1,552,000).

Development and sales of customised software and games

For the Year, the Group generated revenue of approximately RMB896,000 from the development and sales of games (for the year ended 31 December 2022: nil).

Gross Loss

Gross loss for the Year was approximately RMB14,374,000 (for the year ended 31 December 2022: gross loss of approximately RMB3,714,000). Gross loss for the Year was mainly the result of decrease in revenue, and the increase in the game publishing cost as a result of the increase in promotion charge rates by the game platform operators.

Other income

Other income for the Year was approximately RMB3,467,000, representing increase of approximately 494.7% over approximately RMB583,000 for the year ended 31 December 2022, which was mainly due to the increase in interest income.

Other gains and losses, net

Other gains for the Year were approximately RMB619,000 (for the year ended 31 December 2022: other losses of approximately RMB408,000). Such gains mainly consisted of net foreign exchange gain and change in fair value on financial assets at FVTPL.

Staff Costs

Staff costs comprised mainly salaries, wages and other staff benefits. The Group's staff costs for the Year amounted to approximately RMB13,698,000 (for the year ended 31 December 2022: approximately RMB12,231,000). 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 is performed. Except for significant or credit-impaired balances as a result of their long aging past due, 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, net of reversal, of approximately RMB23,443,000 (2022: approximately RMB22,845,000) 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 RMB10,627,000 (2022: approximately RMB17,039,000) 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 RMB28,273,000 (for the year ended 31 December 2022: approximately RMB22,073,000). The increase in administrative expenses was mainly due to increase in expenses on share-based payments and legal and professional fee.

Taxation

For the Year, income tax expense was approximately RMB2,535,000 (for the year ended 31 December 2022: income tax credit of approximately RMB8,768,000).

Loss for the Year

The Group's loss for the Year attributable to owners of the Company amounted to approximately RMB103,378,000 (for the year ended 31 December 2022: approximately RMB97,525,000). The increase in the loss for the Year was mainly attributable to the decrease in the total revenue, increase in cost of sales and administrative expenses, which was net off to a certain extent by the decrease in impairment loss provision on trade and other receivables, and the impairment loss provision on intangible assets.

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 2023, the Group's net current assets was approximately RMB86,647,000 (31 December 2022: approximately RMB183,768,000), while the Group's cash and cash equivalents as at 31 December 2023 was approximately RMB79,569,000 (for the year ended 31 December 2022: approximately RMB94,579,000).

As at 31 December 2023, the Group did not have any bank borrowings (31 December 2022: bank borrowings of approximately RMB47,748,000).

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 2023 was approximately 32.2% (31 December 2022: 73.1%).

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. 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 2023, the unpaid registered capital for the subsidiaries amounted to approximately RMB67,200,000 (2022: approximately RMB92,933,000). The Group did not have other material capital commitments (31 December 2022: nil).

Pledged Assets and Contingent Liabilities of the Group

At 31 December 2023, the Group had no pledged bank deposits (2022: pledged bank deposits of approximately RMB53,356,000 to secure the bank borrowings of approximately RMB47,748,000). At 31 December 2023, the Group had no pledged assets (2022: pledge of all assets of a subsidiary to secure loans from a non-controlling interest amounted to approximately RMB21,605,000).

As at 31 December 2023, the Group did not have any contingent liabilities (31 December 2022: 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

The Group did not have any significant acquisition and disposals relating to subsidiaries, associates and joint ventures during the Year.

Significant Investments

As at 31 December 2023, the Group did not have any significant investments.

Employees and Remuneration Policy

As of 31 December 2023, the Group employed 28 (31 December 2022: 35) 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 (now known as Appendix C1) to the Listing Rules for the year ended 31 December 2023.

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 (now known as Appendix C3) 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 (2022: 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

There have been no material events subsequent to the year ended 31 December 2023 and up to the date of this announcement.

AUDIT COMMITTEE

The Board has complied with the provisions of the CG Code, and that the audit committee of the Company (the "Audit Committee") was established on 15 July 2020. In 2023, pursuant to Rule 3.21 of the Listing Rules, the Audit Committee consists of three independent non-executive Directors, namely Ms. Pang Xia, Mr. Deng Chunhua and Ms. Chen Nan. Ms. 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 2023, 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 14 June 2024 at 3:00 p.m. A notice convening the AGM 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 11 June 2024 to 14 June 2024, 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 7 June 2024.

REVIEW OF FINANCIAL STATEMENTS AND SCOPE OF WORK OF THE AUDITOR

The Group's audited financial statements for the year ended 31 December 2023 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 2023, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 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 and consequently no opinion or assurance conclusion 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 websites of the Stock Exchange and the Company. The 2023 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, 26 March 2024

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