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世紀娛樂國際控股有限公司

CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

**UPDATE ANNOUNCEMENT  
IN RELATION TO**

- (1) CAPITAL REORGANISATION;  
(2) INCREASE IN AUTHORISED SHARE CAPITAL;  
(3) CHANGE IN BOARD LOT SIZE;  
(4) CONNECTED TRANSACTION IN RELATION TO  
SUBSCRIPTION OF THE CONVERTIBLE BOND;  
(5) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER  
AND  
(6) REVISED TIMETABLE FOR CAPITAL REORGANISATION**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 30 December 2020 in relation to, among other things, the Capital Reorganisation, Change in Board Lot Size and the Subscription. Unless otherwise stated herein, capitalised terms used but not otherwise defined herein shall have the same meanings as that ascribed to them in the Announcement.

**REVISED CAPITAL REORGANISATION**

The Board proposed to revise the structure of the Capital Reorganisation (the “**Revised Capital Reorganisation**”) as follow:

- (i) to revise the basis of the Share Consolidation to every ten (10), instead of five (5), issued and unissued Existing Shares of par value of HK\$0.20 each will be consolidated into one (1) Consolidated Share (the “**Adjusted Consolidated Share**”) of par value of HK\$2.00 (the “**Revised Share Consolidation**”);
- (ii) to make corresponding revision to the basis of the Capital Reduction such that par value of each issued Adjusted Consolidated Share will be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$1.99 on each issued Adjusted Consolidated Share (the “**Revised Capital Reduction**”);

- (iii) to made corresponding revision to the Share Subdivision such that every unissued Adjusted Consolidated Share of par value of HK\$2.00 each in the authorised share capital of the Company into two hundred (200) New Shares of par value of HK\$0.01 each (the “**Revised Share Subdivision**”);
- (iv) the transfer of the credit arising from the Revised Capital Reduction to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (v) the amount standing to the credit of the contributed surplus account be applied to set off the accumulated losses of the Company in full or be applied in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda.

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 2,000,000,000 Existing Shares, of which 1,282,475,614 Existing Shares are issued and credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Revised Share Consolidation becomes effective and only 0.4 fractional Adjusted Consolidated Shares will be created from the Revised Share Consolidation, the issued share capital of the Company will be HK\$256,495,122.80 divided into 128,247,561 Adjusted Consolidated Shares of par value of HK\$2.00 each.

The fractional Adjusted Consolidated Shares in the issued share capital of the Company arising from the Revised Share Consolidation, if any, will also be cancelled. Any fractional Adjusted Consolidated Shares to which the Shareholders are entitled shall be aggregated and sold for the benefit of the Company.

Upon the Revised Capital Reduction becoming effective, the par value of all the issued Adjusted Consolidated Shares shall be reduced from HK\$2.00 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$1.99 per Revised Consolidated Share in issue.

The New Shares will rank pari passu in all respects with each other in accordance with the Bye-laws. The issued share capital will be reduced to HK\$1,282,475.61 divided into 128,247,561 New Shares of par value of HK\$0.01 each.

Based on 1,282,475,614 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$255,212,647.19 arising from the Revised Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act which, together with any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Revised Share Consolidation, will be applied by the Board to set off the accumulated losses of the Company in full or be applied in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda.

Other than the relevant expenses incurred and to be incurred, the implementation of the Revised Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company.

The Revised Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders. In addition, the Company will not proceed with the Increase in Authorised Share Capital upon the Revised Capital Reorganisation becoming effective.

## EFFECTS OF THE REVISED CAPITAL REORGANISATION

The following table sets out the effect of the Revised Capital Reorganisation on the share capital of the Company before and after the implementation of the Revised Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the date of this announcement until the effective date of the Revised Capital Reorganisation.

	<b>As at the date of this announcement</b>	<b>Immediately after the Revised Share Consolidation becoming effective</b>	<b>Immediately after the Revised Capital Reorganisation becoming effective</b>
Par value	HK\$0.20 per Existing Share	HK\$2.00 per Adjusted Consolidated Share	HK\$0.01 per New Share
Authorised share capital	HK\$400,000,000 divided into 2,000,000,000 Existing Shares	HK\$400,000,000 divided into 200,000,000 Adjusted Consolidated Shares	HK\$400,000,000 divided into 40,000,000,000 New Shares
Issued and fully paid up or credited as fully paid up share capital	HK\$256,495,122.80 divided into 1,282,475,614 Existing Shares	HK\$256,495,122.00 divided into 128,247,561 Adjusted Consolidated Shares ( <i>Note</i> )	HK\$1,282,475.61 divided into 128,247,561 New Shares ( <i>Note</i> )
Unissued share capital	HK\$143,504,877.20 divided into 717,524,386 Existing Shares	HK\$143,504,878.00 divided into 71,752,439 Adjusted Consolidated Shares ( <i>Note</i> )	HK\$398,717,524.39 divided into 39,871,752,439 New Shares ( <i>Note</i> )

*Note:* Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Revised Share Consolidation becomes effective and only 0.4 fractional Adjusted Consolidated Shares will be created from the Revised Share Consolidation.

## **EFFECT ON THE CHANGE IN BOARD LOT SIZE FROM THE REVISED CAPITAL REORGANISATION**

The basis of the Change in Board Lot Size shall remain unchanged.

Based on the closing price of HK\$0.041 per Existing Share (equivalent to the theoretical closing price of HK\$0.41 per New Share) as quoted on the Stock Exchange at the date of this announcement, the value of each existing board lot of 2,000 Existing Shares is HK\$82 and the theoretical value for each new board lot of 10,000 New Shares, assuming the Revised Capital Reorganisation has become effective, would be HK\$4,100.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

### **Reasons for the Revised Capital Reorganisation**

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In light of the recent downward trend of the Company’s share price after the Announcement, the Revised Share Consolidation and the Change in Board Lot Size could allow more flexible margin to comply with the trading requirements of the Listing Rules. The Revised Share Consolidation will further reduce the total number of Shares currently in issue when compared with the Share Consolidation. As such, it is expected that the Revised Share Consolidation will bring about a corresponding further upward adjustment in the trading price of the Shares.

Meanwhile, the Revised Capital Reorganisation also involves the Revised Capital Reduction which will reduce the par value of the issued Adjusted Consolidated Shares from HK\$2.00 per Adjusted Consolidated Share to HK\$0.01 per New Share. Under the laws of Bermuda, a company may not issue shares at a discount to the par value of such shares. Accordingly, the Revised Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

As such, the Board is of the view that the Revised Capital Reorganisation and the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole.

## **SUPPLEMENTAL SUBSCRIPTION AGREEMENT IN RELATION TO THE SUBSCRIPTION OF THE CONVERTIBLE BOND**

In light of the Revised Capital Reorganisation, the Company and the Subscriber has on 15 January 2021 (after trading hours of the Stock Exchange) entered into a supplemental agreement to the Subscription Agreement to revise certain terms of the Convertible Bond in corresponding to the Revised Capital Reorganisation (the “**Supplemental Subscription Agreement**”). Details of the Supplemental Subscription Agreement are set out below:

**Date:** 15 January 2021 (after trading hours of the Stock Exchange)

**Parties:** The Company, as issuer

The Subscriber, as subscriber

As at the date of this announcement, the Subscriber and his controlled corporation namely, East Legend, together holds 358,721,959 Existing Shares in aggregate, representing approximately 27.97% of the existing number of issued Shares. Accordingly, the Subscriber is a substantial shareholder of the Company and a connected person of the Company under the Listing Rules.

### **Proposed amendments**

Pursuant to the Supplemental Subscription Agreement, the Company and the Subscriber mutually agreed to amend the terms of the Convertible Bond as follow:

**Conversion price** the conversion price of the Convertible Bond shall be amended from HK\$0.25 per New Share (equivalent to HK\$0.05 per Existing Share as adjusted for the effect of the Capital Reorganisation) to HK\$0.50 per New Share (equivalent to HK\$0.05 per Existing Share as adjusted for the effect of the Revised Capital Reorganisation), subject to adjustments (the “**Amended Conversion Price**”).

Save for the above, all other terms and conditions of the Subscription Agreement and the Convertible Bond shall remain unchanged.

Assuming full conversion of the principal amount of the Convertible Bond of HK\$50,000,000 at the Amended Conversion Price, a total of maximum 100,000,000 New Shares (assuming the Revised Capital Reorganisation has become effective) with aggregate nominal value of HK\$1,000,000 will be issued, representing approximately 78.0% of the total existing issued share capital of the Company (taking into account the effect of the Revised Capital Reorganisation) and approximately 43.8% of the Company’s total issued share capital as enlarged by the issue of the Conversion Shares (taking into account the effect of the Revised Capital Reorganisation).

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, save as the outstanding share options mentioned under the section headed “Adjustments in Relation to Other Securities of the Company” in the Announcement, there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or be converted into Shares.

The table below illustrates the shareholding structures of the Company as at the date of this announcement and immediately upon Revised Capital Reorganisation becoming effective and full conversion of the Convertible Bond of HK\$50,000,000 at the Amended Conversion Price (assuming there is no other change in the issued share capital and shareholding structure of the Company from the date of this announcement and up to the occurrence of the relevant events mentioned below):

	As at the date of this announcement		Immediately after the Revised Capital Reorganisation		Immediately after issue and full conversion of Convertible Bond into Conversion Shares	
	No. of Share	%	No. of Share	%	No. of Share	%
Mr. Ng Man Sun ( <i>Note 1</i> )	358,721,959	27.97	35,872,196	27.97	135,872,196	59.53
Ms. Cheng Wai Man	96,212,121	7.50	9,621,212	7.50	9,621,212	4.22
Mr. Huang Wei Qiang	86,900,000	6.78	8,690,000	6.78	8,690,000	3.80
Mr. Wong Kam Wah	82,542,121	6.44	8,254,212	6.44	8,254,212	3.62
Public	658,099,413	51.31	65,809,941	51.31	65,809,941	28.83
	<u>1,282,475,614</u>	<u>100.00</u>	<u>128,247,561</u>	<u>100.00</u>	<u>228,247,561</u>	<u>100.00</u>

*Note:*

1. Mr. Ng Man Sun is the substantial shareholder, executive Director, chairman and chief executive officer of the Company.
2. Conversion of the Convertible Bond shall be subject to the “Restriction on the exercise of the Conversion Rights” under the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BOND” in the Announcement.

## APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the independent financial adviser to make recommendation to the Independent Shareholders and the Independent Board Committee as to whether the Subscription is fair and reasonable and to advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM, and such appointment has been approved by the Independent Board Committee.

## REVISED EXPECTED TIMETABLE

**2021**

Despatch of circular with notice and proxy form of the SGM . . . . . Friday, 5 February

Latest time for lodging transfer documents and  
relevant share certificates to be eligible to  
attend and vote at the SGM . . . . . 4:30 p.m. on Tuesday, 23 February

Closure of register of members for the purpose of  
ascertaining Shareholders' eligibility to  
attend and vote at the SGM (both dates inclusive) . . . . . Wednesday, 24 February to  
Monday, 1 March

Latest time for lodging  
the proxy form of the SGM . . . . . 11:00 a.m. on Saturday, 27 February

Expected date and time of the SGM . . . . . 11:00 a.m. on Monday, 1 March

Announcement of the results of the SGM. . . . . Monday, 1 March

**The following events are conditional on the fulfilment of the conditions for the implementation of the Revised Capital Reorganisation:**

Expected effective date of  
the Revised Capital Reorganisation . . . . . 9:00 a.m. on Wednesday, 3 March

First day for free exchange of existing share  
certificates for new share certificates . . . . . Wednesday, 3 March

Commencement of dealings in New Shares . . . . . 9:00 a.m. on Wednesday, 3 March

Original counter for trading in Existing Shares in  
board lots of 2,000 Existing Shares (in the form of  
existing share certificates (in blue colour)) temporarily closes 9:00 a.m. on Wednesday, 3 March

Temporary counter for trading in New Shares in  
board lots of 200 New Shares (in the form of  
existing share certificates (in blue colour)) opens. . . . . 9:00 a.m. on Wednesday, 3 March

Original counter for trading in New Shares in  
board lots of 10,000 New Shares (in the form of  
new share certificates (in green colour)) re-opens . . . . . 9:00 a.m. on Wednesday, 17 March

Parallel trading in New Shares  
(in the form of new share certificates  
(in green colour) and existing share  
certificates (in blue colour)) commences . . . . . 9:00 a.m. on Wednesday, 17 March

Designated broker starts to provide matching services  
for odd lots of New Shares. . . . . Wednesday, 17 March

Temporary counter for trading in New Shares in  
board lots of 200 New Shares (in the form of  
existing share certificates (in blue colour)) closes . . . . . 4:10 p.m. on Friday, 9 April

Parallel trading in New Shares  
(in the form of new share certificates  
(in green colour) and existing share  
certificates (in blue colour)) ends. . . . . 4:10 p.m. on Friday, 9 April



Designated broker ceases to provide matching services  
for odd lots of New Shares. . . . . 4:10 p.m. on Friday, 9 April

Last day for free exchange of existing share  
certificates (in blue colour) for  
new share certificates (in green colour). . . . . 4:30 p.m. on Tuesday, 13 April

This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

## GENERAL

The SGM will be convened by the Company at which resolutions will be proposed to seek approval of the Shareholders in respect of (i) the Revised Capital Reorganisation; (ii) the Subscription Agreement (as supplemented by the Supplemental Subscription Agreement) and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bond and the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights).

A circular containing, among other things, details of (i) the Revised Capital Reorganisation; (ii) the Change in Board Lot Size; (iii) the Subscription and the Convertible Bond; (iv) recommendations from the Independent Board Committee in respect of the Subscription; (v) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (vi) the notice of the SGM, is expected to be despatched to the Shareholders on or around 5 February 2021, taking into account the time required for the preparation of the abovementioned information.

Only Shareholders whose names appear in the register of members of the Company on the Record Date are entitled to attend and vote at the SGM. In order to qualify for the entitlement to attend and vote at the SGM, unregistered holders of Shares will ensure that all transfer documents and relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 11:00 a.m. on Saturday, 27 February 2021.

**Shareholders and potential investors should note that the completion of the Subscription Agreement (as supplemented by the Supplemental Subscription Agreement) are conditional upon satisfaction of the respective conditions as set out in this announcement and therefore, the Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

By order of the Board  
**Century Entertainment International Holdings Limited**  
**Ng Man Sun**  
*Chairman and Chief Executive Officer*

Hong Kong, 15 January 2021

*As at the date hereof, Mr. Ng Man Sun (Chairman and Chief Executive Officer) and Ms. Ng Wai Yee are the executive directors of the Company; and Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia are the independent non-executive directors of the Company.*