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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Century Entertainment International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021 (the “**Period under Review**”), together with the unaudited comparative figures for the corresponding period in 2020.

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

*For the six months ended 30 September 2021*

		<b>Six months ended 30 September</b>	
	<i>Notes</i>	<b>2021 HK\$'000 (Unaudited)</b>	<b>2020 HK\$'000 (Unaudited)</b>
<b>Revenue</b>	5	<b>200</b>	2,709
Cost of sales		<u>(40)</u>	<u>(600)</u>
<b>Gross profit</b>		<b>160</b>	2,109
Other income	6	<b>6</b>	15,636
General and administrative expenses		<b>(15,985)</b>	(20,816)
Finance costs	7	<u>(4,989)</u>	<u>(3,495)</u>
<b>Loss before taxation</b>	8	<b>(20,808)</b>	(6,566)
Income tax credit	9	<u>–</u>	<u>398</u>
<b>Loss for the period attributable to owners of the Company</b>		<u><b>(20,808)</b></u>	<u>(6,168)</u>
<b>Loss and total comprehensive expense for the period attributable to owners of the Company</b>		<u><b>(20,808)</b></u>	<u>(6,168)</u>
<b>Loss per share</b>			(Restated)
Basic and diluted (HK cents)	11	<u><b>(16.22)</b></u>	<u>(4.81)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 30 September 2021*

		<b>30 September 2021</b>	31 March 2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current Assets</b>			
Plant and equipment		<b>859</b>	1,092
Right-of-use assets		–	1,104
Goodwill		–	–
Intangible assets		<b>47,997</b>	54,987
Deposits paid		<b>9,594</b>	8,190
		<b>58,450</b>	65,373
<b>Current Assets</b>			
Trade and other receivables	12	<b>42,783</b>	45,509
Cash and cash equivalents		<b>3,678</b>	3,495
		<b>46,461</b>	49,004
<b>Current Liabilities</b>			
Other payables		<b>6,169</b>	8,251
Other borrowings	13	<b>97,161</b>	86,090
Promissory note	14	<b>1,269</b>	–
Convertible bond	15	<b>43,199</b>	–
Lease liabilities		–	1,203
Tax payables		<b>819</b>	819
		<b>148,617</b>	96,363
<b>Net Current Liabilities</b>		<b>(102,156)</b>	<b>(47,359)</b>
<b>Total Assets less Current Liabilities</b>		<b>(43,706)</b>	18,014

		<b>30 September 2021</b>	31 March 2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current Liabilities</b>			
Promissory note	14	—	775
Convertible bond	15	—	40,137
Deferred tax liabilities		<b>97</b>	97
		<hr/>	<hr/>
		<b>97</b>	41,009
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		<b>(43,803)</b>	<b>(22,995)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>			
Share capital		<b>1,282</b>	1,282
Reserves		<b>(45,085)</b>	(24,277)
		<hr/>	<hr/>
<b>TOTAL DEFICIT</b>		<b>(43,803)</b>	<b>(22,995)</b>
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# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 1. GENERAL INFORMATION

Century Entertainment International Holdings Limited (the “Company”) was incorporated and domiciled in Bermuda with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company is G02, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are investment holdings, operating the gaming tables in Cambodia and the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of the Group, rounded up to the nearest thousand, unless otherwise indicated.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The condensed consolidated financial statements of the Group for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2021.

These condensed consolidated financial statements have not been audited but has been reviewed by the Company’s audit committee.

### (b) Going concern

In preparing the condensed consolidated financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2021. The Group incurred a consolidated net loss after taxation attributable to owners of the Company of approximately HK\$20,808,000 for the six months ended 30 September 2021, and had consolidated net current liabilities of approximately HK\$102,156,000 as at 30 September 2021. The consolidated net current liabilities of approximately HK\$102,156,000 were mainly contributed by the loan, promissory note and convertible bond totalled approximately HK\$79,596,000 at fair value with Mr. Ng Man Sun (“Mr. Ng”). The loan is interest free, unsecured and has no fixed repayment terms.

The directors adopted the going concern basis in the preparation of the condensed consolidated financial statements by obtaining financial support from Mr. Ng. Besides, Mr. Ng undertook that he will not call for repayment of the abovementioned sum. In addition, included in the other borrowings, there is a sum of HK\$62,033,000 due to independent third parties which are personally guaranteed by Mr. Ng.

In the opinion of the directors, in light of the aforesaid arrangement implemented to date, the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 September 2021 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

**(c) Judgments and estimates**

Preparing the condensed consolidated financial statements requires the directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, significant judgments made by the directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2021.

**3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

Except as described below, the accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those set out in the annual report for the year ended 31 March 2021.

The HKICPA has issued a number of new or revised standards, interpretations and amendments to standards which are effective for accounting period beginning 1 April 2021:

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

The adoption of these new or amendments to HKFRSs has had no significant financial effect on the Group's condensed consolidated financial statements.

**4. SEGMENT INFORMATION**

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the executive directors) ("CODM") in order to allocate resources to segments and to assess their performance.

During the six months ended 30 September 2021 and 30 September 2020, the Group's operating activities are attributable to two operating segments focusing on (i) gaming and entertainment related businesses; and (ii) AR/VR applications.

These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM. The following is an analysis of the Group's revenue and results by reportable and operating segments:

(a) Segment revenue and results

	Six months ended 30 September 2021 (Unaudited)		
	Gaming and entertainment <i>HK\$'000</i>	AR/VR applications <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>–</u>	<u>200</u>	<u>200</u>
Timing of revenue recognition Point in time	<u>–</u>	<u>200</u>	<u>200</u>
Segment loss	(7,349)	(30)	(7,379)
Unallocated income			6
Unallocated corporate expenses			(8,940)
Unallocated finance costs			<u>(4,495)</u>
Loss before taxation			<u><u>(20,808)</u></u>

	Six months ended 30 September 2020 (Unaudited)		
	Gaming and entertainment <i>HK\$'000</i>	AR/VR applications <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>–</u>	<u>2,709</u>	<u>2,709</u>
Timing of revenue recognition Point in time	<u>–</u>	<u>2,709</u>	<u>2,709</u>
Segment (loss)/profit	(1,391)	2,104	713
Other income			15,636
Amortisation of intangible assets			(9,210)
Impairment of trade receivables			(293)
Impairment of other receivables			(755)
Unallocated corporate expenses			(9,162)
Unallocated finance costs			<u>(3,495)</u>
Loss before taxation			<u><u>(6,566)</u></u>

Segment profit/(loss) represents the profit/(loss) of each segment without allocation of central administration costs, directors' emoluments and other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

**(b) Segment assets and liabilities**

The following table presents assets and liabilities of the Group's operating segments as at 30 September 2021 and 31 March 2021:

	30 September 2021 (Unaudited)			31 March 2021 (Audited)		
	Gaming and entertainment <i>HK\$'000</i>	AR/VR applications <i>HK\$'000</i>	Total <i>HK\$'000</i>	Gaming and entertainment <i>HK\$'000</i>	AR/VR applications <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Assets</b>						
Segment assets	<u>71,455</u>	<u>2,548</u>	<u>74,003</u>	<u>104,351</u>	<u>2,767</u>	<u>107,118</u>
Unallocated corporate assets			<u>30,908</u>			<u>7,259</u>
Consolidated total assets			<u>104,911</u>			<u>114,377</u>
<b>Liabilities</b>						
Segment liabilities	<u>1,269</u>	<u>819</u>	<u>2,088</u>	<u>775</u>	<u>959</u>	<u>1,734</u>
Unallocated corporate liabilities			<u>146,626</u>			<u>135,638</u>
Consolidated total liabilities			<u>148,714</u>			<u>137,372</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segment, other than unallocated right-of-use assets, deposits, bank balances and cash and other corporate assets; and
- All liabilities are allocated to operating segments, other than unallocated other payables and accruals, other borrowings, convertible bond, lease liabilities and other corporate liabilities.

**5. REVENUE**

An analysis of the Group's revenue is as follows:

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Service income derived from – AR/VR and mobile games solutions	<u>200</u>	<u>2,709</u>



## 6. OTHER INCOME

An analysis of the Group's other income is as follows:

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Bank interest income	6	32
Consultancy fee income	–	4,000
Fair value gain on promissory note	–	11,046
Gain on disposal of right-of-use assets	–	195
Government subsidies (note)	–	363
	<u>6</u>	<u>15,636</u>

*Note:*

The amount represented COVID-19-related subsidies which related to Employment Support Scheme provided by the Government of Hong Kong Special Administrative Region under the Anti-Epidemic Fund. Government subsidies have been recognised as other income on a systematic basis over the periods in which the Group recognises the staff costs for which the government subsidies are intended to compensate. The Group recognised as other income for the period as the Group fulfilled all the relevant granting criteria.

## 7. FINANCE COSTS

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Interest on other borrowings	1,404	1,400
Interest on promissory note	494	–
Interest on convertible bonds	3,062	1,927
Interest on lease liabilities	29	168
	<u>4,989</u>	<u>3,495</u>

## 8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(a) Staff costs (including directors' emoluments)</b>		
Salaries, allowances and other benefits	2,941	2,949
Contributions to defined contribution retirement plans	55	46
	<u>2,996</u>	<u>2,995</u>
<b>(b) Other items</b>		
Depreciation of plant and equipment	233	242
Depreciation of right-of-use assets	1,104	2,657
Amortisation of intangible assets	6,990	9,210
Expense related to short-term lease	480	538
Impairment of trade receivables	–	293
Impairment of other receivables	–	755
	<u>–</u>	<u>–</u>

## 9. INCOME TAX CREDIT

Pursuant to the rules and regulations of Bermuda, British Virgin Islands (“BVI”) and Cambodia, the Group is not subject to any income tax in Bermuda, BVI and Cambodia.

No provision for Hong Kong profits tax has been made for the six months ended 30 September 2021 and 2020 as the Group had incurred losses for taxation purpose.

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>		
Deferred tax		
In respect of current period	–	398
	<u>–</u>	<u>398</u>
Total tax credit for the period	<u>–</u>	<u>398</u>

## 10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

## 11. LOSS PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share was based on the loss attributable to owners of the Company of approximately HK\$20,808,000 (six months ended 30 September 2020: HK\$6,168,000) and the weighted average number of 128,247,561 (30 September 2020: 128,247,561 (restated)) ordinary shares in issue during the Period under Review.

### (b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2021 and 30 September 2020 in respect of a potential dilution of share options and convertible bonds as the impact of the share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Trade receivables	2,040	2,067
Less: Allowance for expected credit losses	<u>(1,388)</u>	<u>(1,388)</u>
Trade receivables, net	652	679
Other receivables	46,519	47,926
Less: Allowance for expected credit losses	<u>(6,321)</u>	<u>(6,321)</u>
Other receivables, net	40,198	41,605
Rental and other deposits	<u>171</u>	<u>984</u>
	41,021	43,268
Prepayments	<u>1,762</u>	<u>2,241</u>
	<u><b>42,783</b></u>	<u><b>45,509</b></u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days and may be extended on a case by case basis. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables as at the end of the Reporting Period, based on the invoice date and net of provision, is as follows:

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
0-90 days	185	679
Over 180 days, but within 1 year	<u>467</u>	<u>–</u>
	<b><u>652</u></b>	<b><u>679</u></b>

### 13. OTHER BORROWINGS

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Loan from a director (note a)	35,128	25,461
Other loans from independent third parties (note b)	<u>62,033</u>	<u>60,629</u>
	<b><u>97,161</u></b>	<b><u>86,090</u></b>
Analysis:		
Current liabilities	<b><u>97,161</u></b>	<b><u>86,090</u></b>

*Notes:*

- (a) Loan from a director, Mr. Ng, is unsecured, interest free and repayable on demand.
- (b) Other loans from independent third parties with an amount of HK\$30,000,000 (31 March 2021: HK\$30,000,000) are unsecured, interest free and repayable on demand.

The remaining amount of other loans from independent third parties of HK\$32,033,000 (31 March 2021: HK\$30,629,000) are unsecured, subject to interest at 10% p.a., and repayable on demand.

#### 14. PROMISSORY NOTE

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Issued on 30 March 2020 with balancing principal amount of HK\$6 million	<u>1,269</u>	<u>775</u>
Analysis:		
Current liabilities	1,269	—
Non-current liabilities	<u>—</u>	<u>775</u>
	<u><b>1,269</b></u>	<u><b>775</b></u>

*Note:*

On 31 March 2020, the Company issued unsecured promissory note with principal amount of HK\$62,000,000 in favour of Mr. Ng for acquisition of the license right of gaming tables of a casino in Cambodia for 5 years from a related company, Lion King Entertainment Company Limited. The promissory note is interest free and fall due on 29 September 2022. Pursuant to the Assignment Agreement, the promissory note is subject to change in accordance with the profits guarantee as follows:

- (i) The profits guarantee for the first 12 months is HK\$28,000,000 (“First Guaranteed Profit”); and
- (ii) The profits guarantee for the second 12 months is HK\$32,000,000 (“Second Guaranteed Profit”).

In the event that the actual profit for the first 12 months (“First Actual Profit”) failed to meet the First Guaranteed Profit, Mr. Ng will firstly use the promissory note to settle the first compensation amount as follow:

The first compensation amount = (First Guaranteed Profit – First Actual Profit) x 2

In the event that the actual profit for the second 12 months (“Second Actual Profit”) failed to meet the Second Guaranteed Profit, Mr. Ng will firstly use the promissory note and following by cash payment to settle the second compensation amount as follow:

The second compensation amount = (Second Guaranteed Profit – Second Actual Profit) x 2

In the event the net profit after tax of the relevant guarantee period exceeds the guaranteed profits, the consideration shall not be adjusted.

Based on the above-mentioned consideration adjustment mechanism, the aggregate maximum compensation amount would be HK\$120 million in case the license right of gaming tables earn zero profit during the 24-month period after the commencement of Assignment Agreement.

During the six months ended 30 September 2021, imputed interest of approximately HK\$494,000 (six months ended 30 September 2020: Nil) was charged to profit or loss. The remaining outstanding promissory note is classified as current liabilities and carried on the amortised cost basis until extinguished on redemption. As at the end of the reporting period, the carrying amount of the promissory note was HK\$1,269,000 (31 March 2021: HK\$775,000).

## 15. CONVERTIBLE BOND

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
CB – principal amount of HK\$50 million (note)	<u>43,199</u>	<u>40,137</u>
Analysis:		
Current liabilities	43,199	–
Non-current liabilities	<u>–</u>	<u>40,137</u>
	<u><b>43,199</b></u>	<u><b>40,137</b></u>

### *Note:*

On 31 March 2021, the Company issued the convertible bond (“CB”) with principal amount of HK\$50 million to Mr. Ng for settlement part of the other borrowings.

The CB is unsecured and non-interest bearing. The holder of the CB will be able to convert the outstanding principal amount into ordinary shares of the Company at a conversion price of HK\$0.5 per conversion share (subject to be customary anti-dilutive adjustments) until the maturity date at 30 September 2022. The Company is not entitled to redeem all or part of the principal amount of CB before the maturity date.

The CB is determined to be a compound financial instrument with a conversion option, that will or may be settled by an exchange of a fixed number of ordinary shares of the Company for a fixed amount of cash, being treated as equity. The liability components include host debt component (being the Company’s obligation to pay the principal amount of the convertible bond on respective maturity dates if the convertible bond are not converted or redeemed).

On initial recognition of the CB, the equity component of each convertible bond is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Accordingly, on initial recognition, the Group first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument is then determined by deducting the fair value of the financial liability from the fair value of the convertible bond as a whole.

The fair value of the liability component of convertible bond on initial recognition was calculated using a discounted cash flow approach and the discount rate adopted is 15.79%. No change in fair value of convertible bond on initial recognition.

The effective interest rate of liability component of the CB was 15.79% (Six months ended 30 September 2020: Nil).

None of convertible bond was converted into ordinary shares of the Company during the six months ended 30 September 2021 and 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The board (the “Board”) of directors (the “Directors”) of Century Entertainment International Holdings Limited (“Century Entertainment” or the “Company”; stock code: 959) report the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2021 (the “Period under Review”) (the “2021 Interim Results”). The 2021 Interim Results have been reviewed by the audit committee of the Company.

### **FINANCIAL REVIEW**

The principal activities of the Group are investment holdings, operating the gaming tables in Cambodia and the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients.

The Group recorded a revenue of approximately HK\$0.2 million for the Period under Review, decreasing 92.6% as compared to approximately HK\$2.7 million in the corresponding period last year. The decrease in revenue was mainly attributable to the spread of COVID-19 and the imposed lockdown measures and temporary closure of all casinos in Cambodia affecting the gaming table business and also that the work on the re-opening of the casino was still in progress. Net loss for the Period under Review was approximately HK\$20.8 million, increasing 235% as compared to approximately HK\$6.2 million for the corresponding period last year. The increase in loss was mainly due to (a) revenue has yet been generated from the gaming table business during the reporting period as there had been delay in the re-opening of the New Casino at Dara Sakor due to the community spread of COVID-19 Epidemic in Cambodia; and (b) a fair value gain on promissory notes of approximately HK\$11 million had been recognised for the six months ended 30 September 2020.

### **Capital Structure**

As at 30 September 2021, the Company’s total number of issued shares was 128,247,561 (31 March 2021: 128,247,561) at HK\$0.01 each. The Group’s consolidated net liabilities totalled approximately HK\$43.8 million, representing an increase of approximately HK\$20.8 million as compared to net liabilities of approximately HK\$23.0 million as at 31 March 2021.

### **Subscription of the Convertible Bond**

On 30 December 2020, the Company entered into a subscription agreement (“Subscription Agreement”) (as supplemented by a supplemental subscription agreement) with Mr. Ng Man Sun (“Subscriber”), a substantial Shareholder, executive Director, the Chairman and Chief Executive Officer of the Company. Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to issue a convertible bond in the principal amount of HK\$50,000,000 (“Convertible Bond”). The subscription amount payable by the Subscriber shall be satisfied by releasing the payment obligation of HK\$50,000,000 of the Company against the amount indebted to the Subscriber.

On 31 March 2021, as all conditions precedent under the Subscription Agreement (as supplemented by a supplemental subscription agreement) have been fulfilled, the Convertible Bond was issued. The Convertible Bond will mature on 30 September 2022, being 18 months from the date of issue. Immediately after the issue of the Convertible Bond, the Subscriber is interested in the Convertible Bond in the aggregate principal amount of HK\$50,000,000 (which entitles the Subscriber to subscribe for 100,000,000 shares of the Company at the conversion price of HK\$0.50 per share, subject to adjustments).

According to the supplemental announcement published on 30 August 2021, the Company reiterated that the Convertible Bond was still held by the Subscriber. The Subscriber would not call for repayment of the abovementioned sum, and would instead provide further and sufficient financial support to the Group for at least 12 months until 29 June 2022. The Subscriber also reserved the right to convert the Convertible Bond into equity shares, subject to the compliance of the terms and conditions of the Convertible Bond and/or corresponding Listing Rules and Takeover Codes. None of the Convertible Bond has been converted as at 30 September 2021 and up to the date of this report.

In the Group's opinion, the conversion option should serve as a path to effectively lower its gearing and funds commitment. The capital commitment from the Subscriber also demonstrates his confidence in the Group's future growth opportunities and long-term sustainability, in spite of the current difficult operating environment. Going forward, the Group will continue to adopt a prudent approach in managing its cash flow and improve its financial position, in order to lay a solid foundation for its future development.

### **Liquidity and Financial Resources**

The Group adopts a prudent treasury policy. It finances its operations and investments with internal resources, cash revenues generated from operating activities and proceeds from equity fundraising activities.

As at 30 September 2021, the Group had total assets and net liabilities of approximately HK\$104.9 million (31 March 2021: approximately HK\$114.4 million) and approximately HK\$43.8 million (31 March 2021: approximately HK\$23.0 million) respectively, comprising non-current assets of approximately HK\$58.5 million (31 March 2021: approximately HK\$65.4 million) and current assets of approximately HK\$46.5 million (31 March 2021: approximately HK\$49.0 million). The Group also did not have any non-controlling interests (31 March 2021: Nil) and had current liabilities of approximately HK\$148.6 million (31 March 2021: approximately HK\$96.4 million) and non-current liabilities of approximately HK\$0.1 million (31 March 2021: approximately HK\$41.0 million).

The Group's gearing ratio, calculated as a ratio of total debt to total assets, was approximately 141.8% (31 March 2021: approximately 120.1%).



## **BUSINESS REVIEW**

### **Overview**

The outbreak of coronavirus (COVID-19) has continued to bring unparalleled challenges to the global economy in the first half of 2021. Many countries remained in full or partial lockdown, which led to the closure of tourist attractions as well as the notable reduction in flights and travellers. In the case of Cambodia, the all-important travel and tourism industry has since undergone significant disruptions, in which the total number of visitors has decreased from 1.18 million in the first half of 2020, to 108,000 in the same period of 2021, representing a drop of 90.8%.

Due to the growing restrictions on people's mobility, the global gaming industry also suffered, and casinos in the Asia-Pacific (APAC) region including Macau, Philippines, Singapore, and Cambodia were forced to suspend operations. For example, as an emergency measure to prevent COVID-19 transmission, certain lockdown measures have been imposed across a number of districts in Cambodia since February 2021. Not until recently the country could slowly emerge from lockdown as vaccination plan began to roll out. Restrictions on casino operation were also loosened, with several casinos being allowed to re-open in late September.

During the Period under Review, the Company has taken proactive measures to explore feasible business opportunities, and has been maintaining constant communication with the Assignor with regards to the latest updates on the casino operation. After the reporting period and to the Group's delight, the Cambodian government has approved the re-opening of the casino which has resumed operation on 4 November 2021. Riding on the relaxing travel restrictions as well as the economic recovery in the country and surrounding regions, the Company has the utmost confidence that its business will soon return to normal.

### **Gaming Table Business in Cambodia**

In the past two years, the Group's Gaming Table Business encountered different challenges. Despite the hardship, the Group continued to find ways to be sustainable. Victor Mind Global Limited ("VMG"), a wholly-owned subsidiary of the Company, and Lion King Entertainment Company Limited ("Lion King"), the assignor (the "Assignor") of the Gaming Table Business Rights and a company wholly-owned by Mr. Ng Man Sun, the Chairman and Chief Executive Officer of the Company, has entered into an Assignment Agreement and four supplemental framework agreements (dated 5 February 2021, 30 April 2021, 30 July 2021 and 2 November 2021), regarding the assignment of the business rights of mass gaming tables at the casino in Cambodia.

In view of the ever-changing market situation, several adjustments have been made to the Group's operation of the Gaming Table Business. The casino has eventually been relocated to a new casino in Dara Sakor, Koh Kong Province. Yet, it was mutually agreed that the consideration of HK\$120 million shall remain unchanged, and the number of gaming tables to be adjusted under the new Gaming Table Business Rights shall be determined with reference to the appraised value per new gaming table to be prepared by the independent valuer. The valid period of the new Gaming Table Business Rights shall be for a period of five years from the date when the mass market of the new casino re-open, and the profit guarantee would cover a period of 24 consecutive months. Despite the Group's best effort, the opening of the new casino has also been postponed several times due to the impacts of COVID-19.

During the Period under Review, the Group has completed a series of work in preparation of the reopening, such as system testing, equipment capabilities enhancement, decoration upgrades, and staff training. After the reporting period, the Group was informed by the Assignor that the new casino has commenced operation on 4 November 2021, and it is expected that the new casino will be in full operations by February 2022. Two gaming tables are currently assigned to VMG to be operated pursuant to the Assignment Agreement (as supplemented by the Supplemental Framework Agreement) for baccarat, and the Group is entitled to 100% of house win winnings and is responsible for 100% house losses as well as the associated staff costs and taxes. The operation will be subject to regular review and adjustments and the final number of tables to be assigned will be determined after the fulfillment of conditions precedent as stipulated in the Supplemental Framework Agreement.

The Group will keep the Shareholders and potential investors informed by the way of announcement as and when appropriate in accordance with the Listing Rules. The Group remains positive towards its business prospect, especially after the initial re-opening of casinos in the country, which points to an upward trajectory for its Gaming Table Business.

### **Augmented reality (“AR”)/Virtual reality (“VR”) entertainment**

The businesses of Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the “Explicitly Grand Group”) has been negatively affected by the outbreak of COVID-19 since early January 2020. In light of the poor consumer sentiment, the demand for its products and services was suppressed. As the PRC represents its major source of customers, the closedown of borders had also badly hit the business, leading to difficulties in securing new orders and acquiring new customers. During the Period under Review, Explicitly Grand Group contributed a revenue of approximately HK\$0.2 million to the Group.

Despite the headwinds in the global market, the Group remained attentive to develop its AR and VR entertainment business, by assessing the viability of potential projects and closely evaluating their financial performance. Albeit the challenges brought by the ongoing pandemic, the Group will keenly monitor the ever-changing market, and hoping the resumption of international/regional travel will open up to new business opportunities for its AR and VR entertainment business.

### **Going Concern**

In preparing the condensed consolidated financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2021. The Group incurred a net loss attributable to owners of the Company of approximately HK\$20,808,000 for the six months ended 30 September 2021, and had net current liabilities of approximately HK\$102,156,000 and net liabilities of approximately HK\$43,803,000 as at 30 September 2021.

It is noted by the directors of the Company that:

1. The borrowings from Mr. Ng Man Sun (“Mr. Ng”), the executive director, Chairman, Chief Executive Officer and substantial shareholder of the Company, of HK\$35,128,000 was included in other borrowings of the Group;

2. Mr. Ng undertook that he will not call for repayment of the abovementioned sum;
3. Mr. Ng is willing to provide the Company with financial assistance to fill the shortfall of the Company's working capital;
4. included in the other borrowings, there is a sum of HK\$62,033,000 due to independent third parties which are personally guaranteed by Mr. Ng;
5. a convertible bond amounted to HK\$50,000,000 in principal is held by Mr. Ng and he is able to convert the convertible bond into equity shares subject to the compliance of the terms and conditions of the convertible bond and/or corresponding Listing Rules and Takeover Codes; and
6. the gaming tables located in the new casino have commenced operation on 4 November 2021 which is currently generating revenue to the Group.

The Board is of the view that the commencement of the operations of the gaming tables could definitely improve the net current liabilities and net liabilities positions of the Group by contributing revenue to the Group which will lead to increase in current assets and the fair value of the underlying assets of the Group. In addition, the directors of the Company will use their best endeavours to take practicable and feasible actions to resolve the issue, including but not limited to the following:

1. The management will negotiate with creditors of the Group to propose debt reconstruction with the view to reducing the liabilities to the Group. The management has had internal discussion on the possible timeline and the negotiation terms and is currently seeking legal advice and further announcement will be published in due course.
2. The management will discuss with the holder of the convertible bond, that is, Mr. Ng, on the possibilities to convert the convertible bond into equity shares prior to the maturity date. As at the date of this report, the Company has yet to discuss with Mr. Ng on this issue.

Having taken into account of the abovementioned, the directors of the Company opined that the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 September 2021 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

## **OUTLOOK AND PROSPECT**

To combat the COVID-19 pandemic, the Cambodian government continued to devote efforts to achieve herd immunity, by rolling out vaccination program as well as imposing strict social distancing policies. The policies proved to be effective and Cambodia has surpassed its COVID-19 vaccination target. As of 31 October 2021, more than 16 million people were being vaccinated, equivalent to nearly 86% of its total population. The high vaccine penetration has raised hopes of a strong recovery for its tourism and gaming industry.

In late October, the Cambodian Tourism Ministry has announced the re-opening for popular beach destinations in Sihanoukville, the island of Koh Rong, as well as Dara Sakor, where the Group's gaming tables operate in, on 30 November 2021. Fully vaccinated tourists are welcomed for quarantine-free holiday. The Cambodian government has also sought overseas collaborations, such as encouraging more tourists from the Philippines to visit Cambodia, as well as communicating with Singapore to organize tourism fair. All the aforementioned measures should lay a solid foundation for the country's economic recovery.

As the casino has just resumed operation, the Group will continue to closely monitor the COVID-19 situation, and maintain stringent precautionary measures to ensure a safe environment for its staff and customers. Riding on the government's comprehensive plan on economic recovery, along with the impending resumption of international/regional travel, the Group is dedicated to regaining its growth momentum by improving its gaming operations and seizing further market opportunities.

### **Appreciation**

The Board would like to take this opportunity to thank the management and staff for their contributions and support, and looks forward to sharing the Group's successes with them. It also wishes to express its gratitude to the Group's investors and shareholders for their trust and unwavering support, and will be fully committed to delivering long-term value and optimum returns to both parties.

### **INTERIM DIVIDEND**

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

### **FOREIGN EXCHANGE AND CURRENCY RISKS**

It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimise currency risks. The principal businesses of the Group are conducted and recorded in Hong Kong dollars, United States dollars, Renminbi and Macau Patacas. As its exposure to foreign exchange fluctuation is minimal, the Group does not see the need for using any hedging tools.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses were determined with reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund scheme in Hong Kong. A share option scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 September 2021.

## **CORPORATE GOVERNANCE**

The Group continues to commit itself to maintaining a high standard of corporate governance with emphases on enhancing transparency and accountability and assuring of good application of practices and procedures within the Group and enhancing performance thereby, augmenting shareholders' value and benefiting our stakeholders at large.

The Company has applied the principles of, and complied with all applicable code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules throughout the Period under Review with the exception of certain deviations as further explained below.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Ng Man Sun currently assumes the roles of both the chairman (the "Chairman") of the Board and the chief executive officer (the "CEO") of the Company. The Board believes that the roles of the Chairman and CEO performed by Mr. Ng provide the Group with strong and consistent leadership and are beneficial to the Group especially in planning and implementation of the Company's business strategies. The Board will regularly review effectiveness of such arrangement.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, and subject to re-election.

None of the non-executive directors of the Company, being all existing independent non-executive directors ("INEDs") of the Company, is appointed for a specific term. However, all INEDs are subject to retirement by rotation but eligible for re-election at least once every three years at the annual general meeting (the "AGM") in accordance with the Bye-laws of the Company. The Company has also received the confirmation of independence from each INED and has grounds to believe that they are independent of the Company.

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting.

Due to other business commitments, Mr. Ng Man Sun, being the Chairman of the Board, was unable to attend the AGM of the Company held on 15 September 2021. He had arranged Ms. Ng Wai Yee, another executive director of the Company and who is very familiar with the Group's business and operations, to attend and chair the AGM.

## **REVIEW OF RESULTS**

The Group's condensed consolidated financial statements for the six months ended 30 September 2021 and the accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period under Review.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by the Directors and has adopted written guidelines no less exacting than the Model Code for the relevant employees in respect of their dealings in the Company's securities.

Having made specific enquiries of all Directors, all Directors confirm that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions throughout the Period under Review.

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

Hong Kong, 29 November 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.*