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世紀娛樂國際控股有限公司

CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED

(Formerly known as Amax International Holdings Limited 奧瑪仕國際控股有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL HIGHLIGHTS

- Revenue for the continuing operations for the financial year ended 31 March 2020 amounts to approximately HK\$45.9 million, compared to approximately HK\$61.0 million for the financial year ended 31 March 2019. The decrease in revenue was mainly attributable to the spread of COVID-19.
- Net loss for the financial year ended 31 March 2020 amounts to approximately HK\$38.1 million, compared to approximately HK\$418.3 million for the financial year ended 31 March 2019. The decrease in loss was mainly due to the impairment and disposal losses of Greek Mythology recognised last year and the continuing cost streamlining efforts made by the Group.
- Loss per share amounts to approximately HK\$0.03 compared to approximately HK\$0.46 last year.
- The Group's net assets amount to approximately HK\$10.1 million, decreased by approximately HK\$77.2 million and represent approximately 88.4% decrease as compared to approximately HK\$87.3 million last year.

The board (the “Board”) of directors (the “Directors”) of Century Entertainment International Holdings Limited (“Century Entertainment” or the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 31 March 2020 (the “2020 Annual Results”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (Re-presented)
Continuing operations			
Revenue	4	45,922	60,988
Cost of sales		<u>(21,932)</u>	<u>(30,483)</u>
Gross profit		23,990	30,505
Other income	5	322	9,517
Impairment losses of goodwill		<u>(27,504)</u>	–
Impairment losses of trade and other receivables		<u>(10,392)</u>	(28,500)
Loss on disposal of interest in an associate		–	(353,530)
Fair value change of derivative financial assets		–	(156)
General and administrative expenses		<u>(41,412)</u>	(49,952)
Finance costs	6	<u>(8,862)</u>	<u>(14,507)</u>
Loss before taxation	7	(63,858)	(406,623)
Income tax credit	8	770	419
Loss for the year from continuing operations		<u>(63,088)</u>	(406,204)
Discontinued operation			
Profit/(loss) for the year from discontinued operation		<u>24,980</u>	<u>(12,071)</u>
Loss for the year		<u>(38,108)</u>	<u>(418,275)</u>
(Loss)/profit for the year attributable to owners of the Company			
– from continuing operations		(63,088)	(406,204)
– from discontinued operation		<u>23,869</u>	<u>(11,835)</u>
		<u>(39,219)</u>	<u>(418,039)</u>
Profit/(loss) for the year attributable to non-controlling interests			
– from continuing operations		–	–
– from discontinued operation		<u>1,111</u>	<u>(236)</u>
		<u>1,111</u>	<u>(236)</u>
Loss for the year		<u>(38,108)</u>	<u>(418,275)</u>
Loss per share			
Basic and diluted (<i>HK cents</i>)	10		
– From continuing and discontinued operations		(3.10)	(46.16)
– From continuing operations		<u>(4.98)</u>	<u>(44.85)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss and total comprehensive expense for the year	<u>(38,108)</u>	<u>(418,275)</u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(39,219)	(418,039)
Non-controlling interests	<u>1,111</u>	<u>(236)</u>
	<u>(38,108)</u>	<u>(418,275)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,576	3,082
Right-of-use assets		9,082	–
Intangible assets	11	80,251	106,826
Goodwill		14,257	41,761
Deposits paid for acquisition of property, plant and equipment		1,248	5,742
		106,414	157,411
Current assets			
Trade and other receivables	12	47,393	42,665
Cash and cash equivalents		3,217	1,201
		50,610	43,866
Current liabilities			
Trade and other payables	13	7,467	14,613
Obligations under a finance lease		–	33
Other borrowings		84,745	10,385
Promissory notes		–	19,837
Convertible bonds		27,723	14,410
Lease liabilities		8,297	–
Tax payables		999	974
		129,231	60,252
Net current liabilities		(78,621)	(16,386)
Total assets less current liabilities		27,793	141,025
Non-current liabilities			
Promissory notes		14,417	26,638
Convertible bonds		–	24,237
Lease liabilities		1,213	–
Deferred tax liabilities		2,022	2,817
		17,652	53,692
NET ASSETS		10,141	87,333
Capital and reserves			
Share capital		256,495	246,495
Reserves		(246,354)	(212,135)
Equity attributable to owners of the Company		10,141	34,360
Non-controlling interests		–	52,973
TOTAL EQUITY		10,141	87,333

1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2020 but are extracted from those consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements also include applicable disclosure required by the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the disclosure requirements of the Hong Kong Companies Ordinance ("CO").

(i) Going Concern

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its recurring losses incurred and net current liabilities position as at 31 March 2020. The Group incurred a net loss attributable to owners of the Company of approximately HK\$38,108,000 for the year ended 31 March 2020, and had consolidated current liabilities exceeded its current assets by HK\$78,621,000 as at 31 March 2020.

It is noted by the directors of the Company that borrowings from Mr. Ng Man Sun ("Mr. Ng"), the executive director, Chairman, Chief Executive Officer and substantial shareholder of the Company, of HK\$56,416,000 was included in other borrowings of the Group. Mr. Ng undertook that he will not call for repayment of the abovementioned sum for a period of at least 12 months until 29 June 2021. In addition, convertible notes amounted to HK\$27,723,000 and other borrowings amounted to HK\$28,329,000 are personally guaranteed by Mr. Ng. Having taken into account of the abovementioned, the directors of the Company adopted the going concern basis in the preparation of the consolidated financial statements.

In the opinion of the directors of the Company, 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 of the Company are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 2020 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 consolidated financial statements.

(ii) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure

purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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 performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review; and
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$19,724,000 and right-of-use assets of HK\$19,724,000 at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.97%.

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	21,224
Lease liabilities discounted at relevant incremental borrowing rates	<u>(1,500)</u>
Lease liabilities at 1 April 2019	<u><u>19,724</u></u>
Analysed as	
Current	10,214
Non-current	<u>9,510</u>
	<u><u>19,724</u></u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 March 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amount under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
Non-current assets			
Right-of-use assets	–	19,724	19,724
Current liabilities			
Lease liabilities	–	10,214	10,214
Non-current liabilities			
Lease liabilities	–	9,510	9,510

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

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

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁶
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁵

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 June 2020

⁶ Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments the Amendments to References to the Conceptual Framework in HKFRSs, will be effects for annual periods beginning on or after 1 April 2020.

The directors of the Company consider that the application of all new and amendments to HKFRSs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in foreseeable future.

3. SEGMENT REPORT

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 years ended 31 March 2020 and 2019, the Group’s operating activities are attributable to two operating segments focusing on (i) gaming and entertainment related businesses; and (ii) AR/VR and mobile games solutions.

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. Also, the gaming business in Vanuatu was disposed of on 31 March 2020 and was classified as discontinued operation. The following is an analysis of the Group’s revenue and results by reportable and operating segments:

(a) Segment revenue and results

	2020				
	Continuing operations			Discontinued operation	Total
	Gaming and entertainment	AR/VR and mobile games solutions	Subtotal	Gaming and entertainment	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue					
External	43,942	1,980	45,922	8,422	54,344
Timing of revenue recognition					
Point in time	43,942	1,980	45,922	8,422	54,344
Segment results	8,368	478	8,846	2,776	11,622
Reconciliation:					
Other income			41	–	41
Gain on disposal of property, plant and equipment			281	–	281
Gain on disposal of subsidiaries			–	28,179	28,179
Amortisation of intangible assets			(4,820)	(5,975)	(10,795)
Impairment losses of goodwill			(27,504)	–	(27,504)
Impairment losses of trade receivables			(548)	–	(548)
Impairment losses of other receivables			(9,844)	–	(9,844)
Unallocated corporate expenses			(21,448)	–	(21,448)
Unallocated finance costs			(8,862)	–	(8,862)
Loss before taxation			(63,858)		(38,878)

	2019			Discontinued	Total
	Continuing operations			operation	
	Gaming and	AR/VR and	Subtotal	Gaming and	
	entertainment	mobile games		entertainment	
	<i>HK\$'000</i>	solutions	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)
Segment revenue					
External	53,841	7,147	60,988	10,230	71,218
Timing of revenue recognition					
Point in time	51,441	7,147	58,588	10,230	68,818
Overtime	2,400	–	2,400	–	2,400
	53,841	7,147	60,988	10,230	71,218
Segment results	14,267	2,454	16,721	(591)	16,130
Reconciliation:					
Other income			9,333	–	9,333
Gain on disposal of property, plant and equipment			184	–	184
Loss on promissory note settlement			(859)	–	(859)
Loss on written off of intangible asset			(3,069)	–	(3,069)
Loss on disposal of an associate			(353,530)	–	(353,530)
Impairment loss of amount due from an associate			(28,500)	–	(28,500)
Share-based payments			(1,013)	–	(1,013)
Amortisation of intangible assets			(5,866)	(6,477)	(12,343)
Impairment of intangible assets			–	(5,003)	(5,003)
Fair value change of derivative financial assets			(156)	–	(156)
Unallocated corporate expenses			(25,361)	–	(25,361)
Unallocated finance costs			(14,507)	–	(14,507)
Loss before taxation			<u>(406,623)</u>		<u>(418,694)</u>

Segment loss represents the loss incurred by each segment include depreciation, but without allocation of certain amortisation, impairment, administration costs, finance costs, other income and other gains or losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

For the year ended 31 March 2020

	Continuing operations		Total <i>HK\$'000</i>
	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	
Assets			
Segment assets	<u>117,113</u>	<u>29,910</u>	<u>147,023</u>
Unallocated corporate assets			<u>10,001</u>
Consolidated total assets			<u>157,024</u>
Liabilities			
Segment liabilities	<u>19,993</u>	<u>3,838</u>	<u>23,831</u>
Unallocated corporate liabilities			<u>123,052</u>
Consolidated total liabilities			<u>146,883</u>

For the year ended 31 March 2019

	Continuing operations			Discontinued operation	Total <i>HK\$'000</i>
	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Gaming and entertainment <i>HK\$'000</i>	
	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)
Assets					
Segment assets	<u>34,637</u>	<u>96,849</u>	<u>131,486</u>	<u>66,231</u>	<u>197,717</u>
Unallocated corporate assets					<u>3,560</u>
Consolidated total assets					<u>201,277</u>
Liabilities					
Segment liabilities	<u>–</u>	<u>4,438</u>	<u>4,438</u>	<u>3,976</u>	<u>8,414</u>
Unallocated corporate liabilities					<u>105,530</u>
Consolidated total liabilities					<u>113,944</u>

For the year ended 31 March 2020

	Continuing operations			Subtotal	Discontinued	Total
	AR/VR and				operation	
	Gaming and entertainment	mobile games solutions	Other		Gaming and entertainment	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets						
Additions of property, plant and equipment	-	-	1,338	1,338	-	1,338
Additions of intangible assets	68,000	-	-	68,000	-	68,000
Depreciation of property, plant and equipment	109	55	430	594	1,668	2,262
Depreciation of right-of-use assets	7,991	-	2,651	10,642	-	10,642
Finance costs	212	-	8,650	8,862	-	8,862
Income tax credit	-	(770)	-	(770)	-	(770)
Amortisation of intangible assets	-	4,820	-	4,820	5,975	10,795

For the year ended 31 March 2019

	Continuing operations			Subtotal	Discontinued	Total
	AR/VR and				operation	
	Gaming and entertainment	mobile games solutions	Other		Gaming and entertainment	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets						
Additions of property, plant and equipment	-	103	336	439	-	439
Depreciation of property, plant and equipment	109	115	611	835	5,101	5,936
Finance costs	-	-	14,507	14,507	-	14,507
Income tax credit	-	(419)	-	(419)	-	(419)
Amortisation of intangible assets	1,023	4,843	-	5,866	6,477	12,343

(c) **Major customer**

No other single customer contracted 10% or more to the Group's revenue for the years ended 31 March 2020 and 2019.

(d) **Geographical**

The Group's revenue from external customers by geographical market is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Macau	–	2,400
Hong Kong	1,980	7,147
Kingdom of Cambodia (“Cambodia”)	43,942	51,441
	<u>45,922</u>	<u>60,988</u>
Discontinued operation		
Republic of Vanuatu (“Vanuatu”)	8,422	10,230
	<u>54,344</u>	<u>71,218</u>

The Group's information about its non-current assets by geographical location of the assets is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Hong Kong	32,783	149,286
Cambodia	73,631	1,648
	<u>106,414</u>	<u>150,934</u>
Discontinued operation		
Vanuatu	–	6,477
	<u>106,414</u>	<u>157,411</u>

4. REVENUE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Revenue from investments in gaming and entertainment related businesses		
– Investment in VIP gaming tables related operation	–	1,800
– Investment in slot machines related operation	–	600
– Investment in VIP room and gaming tables in Cambodia		
Net gaming win	54,249	87,648
Less: Commission	(10,307)	(36,207)
Services income derived from AR/VR and mobile games solutions	1,980	7,147
	<u>45,922</u>	<u>60,988</u>

5. OTHER INCOME

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Continuing operations		
Consultancy fee income	–	9,000
Bank interest income	29	–
Gain on disposal of property, plant and equipment	281	184
Sundry income	12	333
	<u>322</u>	<u>9,517</u>

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Continuing operations		
Interest on promissory notes	3,362	5,024
Finance charges on obligations under a finance lease	1	8
Interest on lease liabilities	697	–
Interest on other borrowings	726	209
Interest on convertible bonds	4,076	9,266
	<u>8,862</u>	<u>14,507</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>8,862</u>	<u>14,507</u>

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

Continuing operations

(a) Staff costs (including directors' emoluments)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Equity-settled share-based payment expenses	–	639
Salaries, allowance and other benefits	6,855	9,944
Contributions to defined contribution retirement plans	160	216
	<u>7,015</u>	<u>10,799</u>

(b) Other items

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Depreciation of property, plant and equipment	2,262	5,936
Depreciation of right-of-use assets	10,642	–
Amortisation of intangible assets	10,795	12,343
Auditor's remuneration	954	1,082
Equity-settled share-based payment expenses to consultants	–	374
Loss on written off of intangible assets	–	3,069
Loss on settlement of promissory notes	–	859
Expense related to short-term lease	7,439	–
Operating lease charges in respect of premises: – minimum lease payments	–	12,259
	<u>–</u>	<u>12,259</u>

8. INCOME TAX CREDIT

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

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual period beginning on or after 1 April 2018.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Continuing operations		
Hong Kong Profits Tax		
Current year provision	(25)	(380)
Deferred tax		
In respect of current year	<u>795</u>	<u>799</u>
Total tax credit for the year	<u><u>770</u></u>	<u><u>419</u></u>

9. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2020 (2019: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss from continuing operations and profit from discontinued operation attributable to owners of the Company of loss of HK\$63,088,000 and profit of HK\$23,869,000 respectively (2019: loss of HK\$406,204,000 and loss of HK\$11,835,000 respectively) and the weighted average number of 1,266,629,000 (2019: 905,627,000) ordinary shares in issue during the year.

(b) Diluted loss per share

No adjustment has been made to basic loss per share amounts presented for the years ended 31 March 2020 and 2019 in respect of the 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.

11. INTANGIBLE ASSETS

	Mobile game applications <i>HK\$'000</i>	Right in sharing of profit stream of VIP gaming tables related operation <i>HK\$'000</i>	Right in sharing of profit stream of slot machines related operation <i>HK\$'000</i>	Gaming license <i>HK\$'000</i>	Non- competition Agreement <i>HK\$'000</i>	Contract backlog <i>HK\$'000</i>	License right of gaming tables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost								
At 1 April 2018	30,600	20,000	47,092	153,488	24,100	88	–	275,368
Written off	–	(20,000)	(47,092)	–	–	–	–	(67,092)
At 31 March 2019	30,600	–	–	153,488	24,100	88	–	208,276
Addition	–	–	–	–	–	–	68,000	68,000
Disposal of subsidiaries	–	–	–	(153,488)	–	–	–	(153,488)
Disposal	(30,600)	–	–	–	–	–	–	(30,600)
Written off	–	–	–	–	–	(88)	–	(88)
At 31 March 2020	–	–	–	–	24,100	–	68,000	92,100
Amortisation and impairment								
At 1 April 2018	600	16,929	46,071	82,253	2,209	65	–	148,127
Charge for the year	–	768	255	6,477	4,820	23	–	12,343
Impairment	–	–	–	5,003	–	–	–	5,003
Written off	–	(17,697)	(46,326)	–	–	–	–	(64,023)
At 31 March 2019 and 1 April 2019	600	–	–	93,733	7,029	88	–	101,450
Charge for the year	–	–	–	5,975	4,820	–	–	10,795
Disposal of subsidiaries	–	–	–	(99,708)	–	–	–	(99,708)
Disposal	(600)	–	–	–	–	–	–	(600)
Written off	–	–	–	–	–	(88)	–	(88)
At 31 March 2020	–	–	–	–	11,849	–	–	11,849
Carrying amount								
At 31 March 2020	–	–	–	–	12,251	–	68,000	80,251
At 31 March 2019	30,000	–	–	59,755	17,071	–	–	106,826

The amortisation charge for the year is included in “general and administrative expenses” in the consolidated statement of profit or loss.

12. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables (a)	2,292	1,491
Other receivables	42,272	36,831
Rental and other deposits	1,050	3,845
	<u>45,614</u>	<u>42,167</u>
Prepayments	1,779	498
	<u>47,393</u>	<u>42,665</u>

(a) Trade receivables

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables from contracts with customers	2,840	1,491
Less: Allowance for credit losses	(548)	–
	<u>2,292</u>	<u>1,491</u>

The following is an aged analysis of trade receivables based on the invoice date at the end of the reporting period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–90 days	1,910	991
Over 180 days, but within 1 year	–	500
Over 1 year	382	–
	<u>2,292</u>	<u>1,491</u>

13. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accruals and other payables	7,167	13,829
Due to related companies (a)	300	784
	<u>7,467</u>	<u>14,613</u>

All the trade and other payables are expected to be settled within one year.

(a) The amounts due to related companies are unsecured, non-interest-bearing and repayable on demand.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Century Entertainment International Holdings Limited (the “Company”) and its subsidiaries (together referred as the “Group”), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Opening balances and corresponding figures

As detailed in the auditor’s report dated 24 June 2019, our auditor’s opinion on the consolidated financial statements for the year ended 31 March 2019 (the “2019 Financial Statements”), which form the basis for the corresponding figures presented in the current year’s consolidated financial statements, was disclaimed because of the significance of the possible effects of limitations in the scope of the audit. We were unable to carry out audit procedures to satisfy ourselves whether the 2019 Financial Statements gave a true and fair view. Any adjustments found to be necessary in respect of the matters which were the subject of the limitation of scope may have a significant effect on the state of affairs of the Group as at 31 March 2019 and 1 April 2019 and hence of the Group’s financial performance and cash flows for the year ended 31 March 2020. Furthermore, such adjustments may have significant effect on the comparability of the current period’s figures and corresponding figures in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

As described in note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$38,108,000 during the year ended 31 March 2020 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$78,621,000.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. This matter did not result in our issuance of disclaimer of our opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors of the Company hereby report the audited consolidated annual results of the Group for the year ended 31 March 2020. The 2020 Annual 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 and the VIP room respectively in Cambodia, the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients, and the gaming business in Vanuatu which was disposed of on 31 March 2020.

The Group recorded a revenue of approximately HK\$45.9 million for the continuing operations for the Year under Review, decreasing 24.7% as compared to approximately HK\$61.0 million last year. The decrease in revenue was mainly attributable to the spread of COVID-19. Net loss for the Year under Review was approximately HK\$38.1 million, decreasing 90.9% as compared to approximately HK\$418.3 million last year. The decrease in loss was mainly due to (i) impairment and disposal loss recognised last year of the former associate company; and (ii) continuing cost streamlining efforts made by the Group.

Capital Structure

As at 31 March 2020, the Company's total number of issued shares was 1,282,475,614 (31 March 2019: 1,232,475,614) at HK\$0.20 each. The Group's consolidated net assets totalled approximately HK\$10.1 million, representing a decrease of approximately HK\$77.2 million as compared to that of approximately HK\$87.3 million as at 31 March 2019.

Conversion Shares

On 23 July 2018, the Group had resolved the dispute regarding the outstanding promissory notes of the aggregate sum of HK\$190,000,000 in accordance with the terms and conditions of the deeds of settlement entered among Ms. Lee Bing and Mr. Wu Weide, Mr. Ng Man Sun ("Mr. Ng") and the Company. Details of the abovementioned matters were set out in the circular of the Company dated 31 May 2018 and the announcement of the Company dated 23 July 2018.

Meanwhile, on 12 July 2019, the Company received a formal request from Mr. Ng to transfer the Second Convertible Bonds in the total principal amount of HK\$15,000,000 to Mr. Chan Wai Man ("Mr. Chan") who is not a connected person as defined in the the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). On 17 July 2019, the Company received

a conversion notice from Mr. Chan in relation to the exercise of the conversion rights attached to the Second Convertible Bonds, to convert the Second Convertible Bonds in the principal amount of HK\$15,000,000 at the Second Conversion Price of HK\$0.30 per Share. As a result of this conversion, the Company allotted and issued a total of 50,000,000 Second Conversion Shares on 26 July 2019. This conversion of convertible bonds had allowed the Company to improve the gearing ratio and also the financial position of the Company, equipping the Company for future development of its business. As at 31 March 2020, all the Second Convertible Bonds in the sum of HK\$104,500,000 had eventually been converted into 348,333,333 Second Conversion Shares.

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 31 March 2020, the Group had total assets and net assets of approximately HK\$157.0 million (2019: approximately HK\$201.3 million) and HK\$10.1 million (2019: approximately HK\$87.3 million), comprising non-current assets of approximately HK\$106.4 million (2019: approximately HK\$157.4 million) and current assets of approximately HK\$50.6 million (2019: approximately HK\$43.9 million) which were financed by shareholders' funds of approximately HK\$10.1 million (2019: approximately HK\$87.3 million). The Group also did not have any non-controlling interests (2019: approximately HK\$53.0 million), current liabilities of approximately HK\$129.2 million (2019: approximately HK\$60.3 million) and non-current liabilities of approximately HK\$17.7 million (2019: approximately HK\$53.7 million).

The Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 1,449% (2019: 130%). As at 31 March 2020, the Group had cash and cash equivalents of approximately HK\$3.2 million (2019: approximately HK\$1.2 million).

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.

BUSINESS REVIEW

Turning a New Page for Future Development

During the Year under Review, the Group continued the business restructuring plan which had started since 2016 and strategically repositioned its focus to gaming business in Southeast Asian countries, especially in Cambodia. The business plan of acquiring gaming table business rights in Cambodia was also completed. All these effort mark a new phase of the Group. To reflect this transformation for future prospects, the Company has officially changed its name from “Amax International Holdings Limited” to “Century Entertainment International Holdings Limited”.

Gaming Business in Cambodia

VIP room operation

The Group has been operating a VIP Room with 13 baccarat tables in Cambodia via Victor Mind Global Limited (“VMG”), a wholly-owned subsidiary of the Company under a license agreement valid for a period of 3 years from 1 December 2017. The operation of the VIP Room was outsourced to an independent operator appointed by VMG. During the Year under Review, the operation of the VIP room continued to make valuation contribution to the Group and recorded a net gaming win of approximately HK\$41.0 million.

After the Year under Review on 27 May 2020, the license agreement was early terminated with effect from 1 June 2020. The Company is of the view that early termination of the license agreement without compensation is a favorable opportunity for the Company to minimize the Group’s cash outlay during the COVID-19 epidemic period as well as minimizing the impact of the temporary closure of casino business to the Group.

Mass gaming tables operation

VMG and Lion King Entertainment Company Limited (“Lion King”), a company wholly-owned by Mr. Ng Man Sun, the Chairman and Chief Executive Officer of the Company, has entered into an assignment agreement (the “Assignment Agreement”) on 28 October 2019 regarding the assignment of the business rights of 4 mass gaming tables (the “Gaming Tables”) at the casino named Century Entertainment in Sunshine Bay Hotel located at Sihanoukville Municipal of Cambodia. Century Entertainment casino is one of the largest casinos (in terms of number of gaming tables) in Sihanoukville with 80 gaming tables and a total gross floor area of 8,100 sq. m. The commencement of the Assignment Agreement was subject to the fulfillment of a number of conditions which were subsequently satisfied on 31 March 2020.

Pursuant to the Assignment Agreement, VMG has been granted the gaming table business rights for a period of five years at the consideration of HK\$120 million. There is guaranteed profit from Lion King and Mr. Ng Man Sun for the first year and second year after the assignment commenced, in which the audited net profit after tax of the gaming table business shall not be less than HK\$28,000,000 and HK\$32,000,000 respectively. In the event that the profit is failed to meet, the Company shall receive a maximum limit of HK\$56,000,000 and HK\$64,000,000 for the first year and second year respectively.

In addition, prior to the commencement of the Assignment Agreement, VMG has taken up a lease of the Gaming Tables for the period commencing 1 November 2019 to 30 September 2020 by entering into a lease agreement with Lion King on 28 October 2019, at a monthly rental of HK\$1,200,000. Following the commencement of Assignment Agreement, VMG and Lion King signed a written consent to terminate the lease agreement on 31 March 2020. During the Year under Review, the mass gaming tables operation contributed a net gaming win of approximately HK\$13.2 million to the Group.

Augmented Reality (“AR”)/Virtual Reality (“VR”) Entertainment

Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the “Explicitly Grand Group”) specialize in the AR/VR entertainment developments and apps on mobile devices platforms and also provide customized IT and design solutions for its customers from a great variety of industries in China. During the Year under Review, Explicitly Grand Group contributed a revenue of approximately HK\$2.0 million to the Group.

Disposal of Forenzia Enterprises Limited

The Group acquired 60% equity interests in Forenzia Enterprises Limited in 2014, which principally operates gaming business in Vanuatu under an interactive gaming license. On 28 October 2019, VMG and Lion King entered into the Assignment Agreement, pursuant to which Lion King conditionally agreed to assign and VMG conditionally agreed to accept the assignment of the gaming table business rights, partially by way of disposing of 60% of the total issued and paid up capital of Forenzia Enterprises Limited upon the commencement of the assignment. The Company was of the view that due to the keen competition from the continuous and rapid developing ASEAN countries, and given that more attractive and convenient choices are available for high-roller players, high-roller players became more reluctant to visit the Company’s Vanuatu casino. The disposal represented an opportunity for the Company to divest its investment in gaming business in Vanuatu and concentrate on its business focus in Cambodia.

On 31 March 2020, the disposal of Forenzia Enterprises Limited was completed following the approval granted by the independent shareholders of the Company at the special general meeting held on 30 March 2020. The Group has ceased to have any equity

interest in Forenzia Enterprises Limited and it will no longer contribute to the Group's revenue thereafter. Nevertheless, the gaming business in Vanuatu contributed a revenue of approximately HK\$8.4 million to the Group during the Year under Review.

Disposal of Mobile Game Apps

On 11 October 2019, the Group completed the disposal of the mobile game apps, which comprise of 30 offline mobile game apps at a consideration of HK\$30 million. The disposal was based on the following consideration, which include (i) the business direction to place more focus in exploring gaming business opportunities within Asia Pacific regions and IT solutions businesses; (ii) the disposal represents a good opportunity for the company to divest its investment in the mobile game apps; and (iii) capital liquidity to support the Group's future development in gaming and IT solutions businesses. The Group is also in the view that this disposal allowed further capital flexibility for the Group's longer-term strategies to be carried out.

Environmental Policy

The Group has devoted its greatest efforts in promoting conservation and environmental sustainability. Our environmental strategy is to achieve a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation. Accordingly, Energy efficient lightings have been installed in the office to reduce energy consumption and the Group has also continuously monitored its waste and paper consumption such as use of recycled paper and double-sided printing.

Details of the environmental, social and governance practices adopted by the Group are set out in the Environmental, Social and Governance Report which will be published as a separate report on the websites of the Company and the Stock Exchange no later than three months after the publication of this report.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. The work of our Board and the Board committees, in particular the Compliance Committee, contributes to our commitment to compliance efforts. During the Year under Review, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

Relationship with Employees

The Group actively manages its employee relations on which its success depends. The Group believes that developing superior human resources with knowledge, skill and experience is essential to the achievement of its objectives. Specifically, the Group provides in-house training, subsidy for attending seminars and encourages sharing of ideas through

employees' meeting. These training and development enable the Group to enhance improvement in the knowledge and skills needed from the employees as they become one of the key strengths of the Group.

Relationship with Customers and Suppliers

The Directors believe that maintaining good relationships with customers has been one of the critical reasons for the Group's success. Our business model is to maintain and build on our strong relationships within our client base. To deliver the best products and experiences to our valued customers, we engaged with them by collecting their views and assessing their expectations through a wide range of communication channels. The Group is constantly looking ways to improve customer relations through enhanced services.

The Group has maintained good relationship with the suppliers to ensure their continued support to the Group in the foreseeable future.

ADDRESSING ALL CONCERNS RAISED BY THE COMPANY'S AUDITORS

In the audited report of the Company last year, the Company's auditors issued disclaimer of opinion on the follow matters in respect of the Company's disposal of its then associate company, Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology") arising from their failure to obtain sufficient audit evidence:

1. On the opening balances and corresponding figures since they are unable to carry out audit procedures to satisfy themselves whether the consolidated financial statements for the year ended 31 March 2018 gave a true and fair view;
2. Scope limitation on the Company's interest in Greek Mythology and share of results of Greek Mythology since they are unable to determine whether the carrying amount of the Company's interest in Greek Mythology was fairly stated and whether the accumulated impairment loss as at the date of disposal was free from material statement and hence the financial impact from the disposal; and
3. Scope limitation on the recoverability of amount due from Greek Mythology and valuation of intangible assets since they are unable to (i) ascertain the appropriateness of the impairment amount on the amount due from Greek Mythology and its recognition was free from material misstatement; and (ii) determine whether the carrying amount of the intangible assets relating to the rights granted to Greek Mythology to operate and manage certain gaming tables and slot machines was fairly stated and whether the amount of written off of such carrying amount was free from material misstatement.

The Company's auditors were of the view that following the disposal of the Company's interest in Greek Mythology on 29 March 2019, they were unable to obtain sufficient appropriate audit evidence to determine whether the gain or loss on the disposal was free from material misstatement and therefore issued a disclaimer of opinion on the results of the Group's consolidated financial statements for the year ended 31 March 2019. The scope limitation giving rise to the disclaimer of opinion as mentioned in 2. and 3. above would no longer be required for the year ended 31 March 2020. Nevertheless, they issued a modification to the auditor's report for the financial year ended 31 March 2020 relating to the opening financial position and will propose a modification to the auditor's report for the financial year ending 31 March 2021 relating to the opening balances of the comparative figures of the retained earnings and the change in equity. The Board of Directors and the Audit Committee of the Company are aware that this modification would not have any continuing effect on the results and the closing financial position of the Company for the financial year ending 31 March 2021.

EVENTS AFTER THE REPORTING PERIOD

Termination of the License Agreement

On 27 May 2020, the Licensee and the Licensor entered into a termination agreement (the "Termination Agreement") pursuant to which the Licensor and the Licensee have mutually agreed to early terminate the License Agreement, which will expire on 30 November 2020, with effect from 1 June 2020. Pursuant to the Termination Agreement, the parties irrevocably, fully and unconditionally releases and forever discharges the other party, from and against any and all present and future claims, counterclaims, demands, actions, suits, causes of action, damages, controversies and liabilities, including, without limitation, any costs, expenses, bills, penalties or attorneys' fees, whether known or unknown, contingent or absolute, foreseen or unforeseen, and whether in law, equity or otherwise, that could have been asserted in any court or forum and relating in any way to any conduct, occurrence, activity, expenditure, promise or negotiation arising from or relating to the License Agreement. Details are set out in the announcement of the Company dated 27 May 2020.

Due to the recent global outbreak of the novel coronavirus (COVID-19) epidemic, Cambodian Prime Minister Samdech Techo Hun Sen has ordered that, from 23:59 p.m. of 1 April 2020 onwards, all casinos must temporarily stop their business activities until further notice ("Temporary Closure") in order to prevent the spread of the Coronavirus. Having considered the License Agreement will expire on 30 November 2020 and also various factors affecting the resumption of the VIP room operation until the expiration of the License Agreement, the Company is of the view that the entering into of the Termination Agreement to early terminate the License Agreement without compensation is a favourable opportunity for the Company to minimize the Group's cash outlay during the epidemic period as well as minimizing the impact of the Temporary Closure to the Group.

OUTLOOK AND PROSPECT

Looking ahead, the Group remains focused on Cambodia gaming business by riding on the Group's comprehensive knowledge and in-depth experience in gaming industry in the Asia Pacific region. In 2019, Cambodia attracted US\$3.6 billion in foreign direct investment ("FDI"), up 11.7% year-on-year from US\$3.2 billion in 2018, which encouraged international business visits to the country. Over the years, Cambodia has become a popular vacation destination. In the first 11 months of 2019, 5.9 million international visitors visited the country, an increase of 8.3% year-on-year. Visitors from Southeast Asia to Cambodia increased 9.4% to 1.9 million which accounted for 32.7%. Chinese visitors also increased 19.5% to 2.2 million, which contributed 37.0% to total tourist visits.

The COVID-19 epidemic has been affecting all industries in a global scale and all walks of life since late 2019. Specifically, tourism and entertainment industries suffered severely. Being a player in the Southeast Asia entertainment and gaming industries, the Group's business operation has also been significantly influenced due to the calls for casino closure from 1 April 2020 by the Cambodian government to curb the spread of COVID-19. Although the operation at Cambodia completely paused at the moment, the Group believes that its business in Cambodia will be on an upward trend by leveraging the country's robust foreign investment and tourism development in the long term. The increase in FDI, strong connectivity development and steady tourism growth will drive more visits to Century Entertainment casino in the long run, further promoting the Group's business growth. In addition, the exemption of tax expenses and staff costs mitigated the Group's cost burden during the said period. With profit guarantee from Lion King and Mr. Ng Man Sun, it has further mitigated the Group's operational risks.

Since the development of COVID-19 is not predictable, the Group will continue to closely monitor the situation and react upon it. We will do our very best to maintain a high level of healthy, hygienic and safe environment to our staff and customers when Century Entertainment casino reopens.

Unlike the virtual casino and the VIP room operated by the Group previously, Mr. Ng Man Sun has established a land-based casino which laid the foundation for developing the Group's future business plan in the gaming industry in Southeast Asia. The Group will continue to strive for strengthening its gaming business in Cambodia. By paying close attention to the related development in the area, the Group will seize market opportunities for a long term and sustainable growth.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2020, the Group employed permanent employees in Hong Kong. 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 by reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident

Fund scheme in Hong Kong, and provides employees with medical insurance coverage. A share option scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

FINAL DIVIDEND

The Directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2020. There was no interim dividend payment during the financial year.

INVESTOR RELATIONS

The Group believes that maintaining active communication and operational transparency is vital to building good investor relations. During the year, the Group has retained a professional public relation company to maintain continuous communication with various investors and held meetings regularly with analysts and institutional investors from around the world, if appropriate.

CORPORATE GOVERNANCE PRACTICES

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 year ended 31 March 2020 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 chief executive officer (the “CEO”) of the Company. The Board believes that the roles of 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 (the “Non-executive Directors”) of the Company, being all existing independent non-executive directors (the “Independent Non-executive Directors”, or “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 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 29 August 2019. He had arranged Ms. Ng Wai Yee, another executive director (the “Executive Director”) of the Company and who is very familiar with the Group’s business and operations, to attend and chair the AGM.

Code provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business commitments, Ms. Sie Nien Che, Celia, being an INED of the Company, did not attend the AGM of the Company held on 29 August 2019 and the special general meetings of the Company held on 10 October 2019 and 30 March 2020 respectively.

The Company periodically reviews its corporate governance practices and policy to ensure that they continue to meet the requirements of the CG Code, and acknowledges the important role of the Board in providing effective leadership and direction to the Company’s business, and ensuring transparency and accountability of the Company’s operations.

As such, the Company considers that sufficient measures have been in place to ensure that the Company’s corporate governance practices and policy are no less exacting than the code provisions.

Audit Committee

The Audit Committee comprises three INEDs, namely Mr. Li Chi Fai, Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Mr. Li Chi Fai who has substantial accounting and related financial management expertise.

The main duties of the Audit Committee are to review and monitor and provide supervision over the Company’s financial reporting process, risk management and internal control system, perform corporate governance duties delegated by the Board and maintain an appropriate relationship with the Company’s auditor. The roles and functions of the Audit Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

The annual results of the Group for the Year under Review had been reviewed by the audit committee.

Compliance Committee

The Compliance Committee comprises one Executive Director, one INED, the CFO and the Company Secretary, and is chaired by the Executive Director.

The main duties of the Compliance Committee are to formulate, review, approve, and monitor the Company's policies and practices on compliance with legal and regulatory requirements, supervise the implementation and monitor the efficiency and effectiveness of the compliance management system. The roles and functions of the Compliance Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

Remuneration Committee

The Remuneration Committee comprises one Executive Director and two INEDs and is chaired by an INED. The Company has complied with the chairman requirement and majority requirement of the Remuneration Committee members under Rule 3.25 of the Listing Rules.

The main duties of the Remuneration Committee are to review the Company's policy on remuneration structure, approve the management's remuneration by reference to corporate goals and objectives of the Company, recommend to the Board on the remuneration packages of the INEDs, review and determine the remuneration packages for the Executive Directors with delegated responsibility according to the model set out in code provision B.1.2(c)(i) of the CG Code as adopted by the terms of reference of the Remuneration Committee. No Director will determine his/her own remuneration. The roles and functions of the Remuneration Committee are clearly set out in the terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

Nomination Committee

The Nomination Committee comprises one Executive Director and two INEDs and is chaired by the Executive Director. The Company has complied with the majority requirement of Nomination Committee members under Code Provision A.5.1 of the CG Code.

The main duties of the Nomination Committee are to review the structure, size and composition of the Board, make recommendations on the selection of individual to act as a Director and on appointment or re-election of Directors to complement the corporate strategy of the Company, and assess the independence of the INEDs. The roles and functions of the Nomination Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 as stated in the Model Code regarding securities transactions throughout the year ended 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the financial year ended 31 March 2020.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group’s auditor, Elite Partners CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on this preliminary announcement.

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

Hong Kong, 29 June 2020

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.