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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)

**(1) CAPITAL REORGANISATION;
(2) INCREASE IN AUTHORISED SHARE CAPITAL;
(3) CHANGE IN BOARD LOT SIZE;
AND
(4) CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF THE CONVERTIBLE BOND**

CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders the Capital Reorganisation which will comprise:

- (i) the Share Consolidation whereby every five (5) issued and unissued Existing Shares of par value of HK\$0.20 each will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled;
- (ii) the Capital Reduction whereby the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share;

- (iii) the Share Subdivision of every unissued Consolidated Share of par value of HK\$1.00 each in the authorised share capital of the Company into one hundred (100) New Shares of par value of HK\$0.01 each; and
- (iv) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company within the meaning of the Companies Act.

It is expected that the Capital Reorganisation will become effective on Monday, 22 February 2021.

INCREASE IN AUTHORISED SHARE CAPITAL

Upon the completion of the Capital Reorganisation, the authorised share capital of the Company would be HK\$4,000,000 divided into 400,000,000 New Shares of HK\$0.01 each. In order to provide the Company with greater flexibility to raise funds in the future, the Board proposes to increase the authorised share capital of the Company from HK\$4,000,000 divided into 400,000,000 New Shares of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Shares of HK\$0.01 each by the creation of an additional 19,600,000,000 New Shares.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded in board lots of 2,000 Existing Shares. Conditional upon the Share Consolidation becoming effective, the Board also proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 New Shares with effect from 9:00 a.m., on Monday, 8 March 2021.

THE SUBSCRIPTION

On 30 December 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has agreed to subscribe for the Convertible Bond with a principal amount of HK\$50,000,000.

As the Subscriber is a substantial Shareholder, executive Director, Chairman and the Chief Executive Officer of the Company, the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The Conversion Shares to be allotted and issued pursuant to the Convertible Bond are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM. An application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed pursuant to the Listing Rules to advise the Independent Shareholders on the Subscription and the transactions contemplated thereunder. In this connection, an independent financial adviser will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the Subscription and the transactions contemplated thereunder are fair and reasonable, and to make recommendation(s) on voting.

GENERAL

A circular containing, among other things, details of (i) the Capital Reorganisation; (ii) the Increase In Authorised Share Capital; (iii) the Change in Board Lot Size; (iv) the Subscription and the Convertible Bond; (v) recommendations from the Independent Board Committee in respect of the Subscription; (vi) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (vii) the notice of the SGM, is expected to be despatched to the Shareholders on or around 22 January 2021, taking into account the time required for the preparation of the abovementioned information.

Only Shareholders whose names appear in the register of members of the Company on the Record Date are entitled to attend and vote at the SGM.

Shareholders and potential investors should note that the completion of the Subscription Agreement is conditional upon satisfaction of the respective conditions as set out in this announcement and therefore, the Subscription may or may not proceed.

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

CAPITAL REORGANISATION

On 30 December 2020, the Board proposes to put forward to the Shareholders the Capital Reorganisation which will comprise:

- (i) the Share Consolidation whereby every five (5) issued and unissued Existing Shares of par value of HK\$0.20 each will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled;
- (ii) the Capital Reduction whereby the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share;
- (iii) the Share Subdivision of every unissued Consolidated Share of par value of HK\$1.00 each in the authorised share capital of the Company into one hundred (100) New Shares of par value of HK\$0.01 each;
- (iv) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (v) the amount standing to the credit of the contributed surplus account be applied to set off the accumulated losses of the Company in full or be applied in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda.

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 2,000,000,000 Existing Shares, of which 1,282,475,614 Existing Shares are issued and credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Share Consolidation becomes effective and only 0.8 fractional Consolidated Shares will be created from the Share Consolidation, the issued share capital of the Company will be HK\$256,495,122.80 divided into 256,495,122 Consolidated Shares of par value of HK\$1.00 each.

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

Upon the Capital Reduction becoming effective, the par value of all the issued Consolidated Shares shall be reduced from HK\$1.00 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.99 per Consolidated Share in issue.

The New Shares will rank *pari passu* in all respects with each other in accordance with the Bye-Laws. The issued share capital will be reduced to HK\$2,564,951.22 divided into 256,495,122 New Shares of par value of HK\$0.01 each.

Based on 1,282,475,614 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$253,930,171.58 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act which, together with any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, will be applied by the Board to set off the accumulated losses of the Company in full or be applied in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda.

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

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

INCREASE IN AUTHORISED SHARE CAPITAL AND REASON THEREOF

Upon the Capital Reorganisation becoming effective, the authorised share capital of the Company would be HK\$4,000,000 divided into 400,000,000 New Shares of HK\$0.01 each. In order to provide the Company with greater flexibility to raise funds in the future, the Board proposes to increase the authorised share capital of the Company from HK\$4,000,000 divided into 400,000,000 New Shares of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Shares of HK\$0.01 each by the creation of an additional 19,600,000,000 New Shares.

The proposed increase in the authorised share capital of the Company is subject to the approval of the Shareholders by way of an ordinary resolution at the forthcoming SGM.

EFFECTS OF THE CAPITAL REORGANISATION AND THE INCREASE IN AUTHORISED SHARE CAPITAL

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

	As at the date of this announcement	Immediately after the Share Consolidation becoming effective	Immediately after the Capital Reorganisation and the Increase In Authorised Share Capital becoming effective
Par value	HK\$0.20 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.01 per New Share
Authorised share capital	HK\$400,000,000 divided into 2,000,000,000 Existing Shares	HK\$400,000,000 divided into 400,000,000 Consolidated Shares	HK\$200,000,000 divided into 20,000,000,000 New Shares
Issued and fully paid up or credited as fully paid up share capital	HK\$256,495,122.80 divided into 1,282,475,614 Existing Shares	HK\$256,495,122.00 divided into 256,495,122 Consolidated Shares <i>(Note)</i>	HK\$2,564,951.22 divided into 256,495,122 New Shares <i>(Note)</i>
Unissued share capital	HK\$143,504,877.20 divided into 717,524,386 Existing Shares	HK\$143,504,878.00 divided into 143,504,878 Consolidated Shares <i>(Note)</i>	HK\$197,435,048.78 divided into 19,743,504,878 New Shares <i>(Note)</i>

Note: Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Share Consolidation becomes effective and only 0.8 fractional Consolidated Shares will be created from the Share Consolidation.

Adjustments in Relation to Other Securities of the Company

As at the date of this announcement, the Company has outstanding share options entitling the holders thereof to subscribe for a total of 66,182,215 Existing Shares. Under the respective terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the number of Shares subject to the share options so far as unexercised and/or the exercise price.

The Company will make further announcement(s) on such adjustments as and when appropriate.

Save as disclosed above, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

CHANGE IN BOARD LOT SIZE AND REASON THEREOF

As at the date of this announcement, the Shares are traded in board lots of 2,000 Existing Shares. Conditional upon the Share Reorganisation becoming effective, the Board also proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 New Shares with effect from Monday, 8 March 2021.

Based on the closing price of HK\$0.051 per Existing Share (equivalent to the theoretical closing price of HK\$0.255 per New Share) as quoted on the Stock Exchange at the date of this announcement, the value of each existing board lot of 2,000 Existing Shares is HK\$102 and the theoretical value for each new board lot of 10,000 New Shares, assuming the Share Reorganisation has become effective, would be HK\$2,550.

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

Reasons for the Capital Reorganisation and the Change in Board Lot Size

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the Shares had been traded below HK\$0.10 on average and the Shares were trading at under HK\$2,000 per board lot over the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation and the Change in Board Lot Size in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

Meanwhile, the Capital Reorganisation also involves the Capital Reduction which will reduce the par value of the issued Consolidated Shares from HK\$1.00 per Consolidated Share to HK\$0.01 per New Share. Under the laws of Bermuda, a company may not issue shares at a discount to the par value of such shares. Accordingly, the Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

The Board considers that (i) the Share Consolidation and the Change in Board Lot Size will reduce the transaction costs for dealing in the Shares, including those fees which are charged with reference to the number of board lots; (ii) the Capital Reorganisation will provide the Company with greater flexibility in possible fund raisings in the future given the Existing Shares were trading below their par value recently; (iii) the Capital Reorganisation will accommodate the issue of the Conversion Shares; and (iv) the credit in the contributed surplus account of the Company arising from the Capital Reduction, which will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-Laws.

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

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

- (i) the passing of a special resolution to approve the Capital Reorganisation by the Shareholders at the SGM;

- (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and, if required, the New Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the Share Option Scheme of the Company and upon exercise of the Conversion Rights;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due, and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Listing and dealings

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the Share Option Scheme of the Company and upon exercise of the Conversion Rights.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares will be identical in all respects and rank pari passu in all respects with each other. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Fractional shares

Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional Consolidated Shares to which the Shareholders are entitled shall be aggregated and sold for the benefit of the Company.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may from Monday, 22 February 2021 to Wednesday, 31 March 2021 submit share certificates of the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in exchange, at the expense of the Company, for new share certificates of New Shares. Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the New Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Friday, 26 March 2021 (or such other date which may be announced by the Company) and will continue to be good evidence of legal title and may be exchanged for share certificates of the New Shares at any time in accordance with the foregoing.

The new share certificates of the New Shares will be issued in green in order to distinguish them from the existing blue colour.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, a designated broker will be appointed to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the Company's circular to be despatched to the Shareholders in relation to, inter alia, the Capital Reorganisation and the Subscription.

SUBSCRIPTION OF THE CONVERTIBLE BOND

On 30 December 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to issue the Convertible Bond in the principal amount of HK\$50,000,000. The subscription amount payable by the Subscribers under the Subscription Agreement shall be satisfied by discharging the payment obligation of the Company on the Indebted Amount. Details of the Subscription Agreement are set out below:

SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below.

Date: 30 December 2020

Parties: The Company, as issuer

The Subscriber, as subscriber

As at the date of this announcement, the Subscriber and his controlled corporation namely, East Legend, together holds 355,801,959 Existing Shares in aggregate, representing approximately 27.74% of the existing number of issued Shares. Accordingly, the Subscriber is a substantial shareholder of the Company and a connected person of the Company under the Listing Rules.

Subject

As at the date of this announcement, the Company is indebted to the Subscriber a total of HK\$71,271,758 (the “**Indebted Amount**”) which is interest free, unsecured and has no fix repayment term. Pursuant to the Subscription Agreement, the Subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to issue the Convertible Bond in the principal amount of HK\$50,000,000. The subscription amount payable by the Subscribers under the Subscription Agreement shall be satisfied by releasing the payment obligation of HK\$50,000,000 of the Company against the Indebted Amount. Pursuant to the terms of the Subscription Agreement, upon completion, the Company shall issue the Convertible Bond to the Subscriber and the remaining balance of HK\$21,271,758 is payable to the Subscriber.

Conditions precedent

Completion of the Subscription Agreement is conditional upon:–

- (a) the completion of the Deed of Settlement;
- (b) the written confirmation letter provided by the Company to the Subscriber, confirming the representations, warranties and undertaking given by the Company in the Subscription Agreement remaining true, correct and not misleading in all material respects as at the Completion Date;
- (c) the certified true copy or original of the executed Convertible Bond instrument, the certificate of the Convertible Bond, the certified true copy of the updated register of bondholders and other relevant documents were delivered to the Subscriber by the Company;
- (d) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the New Shares arising from the implementation of the Capital Reorganisation and the Conversion Shares to be issued upon exercise of the Conversion Rights pursuant to the Convertible Bond and such grant remaining in full force and effect;
- (e) all necessary consents, approvals (or waivers), authorisation, permission or exemption from any third parties, including but not limited to government or regulatory authorities, having been obtained by the Company in connection with the Capital Reorganisation and the Subscription and the issue of the Convertible Bond and the Conversion Shares upon exercise of the Conversion Rights and such consents, approvals (or waivers), authorisation, permission or exemption remaining in full force and effect;
- (f) the compliance by the Company with all legal and other requirements under the Listing Rules and the laws of Bermuda applicable to the Capital Reorganisation and the transactions contemplated under the Subscription Agreement; and
- (g) the passing of the requisite respective resolutions by the Board and the Shareholders at the SGM (other than those persons who are precluded from voting under the Listing Rules) approving, inter alia, the Capital Reorganisation and the transactions contemplated under the Subscription Agreement (including but not limited to the issue of the Convertible Bond and the allotment and issue of Conversion Shares upon exercise of the respective Conversion Rights).

All conditions above are non-waivable except that conditions (b) and (c) above are waivable at the discretion of the Subscriber.

In the event that the conditions of the Subscription are not fulfilled by 3:00 p.m. on or before 31 March 2021 or such other time and date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other save for any antecedent breaches of the terms thereof.

Completion

Completion of the Subscription Agreement shall take place on the Completion Date (or such other date as may be agreed between the respective parties).

PRINCIPAL TERMS OF THE CONVERTIBLE BOND

Principal amount	HK\$50,000,000
Maturity	18 month from the date of issue of the Convertible Bond
Interest rate	the Convertible Bond will be interest free
Denomination for conversion	With a minimum aggregate amount of HK\$1,000,000 and authorised denominations(s) integral multiples thereof save that if at any time the aggregate outstanding principal amount held by a holder of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding principal amount may be converted
Conversion rights	A holder of the Convertible Bond shall have the right to convert in whole or in part (in an integral multiple of HK\$1,000,000) of the Convertible Bond into Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day from the date of issue of the Convertible Bond and up to the maturity date of the Convertible Bond, subject to the restrictions on the exercise of the Conversion Rights as set out below.
Conversion price	<p>Initially, HK\$0.25 per New Share (equivalent to HK\$0.05 per Existing Share as adjusted for the effect of the Capital Reorganisation), subject to adjustments.</p> <p>The Conversion Price shall be adjusted as provided in the Convertible Bond instrument in each of the following cases:</p> <ul style="list-style-type: none">(i) an alteration of the number of the Shares by reason of any consolidation or subdivision;(ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

- (iii) a capital distribution (as defined in the Convertible Bond instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
- (iv) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares;
- (v) an issue being made by the Company of securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share (as defined in the Convertible Bond instrument) initially receivable for such securities is less than 80% of the market price;
- (vi) an issue being made by the Company of Shares at a price which is less than 80% of the market price; and
- (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share (as defined in the Convertible Bond instrument) less than 80% of the market price.

Transferability

Freely transferrable, in whole or any part of the outstanding principal amount, to any person, subject to the terms of the Convertible Bond (as the case may be), the Listing Rules and all applicable laws and regulations

Listing

No application will be made for the listing of the Convertible Bond on the Stock Exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights.

Ranking

The Conversion Shares to be issued upon the exercise of the Conversion Rights will be credited as fully paid and will rank *pari passu* in all respects among themselves and with other existing Shares outstanding at the date of issue of the Conversion Shares and be entitled to all dividends and other distributions the record date for which falls on a date on or after the date of their issue.

Voting

A holder of the Convertible Bond will not be entitled to receive notices of, attend or vote at any Shareholders' meetings of the Company by reason only of it being a holder of the Convertible Bond.

Redemption and repurchase	<p>The Company shall redeem at 100% of the outstanding principal amount of the Convertible Bond (as the case may be) on the maturity date.</p> <p>The Company shall have the right to redeem in whole or any part(s) of the principal amount of the Convertible Bond, with an aggregate amount of HK\$1,000,000 and authorised denominations(s) integral multiples thereof (if at any time the aggregate outstanding principal amount held by a holder of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding principal amount may be redeemed), at any time on any business day prior to the maturity date by giving prior notice of not less than thirty (30) days in writing to the holder of the Convertible Bond. The Convertible Bond(s) or any part thereof so redeemed shall forthwith be cancelled by the Company.</p>
Status	<p>The obligations of the Company arising under the Convertible Bond constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.</p>
Restriction on the exercise of the Conversion Rights	<p>The holder(s) of the Convertible Bond agree and undertake to the Company that it shall not exercise any of the Conversion Rights if (i) the holder(s) of the Convertible Bond and parties acting in concert with it/them will directly or indirectly control or be interested in such percentage of voting rights of the Company which the holder(s) would be obliged to make a general offer under the Takeovers Code unless (a) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (b) a general offer is made in accordance with the requirement of the Takeovers Code; (ii) the Company will be unable to meet the public float requirements under the Listing Rules; or (iii) the holder(s) of the Convertible Bond or the Company will as a result of the issue of the relevant Conversion Shares be in breach of the Listing Rules, the Takeovers Code or applicable laws or regulations.</p>

Assuming full conversion of the principal amount of the Convertible Bond of HK\$50,000,000 at the initial Conversion Price, a total of maximum 200,000,000 New Shares (assuming the Capital Reorganisation has become effective) with aggregate nominal value of HK\$2,000,000 will be issued, representing approximately 78.0% of the total existing issued share capital of the Company (taking into account the effect of the Capital Reorganisation) and approximately 43.8% of the Company's total issued share capital as enlarged by the issue of the Conversion Shares (taking into account the effect of the Capital Reorganisation).

Investors shall note that the conversion of the Convertible Bond is subject to the conversion restrictions under the Convertible Bond as set out above.

Conversion Price

The initial Conversion Price, being HK\$0.25 per New Share (equivalent to HK\$0.05 per Existing Share as adjusted for the effect of the Capital Reorganisation), represents:

- (i) a premium of approximately 8.7% over the adjusted closing price of HK\$0.230 per New Share (based on the closing price of HK\$0.0460 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (ii) a premium of approximately 2.9% over the adjusted average closing price of approximately HK\$0.243 per New Share (based on the average closing price of approximately HK\$0.0486 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation); and
- (iii) a premium of approximately 2.5% to the adjusted average closing price of approximately HK\$0.244 per New Share (based on the average closing price of HK\$0.0488 per Existing Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation).

The Conversion Price was arrived at after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Shares, the operation and financial performance of the Group, the current market conditions and the consolidated net current liabilities position of the Company as at 30 September 2020.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The principal activities of the Company are engaging in the gaming business in Asia Pacific and the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients.

As stated in the interim report of the Company for the six months ended 30 September 2020, the Group recorded revenue of approximately HK\$2.7 million in the first half of 2020, which was mainly generated from AR/VR applications service income, and the Group recorded unaudited consolidated net assets of approximately HK\$4.0 million as at 30 September 2020. The cash and cash equivalents balance of the Group was approximately HK\$3.7 million and the Group recorded net current liabilities of approximately HK\$81.3 million as at 30 September 2020.

Taking into account, among other things, the financial position and expected operating cash flow to be generated by the Group, and given the prevailing market prices and trading volume of the Shares and the net current liabilities position of the Group, it may not be favourable to have a fund raising exercise for substantial amount by way of issue of new Shares to independent third party(ies) or to existing Shareholders on a pro rata basis (e.g. rights issue and open offer) where considerable discount to the market prices of the Shares would be required. After the Company's enquiry of certain brokerage houses with no favourable responses, the Company has decided to negotiate with the Subscriber on the proposed settlement plan of the Indebted Amount. As a result of the negotiations, the Company and the Subscriber agreed to settle part of the Indebted Amount principally through the entering into the Subscription Agreement.

The part of the Indebted Amount, HK\$50,000,000, on the Completion Date will be settled through the issue of the Convertible Bond on the Completion Date. Accordingly, no immediate cash outflow will be incurred in the settlement of the amount of the borrowing.

After taking into account that: (i) the partial settlement of the Indebted Amount will not exert immediate cash outflow burden on the Group; (ii) no interest will be charged under the Convertible Bond; (iii) the Subscription will secure the continuing financial support from the Subscriber to the Group's business development and operation; and (iv) upon conversion of the Convertible Bond, the financial position of the Group would be improved, the executive Directors consider that the issue of the Convertible Bond is an appropriate debt restructuring plan for the Company.

In view of the above, the Board (excluding Mr. Ng Man Sun and Ms. Ng Wai Yee who had abstained from voting at the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder) considers that the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable, and the transactions contemplated under the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, save as the outstanding share options mentioned above, there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or be converted into Shares.

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

	As at the date of this announcement		Immediately after the Capital Reorganisation		Immediately after issue and full conversion of Convertible Bond into Conversion Shares	
	No. of Share	%	No. of Share	%	No. of Share	%
Mr. Ng Man Sun (<i>Note 1</i>)	355,801,959	27.74	71,160,392	27.74	271,160,392	59.40
Ms. Cheng Wai Man	96,212,121	7.50	19,242,424	7.50	19,242,424	4.22
Mr. Huang Wei Qiang	86,900,000	6.78	17,380,000	6.78	17,380,000	3.80
Mr. Wong Kam Wah	82,542,121	6.44	16,508,424	6.44	16,508,424	3.62
Public	661,019,413	51.54	132,203,882	51.54	132,203,882	28.96
	<u>1,282,475,614</u>	<u>100.00</u>	<u>256,495,122</u>	<u>100.00</u>	<u>456,495,122</u>	<u>100.00</u>

Note:

- Mr. Ng Man Sun is the substantial shareholder, executive Director, chairman and chief executive officer of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the 12 months prior to the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber and his close associates in aggregate holds 355,801,959 Existing Shares, representing approximately 27.74% of the existing number of issued Shares. As a substantial Shareholder, the Subscriber is a connected person of the Company and the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Conversion Shares to be allotted and issued upon exercise of the Conversion Rights pursuant to the Convertible Bond are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares. Upon completion of the Subscription Agreement, an announcement regarding the principal amount of the Convertible Bond and the number of Conversion Shares (based on the initial Conversion Price) issuable thereunder will be made by the Company.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed pursuant to the Listing Rules to advise the Independent Shareholders on the Subscription and the transactions contemplated thereunder. In this connection, an independent financial adviser will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the Subscription and the transactions contemplated thereunder are fair and reasonable, and to make recommendation(s) on voting.

EXPECTED TIMETABLE

2021

Despatch of circular with notice and proxy form of the SGM Friday, 22 January

Latest time for lodging transfer documents and relevant share certificates to be eligible to attend and vote at the SGM 4:30 p.m. on Wednesday, 10 February

Closure of register of members for the purpose of ascertaining Shareholders' eligibility to attend and vote at the SGM (both dates inclusive)..... Thursday, 11 February to Thursday, 18 February

Latest time for lodging the proxy form of the SGM 10:30 a.m. on Tuesday, 16 February

Expected date and time of the SGM..... 10:30 a.m. on Thursday, 18 February

Announcement of the results of the SGM..... Thursday, 18 February

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

Expected effective date of the Capital Reorganisation	9:00 a.m. on Monday, 22 February
First day for free exchange of existing share certificates for new share certificates	Monday, 22 February
Commencement of dealings in New Shares.....	9:00 a.m. on Monday, 22 February
Original counter for trading in Existing Shares in board lots of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 22 February
Temporary counter for trading in New Shares in board lots of 400 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 22 February
Original counter for trading in New Shares in board lots of 10,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 8 March
Parallel trading in New Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Monday, 8 March
Designated broker starts to provide matching services for odd lots of New Shares	Monday, 8 March
Temporary counter for trading in New Shares in board lots of 400 New Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 26 March
Parallel trading in New Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Friday, 26 March
Designated broker ceases to provide matching services for odd lots of New Shares	4:10 p.m. on Friday, 26 March
Last day for free exchange of existing share certificates for new share certificates	4:30 p.m. on Wednesday, 31 March

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

GENERAL

The SGM will be convened by the Company at which resolutions will be proposed to seek approval of the Shareholders in respect of (i) the Capital Reorganisation; (ii) the Increase In Authorised Share Capital; (iii) the Change in Board Lot Size; and (iv) the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bond and the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights).

A circular containing, among other things, details of (i) the Capital Reorganisation; (ii) the Increase In Authorised Share Capital; (iii) the Change in Board Lot Size; (iv) the Subscription and the Convertible Bond; (v) recommendations from the Independent Board Committee in respect of the Subscription; (vi) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (vii) the notice of the SGM, is expected to be despatched to the Shareholders on or around 22 January 2021, taking into account the time required for the preparation of the abovementioned information.

Only Shareholders whose names appear in the register of members of the Company on the Record Date are entitled to attend and vote at the SGM. In order to qualify for the entitlement to attend and vote at the SGM, unregistered holders of Shares will ensure that all transfer documents and relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 10:30 a.m. on Tuesday, 16 February 2021.

Shareholders and potential investors should note that the completion of the Subscription Agreement is conditional upon satisfaction of the respective conditions as set out in this announcement and therefore, the Subscription may or may not proceed.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday, Sunday, any public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business

“Bye-Laws”	the bye-laws of the Company as amended from time to time
“Capital Reduction”	the proposal for the reduction of the par value of the issued Consolidated Shares from HK\$1.00 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share and the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation immediately after the Share Consolidation
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company by way of (i) the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Subdivision referred to in this announcement
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 New Shares
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
“Company”	Century Entertainment International Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange
“Completion Date”	being 31 March 2021, or such other date as may be agreed between the parties to the Subscription Agreement in writing
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$1.00 each in the capital of the Company immediately after the Share Consolidation but prior to the Capital Reduction
“Conversion Price”	the conversion price of HK\$0.25 per New Share (subject to adjustment as set out in the Convertible Bond instrument, from time to time, if any)
“Conversion Right(s)”	the right(s) attaching to the Convertible Bond to convert in whole or in part (in an integral multiple of HK\$1,000,000) the respective outstanding principal amounts into the Conversion Share(s)
“Conversion Share(s)”	the Share(s) to be issued by the Company as a result of the exercise of the Conversion Rights attaching to the Convertible Bond
“Convertible Bond”	the convertible bond in the principal amount of HK\$50,000,000 to be issued by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement

“Deed of Settlement”	the deed of settlement entered into between the Company and Mr. Ng on 30 December 2020.
“Director(s)”	the director(s) of the Company
“East Legend”	East Legend Holdings Limited, a company 100% owned by Mr. Ng
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.20 each in the share capital of the Company
“Group”	the Company and its subsidiaries
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Increase In Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$4,000,000 divided into 400,000,000 New Shares after Share Reorganisation and Capital Reduction to HK\$400,000,000 divided into 20,000,000,000 Shares by creating an additional 19,600,000,000 Shares
“Indebted Amount”	an aggregate amount of HK\$71,271,758, which is interest free, unsecured and has no fix repayment term, due to Mr. Ng as at the date of this announcement
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Li Chi Fai, Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, established for the purpose of advising the Independent Shareholders in relation to the Subscription
“Independent Shareholders”	Shareholders other than the Subscriber and her associates, and those who are interested in the Subscription
“Last Trading Day”	29 December 2020 being the last full trading day prior to the publication of this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective

“Record Date”	being 10 February 2021, for the purpose of ascertaining Shareholders’ eligibility to attend and vote at the SGM
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, Increase In Authorised Share Capital, Change in Board Lot Size, Subscription Agreement and the transactions contemplated thereunder
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the New Share(s) as the case may be
“Shareholder(s)”	holder(s) of the Share(s)
“Share Consolidation”	the proposed consolidation of every five (5) Existing Shares of par value of HK\$0.20 each into one (1) Consolidated Share of par value of HK\$1.00 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 12 September 2012
“Share Subdivision”	the proposed subdivision of each authorised but unissued Consolidated Share of par value of HK\$1.00 into one hundred (100) New Shares of par value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “Mr. Ng”	Mr. Ng Man Sun, a substantial Shareholder, executive Director, Chairman and the Chief Executive Officer of the Company
“Subscription”	the subscription of the Convertible Bond by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 30 December 2020 entered into between the Company and the Subscriber pursuant to which the Company has agreed to issue, and the Subscriber has agreed to subscribe for, the Convertible Bond
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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

Hong Kong, 30 December 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.