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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2022 amounts to approximately HK\$0.2 million, compared to approximately HK\$0.7 million for the year ended 31 March 2021. The decrease in revenue was mainly attributable to the spread of COVID-19 and the temporary closure of all casinos in Cambodia since 1 April 2020 affecting the gaming table business and also that the work on the re-opening of the casino is still in progress.
- Net loss for the year ended 31 March 2022 amounts to approximately HK\$3.7 million, compared to approximately HK\$43.0 million for the year ended 31 March 2021. The change in net loss for the year ended 31 March 2022 was mainly due to fair value gain on financial assets and financial liabilities at fair value through profit or loss increased approximately by HK\$43.1 million.
- Loss per share amounts to approximately HK\$2.87 compared to loss per share amounts to approximately HK\$33.53 last year.
- The Group's net liabilities amount to approximately HK\$26.7 million, increased by approximately HK\$3.7 million compared to net liabilities of approximately HK\$23.0 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 2022 (the "2022 Annual Results"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	<i>5</i>	200	727
Cost of sales		<u>(40)</u>	<u>(600)</u>
Gross profit		160	127
Other income and gains	<i>6</i>	11	4,855
Impairment loss on intangible assets		(12,658)	(6,844)
Impairment loss on goodwill		–	(14,257)
Impairment loss on accounts and other receivables, net of reversal		(5,648)	2,683
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net		56,657	13,642
General and administrative expenses		(33,212)	(39,883)
Finance costs	<i>7</i>	<u>(9,167)</u>	<u>(5,314)</u>
Loss before taxation	<i>8</i>	(3,857)	(44,991)
Income tax credit	<i>9</i>	<u>182</u>	<u>1,992</u>
Loss for the year attributable to the owners of the Company		<u>(3,675)</u>	<u>(42,999)</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(3,675)</u>	<u>(42,999)</u>
Loss per share			
– Basic and diluted (HK cents)	<i>11</i>	<u>(2.87)</u>	<u>(33.53)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Plant and equipment		666	1,092
Right-of-use assets		–	1,104
Goodwill		–	–
Intangible assets		28,142	54,987
Deposits paid		9,594	8,190
		<u>38,402</u>	<u>65,373</u>
Current assets			
Accounts and other receivables	12	35,515	45,509
Financial assets at fair value through profit or loss		55,882	–
Cash and cash equivalents		3,756	3,495
		<u>95,153</u>	<u>49,004</u>
Current liabilities			
Other payables	13	12,837	10,880
Other borrowings		100,179	83,461
Lease liabilities		–	1,203
Convertible bonds		46,475	–
Tax payables		734	819
		<u>160,225</u>	<u>96,363</u>
Net current liabilities		<u>(65,072)</u>	<u>(47,359)</u>
Total assets less current liabilities		<u>(26,670)</u>	<u>18,014</u>
Non-current liabilities			
Financial liabilities at fair value through profit or loss		–	775
Convertible bonds		–	40,137
Deferred tax liabilities		–	97
		<u>–</u>	<u>41,009</u>
NET LIABILITIES		<u>(26,670)</u>	<u>(22,995)</u>
Equity			
Share capital		1,282	1,282
Reserves		(27,952)	(24,277)
TOTAL DEFICIT		<u>(26,670)</u>	<u>(22,995)</u>

1. GENERAL INFORMATION

Century Entertainment International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was incorporated and domiciled in Bermuda with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holdings. The principal activities of its subsidiaries during the year are set out in note 35 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. 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 2022 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 (the “**Listing Rules**”) Governing the Listing of Securities of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance (the “**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 at 31 March 2022. The Group incurred a net loss attributable to the owners of the Company of approximately HK\$3,675,000 and had net cash outflows from operating activities of approximately HK\$15,236,000 during the year ended 31 March 2022. At the same date, the Group has net current liabilities of approximately HK\$65,072,000 and net liabilities of approximately HK\$26,670,000.

It is noted by the directors of the Company that Mr. Ng Man Sun (“**Mr. Ng**”), the executive director, Chairman, Chief Executive Officer and substantial shareholder of the Company undertook that he will not call for repayment of the convertible bond with principal amount of HK\$50,000,000 which due for repayment on 30 September 2022 and will further provide sufficient financial supports for the Group’s working capital for a period of at least 12 months until 30 June 2023. In addition, other borrowings from third parties amounted to HK\$33,429,000 are personally guaranteed by Mr. Ng. The management of the Company also have implemented the re-opening plan of the gaming tables business which to be located in a new casino in Dara Sakor Investment Zone, Kingdom of Cambodia (“**Cambodia**”), and target to commence the operation of gaming tables business from September 2022 after the completion of systems testing and training of casino staff. The Group will continue to take active measure to control administrative costs and containment of capital expenditures. 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 2022 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) Historical cost basis of preparations

The consolidated financial statements have been prepared on the historical cost basis (except for financial assets and financial liabilities at fair value through profit or loss that are measured at fair value), 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied, for the first time, the Amendments to References to Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2021:

Amendments to HKFRS 16	COVID-19 – Related Rent Concessions
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018-2020 cycle ¹
Accounting Guideline 5 (Revised)	Merger accounting for common control combination ⁴

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

² Effective for annual periods beginning on or after 1 January 2023.

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

⁴ Effective for common control combinations that occur on or after beginning of the first annual report period on or after 1 January 2022.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. 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 2022 and 2021, 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. The following is an analysis of the Group’s revenue and results by reportable and operating segments:

(a) Segment revenues and results

For the year ended 31 March 2022

	Gaming and entertainment HK\$’000	AR/VR and mobile games solutions HK\$’000	Total HK\$’000
Segment revenue	—	200	200
Timing of revenue recognition Point in time	—	200	200
Segment profit/(loss)	24,947	(729)	24,218
Unallocated income			11
Unallocated corporate expenses			(18,919)
Unallocated finance costs			(9,167)
Loss before taxation			<u>(3,857)</u>

For the year ended 31 March 2021

	Gaming and entertainment HK\$’000	AR/VR and mobile games solutions HK\$’000	Total HK\$’000
Segment revenue	—	727	727
Timing of revenue recognition Point in time	—	727	727
Segment profit/(loss)	2,115	(27,144)	(25,029)
Unallocated income			4,855
Unallocated corporate expenses			(19,513)
Unallocated finance costs			(5,304)
Loss before taxation			<u>(44,991)</u>

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

(b) **Segment assets and liabilities**

Segment assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gaming and entertainment	128,523	104,351
AR/VR and mobile games solutions	151	2,767
Total segment assets	128,674	107,118
Unallocated corporate assets	4,881	7,259
Consolidated total assets	<u>133,555</u>	<u>114,377</u>

Segment liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gaming and entertainment	–	775
AR/VR and mobile games solutions	734	959
Total segment liabilities	734	1,734
Unallocated corporate liabilities	159,491	135,638
Consolidated total liabilities	<u>160,225</u>	<u>137,372</u>

(c) **Other segment information**

For the year ended 31 March 2022

	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts include in the measure of segment profit or segment assets:				
Impairment loss on intangible assets	12,658	–	–	12,658
Amortisation of intangible assets	13,600	587	–	14,187
Depreciation of plant and equipment	109	–	266	375
Depreciation of right-of-use assets	–	–	1,104	1,104
Reversal of impairment losses on accounts and other receivables	(5,344)	(302)	–	(5,646)
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net	(56,657)	–	–	(56,657)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	11	11
Finance costs	–	–	9,167	9,167
Income tax credit	–	182	–	182
	<u>–</u>	<u>182</u>	<u>–</u>	<u>182</u>

For the year ended 31 March 2021

	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts include in the measure of segment profit or segment assets:				
Impairment loss on intangible assets	–	6,844	–	6,844
Impairment loss on goodwill	–	14,257	–	14,257
Amortisation of intangible assets	13,600	4,820	–	18,420
Depreciation of plant and equipment	109	–	375	484
Depreciation of right-of-use assets	1,332	–	2,650	3,982
Impairment losses on accounts and other receivables, net of reversal	(3,523)	840	–	(2,683)
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net	(13,642)	–	–	(13,642)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	47	47
Finance costs	9	–	5,305	5,314
Income tax credit	–	1,992	–	1,992

(d) Major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Company A ¹	N/A ²	300
Company B ¹	N/A ²	227
Company C ¹	N/A ²	200
Company D ¹	200	N/A ²

¹ Revenue from AR/VR and mobile games solutions segment

² The corresponding revenue did not contribute over 10% of the total revenue of the Group

(e) **Geographical**

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
People's Republic of China ("PRC")	–	227
Hong Kong	<u>200</u>	<u>500</u>
Total	<u>200</u>	<u>727</u>

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Hong Kong	785	2,602
Cambodia	<u>37,823</u>	<u>62,771</u>
Total	<u>38,608</u>	<u>65,373</u>

5. REVENUE

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Services income derived from AR/VR and mobile games solutions	<u>200</u>	<u>727</u>

6. OTHER INCOME AND GAINS

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Bank interest income	11	47
Consultancy fee income	–	4,000
Government subsidy (<i>note</i>)	–	363
Sundry income	–	258
Gain on derecognition of right-of-use assets and lease liabilities	<u>–</u>	<u>187</u>
	<u>11</u>	<u>4,855</u>

Note: During the year ended 31 March 2021, the Group recognised government subsidy of approximately HK\$363,000 in respect of COVID-19-related subsidy, which is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. There are no unfulfilled conditions and other contingencies attached to the receipt of subsidy.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on lease liabilities	29	237
Interest on other borrowings	2,800	2,800
Interest on convertible bonds	6,338	2,277
	<u>9,167</u>	<u>5,314</u>

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Staff costs

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Directors' emoluments	1,794	2,779
Salaries, allowances and other benefits	5,322	4,105
Contributions to retirement benefits scheme (excluding contributions for directors)	88	93
	<u>7,204</u>	<u>6,977</u>

(b) Other items

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation of plant and equipment	426	484
Depreciation of right-of-use assets	1,104	3,982
Amortisation of intangible assets	14,187	18,420
Auditor's remuneration	700	700
Expenses related to short-term leases	137	470
Written-off of prepayment and other receivables	1,527	–
	<u>1,527</u>	<u>–</u>

9. INCOME TAX CREDIT

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

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 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 million of profits of the qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax		
Over provision in previous years	85	67
Deferred tax	97	1,925
Income tax credit	182	1,992

10. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2022 (2021: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss for the year attributable to owners of the Company of HK\$3,675,000 (2021: HK\$42,999,000) and the weighted average number of 128,247,561 (2021: 128,247,561) ordinary shares in issue during the years ended 31 March 2022 and 2021.

(b) Diluted loss per share

No adjustment has been made to basic loss per share amounts presented for the years ended 31 March 2022 and 2021 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.

12. ACCOUNTS AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivables (<i>note</i>)	150	679
Other receivables	34,834	41,605
Rental and other deposits	167	984
	<u>35,151</u>	<u>43,268</u>
Prepayments	364	2,241
	<u>35,515</u>	<u>45,509</u>

Note:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Accounts receivables	1,000	2,067
Less: Loss allowance for accounts receivables	(850)	(1,388)
	<u>150</u>	<u>679</u>

The following is an aged analysis of accounts receivables, net of loss allowance for accounts receivables, presented based on the billing date, which approximates revenue recognition date, at the end of each reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 90 days	–	679
Over 180 days, but within 1 year	150	–
Over 1 year	–	–
	<u>150</u>	<u>679</u>

13. OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accruals and other payables	7,306	7,946
Interest payable	5,429	2,629
Advance from an independent third party (<i>note</i>)	102	305
	<u>12,837</u>	<u>10,880</u>

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

Note: The advance from an independent third party is unsecured, interest free and repayable on demand.

14. EVENTS AFTER REPORTING PERIOD

(a) Impact of coronavirus (COVID-19) outbreak

Impact of the novel COVID-19 continues to cause disruptions to the Group's businesses and economic activities and the management of the Group has closely monitored its impact on the operations. Given the ongoing nature of these circumstances, the related impact on the consolidated results of operations, cash flows and financial conditions of the Group could not be reasonably estimated at this stage and will be reflected in their interim financial information for the six months ending 30 September 2022 and the consolidated financial statements for the year ending 31 March 2023.

(b) Debt Assignment Arrangements

On 28 June 2022, the Group entered into the Debt Assignment Agreements of other receivables for the sum approximately of HK\$37,237,000 with Mr. Ng, the director of the Company who is also the substantial shareholder of the Company for the consideration approximately of HK\$37,237,000.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The auditor expressed a disclaimer opinion in the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 March 2022. The basis of disclaimer of opinion is extracted as follows:

BASIS FOR DISCLAIMER OF OPINION

Material Uncertainty Relate to Going Concern

As explained in note 3(b) to the consolidated financial statements, the Group incurred a net loss attributable to the owners of the Company of approximately HK\$3,675,000 and had net cash outflows from operating activities of approximately HK\$15,236,000 during the year ended 31 March 2022. At the same date, the Group has net current liabilities of approximately HK\$65,072,000 and net liabilities of approximately HK\$26,670,000.

In addition, as set out in the circular dated 13 March 2020 and announcements dated 2 April 2020, 6 July 2020, 30 September 2020, 5 February 2021, 31 March 2021, 30 April 2021, 30 July 2021, 30 August 2021 and 4 November 2021, the operation of the Group’s gaming and entertainment business (the “Gaming Business”) in Kingdom of Cambodia (“Cambodia”) was suspended from 1 April 2020 in order to relocate the casino and to comply with the compulsory temporary closure demand imposed by the government of Cambodia as part of the measures to prevent the spread of the COVID-19 epidemic, which is still effective up to the date of this report.

As a result of the severe business interruption in Cambodia due to the outbreak of COVID-19, the Gaming Business, which is the principal business of the Group, were suspended during the year ended 31 March 2022 and no revenue was recorded from the Gaming business throughout the years ended 31 March 2022 and 2021. The resumption of the casino’s business was subject to the development of COVID-19 epidemic.

These conditions, along with other matters as set out in note 3(b) to the consolidated financial statements indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 3(b) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including:

- (i) successfully raising additional new sources of financing as and when needed, including the further undertaking by Mr. Ng not to demand for the payment of the amount due to him of convertible bond with principal amount of HK\$50,000,000 which is due for repayment on 30 September 2022 and will further provide sufficient financial supports for the Group's working capital for a period of at least 12 months until 30 June 2023. In addition, other borrowings from third parties amounted to HK\$33,429,000 are personally guaranteed by Mr. Ng. The management of the Company also have implemented the re-opening plan of the gaming tables business which to be located in a new casino in Dara Sakor Investment Zone, Cambodia, and target to commence the operation of gaming tables business from September 2022 after the completion of systems testing and training of casino staff. The Group will continue to take active measure to control administrative costs and containment of capital expenditures;
- (ii) successfully managing the impact of the COVID-19 outbreak, as well as any government's stimulus in response, on the Group's operation from time to time and the resumption of the Gaming Business in Cambodia.

Because of the significance of the matters mentioned above, we were unable to form an opinion as to whether the use of going concern assumption in the preparation of the consolidated financial statements is appropriate. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors hereby report the audited consolidated annual results of the Group for the year ended 31 March 2022. The 2022 Annual Results have been reviewed by the audit committee of the Company (the “Audit Committee”).

FINANCIAL REVIEW

The principal activities of the Group are investment holdings, operating the gaming tables in Cambodia, the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients, and operating the VIP room in Cambodia which had been terminated with effect from 1 June 2020.

The Group recorded a revenue of approximately HK\$0.2 million for the year ended 31 March 2022, decreasing approximately 72.5% as compared to approximately HK\$0.7 million last year. The decrease in revenue was mainly attributable to the spread of COVID-19 and the temporary closure of all casinos in Cambodia since 1 April 2020 affecting the gaming table business and also that the work on the re-opening of the casino is still in progress. Net loss for the year ended 31 March 2022 was approximately HK\$3.7 million, decreasing approximately 91.4% as compared to approximately HK\$43.0 million last year. The change in net loss for the year ended 31 March 2022 was mainly due to fair value gain on financial assets and financial liabilities at fair value through profit or loss increased approximately by HK\$43.1 million.

Capital Structure

As at 31 March 2022, the Company’s total number of issued shares was 128,247,561 at HK\$0.01 each (31 March 2021: 128,247,561 at HK\$0.01 each). The Group’s consolidated liabilities totalled approximately HK\$26.7 million, representing an increase of approximately HK\$3.7 million as compared to net liabilities of approximately HK\$23.0 million as at 31 March 2021.

Subscription of the Convertible Bond

On 30 December 2020, the Company entered into a subscription agreement (“the Subscription Agreement”) (as supplemented by a supplemental subscription agreement dated 15 January 2021) with Mr. Ng Man Sun (“the Subscriber”), a substantial Shareholder, executive Director, the Chairman and Chief Executive Officer of the Company. The Company has indebted to the Subscriber a total of HK\$71,271,758 as at the date of the Subscription Agreement (the “Indebted Amount”) which is interest free, unsecured and has no fixed repayment term. Pursuant to the Subscription Agreement (as supplemented by a supplemental subscription agreement), the Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to issue a convertible bond in the principal amount of HK\$50,000,000 (“the Convertible Bond”). 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. The 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 shares of the Company at the conversion price of HK\$0.50 per share.

The subscription of the Convertible Bond was approved by the shareholders at the special general meeting of the Company held on 1 March 2021. All other conditions precedent under the Subscription Agreement (as supplemented by a supplemental subscription agreement) have been fulfilled on 31 March 2021 and the Convertible Bond in the principal amount of HK\$50,000,000 was issued. The Convertible Bond will mature on 30 September 2022, being 18 months from the date of issue. Immediately after the issue of the Convertible Bond, the Subscriber is interested in the Convertible Bond in the aggregate principal amount of HK\$50,000,000 (which entitles the Subscriber to subscribe for 100,000,000 shares of the Company at the conversion price of HK\$0.50 per share, subject to adjustments) and none of the Convertible Bond is converted as at 31 March 2022 and up to the date of this announcement.

Further details of the subscription of the Convertible Bond were set out in the circular of the Company dated 5 February 2021 and the announcements of the Company dated 30 December 2020, 15 January 2021, 1 March 2021 and 31 March 2021.

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 2022, the Group had total assets and net liabilities of approximately HK\$133.6 million (2021: approximately HK\$114.4 million) and HK\$26.7 million (2021: net liabilities of approximately HK\$23.0 million), comprising non-current assets of approximately HK\$38.4 million (2021: approximately HK\$65.4 million) and current assets of approximately HK\$95.2 million (2021: approximately HK\$49.0 million). The Group also did not have any non-controlling interests (2021: Nil), current liabilities of approximately HK\$160.2 million (2021: approximately HK\$96.4 million) and did not have any non-current liabilities (2021: approximately HK\$41.0 million).

The Group's gearing ratio, calculated as a ratio of total debt to total assets, was approximately 120.0% (2021: 120.1%). As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$3.8 million (2021: approximately HK\$3.5 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 and United States dollars. As its exposure to foreign exchange fluctuation is minimal, the Group does not see the need for using any hedging tools.

BUSINESS REVIEW

Overview

The COVID-19 outbreak has continued to bring unprecedented challenges to the global economy in 2021. Social-distancing measures and lockdowns have halted the travel and tourism industry, which is one of the pillars supporting the Cambodian economy. According to the survey conducted by the Asia Foundation in the first half of 2021, nearly 47% of tourism-related businesses in Cambodia have been forced to shut down since the beginning of the pandemic. The downward pressure continued in the second half of the Year, as the emergence of new variants has triggered new wave of uncertainties and challenges to the macroeconomy.

Due to the COVID-related slowdowns, construction projects in Cambodia were interrupted. Most construction workers had to go back to their hometowns due to the suspended operation, impacting the local economy. As at 31 December 2021, despite Cambodia being one of the countries with the highest vaccination rates, travel restrictions remained in place all over the world and the global tourism industry was still largely halted. Total number of visitors to Cambodia dropped from 1.3 million in 2020 to 196,495 in 2021, representing a sharp decrease of 85%. As a result, the absence of international tourist and local consumers has further brought pressure to the Group's operation.

During the year ended 31 March 2022, the Group has maintained constant communication with the Assignors with regards to the operation of the gaming table business and has paid its best efforts in exploring various feasible business opportunities. Unfortunately, the resurgence of COVID-19 pandemic caused further delay in the gaming table operation. In light of the deteriorating COVID-19 pandemic in Cambodia and the PRC, the Group targets to launch the gaming table business in the second half of the Year, which is believed that will bring the Company's business back to normal.

Gaming Table Business in Cambodia

The Company has entered into an assignment agreement (the “Assignment Agreement”) with Victor Mind Global Limited (“VMG”), a wholly-owned subsidiary of the Company and Lion King Entertainment Company Limited (“Lion King”), the assignor (the “Assignor”) of the Gaming Table Business Rights and a company wholly-owned by Mr. Ng Man Sun (“Mr. Ng”), the Chairman and Chief Executive Officer of the Company on 28 October 2019 regarding the assignment of the business rights of the four mass gaming tables (the “Gaming Table Business”) at the casino named Century Entertainment in Sunshine Bay Hotel located at Sihanoukville Municipal of Cambodia.

In view of the fluctuating market environment, several adjustments have been made to the operation of the gaming table business with six additional supplemental framework agreements (dated 5 February 2021, 30 April 2021, 30 July 2021, 4 November 2021, 7 March 2022 and 28 June 2022). The casino in Sihanoukville has eventually relocated to a new casino in Dara Sakor, Koh Kong Province. VMG has been granted the gaming table business rights for a period of five years from the date when the mass market of the new casino re-open.

On 4 November 2021, the Company has been notified by the Assignor that the new casino has commenced operation on 4 November 2021 and that two gaming tables were assigned to VMG to operate. It is noted that the new casino has been fully reopened by February 2022. Yet, as additional time is required to fulfill the conditions precedent, the three parties entered into a fifth supplemental framework agreement on 7 March 2022, of which the long stop date has been further extended to 30 June 2022.

After the reporting period, on 28 June 2022, the Company has been notified by the Assignor that the long stop date has further extended to 30 September 2022 as the conditions precedent have not been fully satisfied or waived by 30 June 2022.

The Group will keep the Shareholders and potential investors informed by the way of announcement as and when appropriate in accordance with the Listing Rules. The Group remains positive towards its business prospects as the mass gaming tables are targeted to begin operation by late September and begin contributing revenue in the second half of 2022.

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

The businesses of Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the “Explicitly Grand Group”) have been affected by the outbreak of COVID-19 since early January 2020. In light of the gloomy market sentiment, the demand for its products and services was negatively impacted. Despite the improving market environment in the country in the fourth quarter of 2021 supported by the success of vaccination program, the international tourism market remained at a standstill due to the impacts of COVID-19 outbreak, together with strict border restrictions and social distancing measures remained in place in many countries. This has thus led a difficulty in securing new orders and acquiring new customers during the Year. Explicitly Grand Group contributed revenue of approximately HK\$0.2 million to the Group.

The Group has constantly monitored the operation of its AR/VR entertainment business. Given the uncertainties of the business environment, the Company holds a more conservative approach towards the business operation of the Explicitly Grand Group. The Company considers potential deals to conduct business restructuring while focusing on the core business of the gaming table business.

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 31 August 2022.

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 of the Company (the “Compliance Committee”), contributes to our commitment to compliance efforts. During the year ended 31 March 2022, 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 for the year ended 31 March 2022, the Company's auditors issued disclaimer of opinion on the Group's ability to continue as a going concern.

The Group has a net liabilities position of approximately HK\$26.7 million mainly attributable to other borrowings of HK\$100.2 million and convertible bond of HK\$46.5 million. In this regard, the Board will use their best endeavours to take practicable and feasible actions to resolve the issue including, but not limited to, the following means:

- i) The Management will closely monitor the development of the Gaming Table Business and put it into operation as soon as possible in order to generate sufficient cash inflow to support operation.
- ii) The Management will negotiate with creditors of the Group to propose debt reconstruction with the view to reducing the liabilities to the Group.
- iii) The Management will discuss with the holder of the convertible bond on the possibilities to convert the convertible bond into equity shares prior to the maturity date.

The Board and the Audit Committee had critically reviewed the basis for disclaimer of opinion and the measures to be taken by the Company for addressing the basis for disclaimer of opinion. The Board and the Audit Committee agreed with the Management's position based on the proposals above and requested the Management to take all necessary actions to address the effect on the basis for disclaimer of opinion. The Group will publish further announcement regarding the above matters if there is any progress on the resumption of the Gaming Table Business and/or agreement entered into with the creditors and/or the convertible bond holder.

OUTLOOK AND PROSPECT

Despite the new wave of pandemic sweeping through many major countries, the full recovery of the global tourism industry back to pre-pandemic levels is still on the right track. The Cambodian government has exhibited strong resilience and taken proactive actions to combat the COVID-19 pandemic, such as vaccination programs in hope to achieve herd immunity. As of 22 June 2022, there were nearly 89% of its 16 million population have been fully vaccinated with two doses of COVID-19 vaccines. The Country has also opened its borders to fully vaccinated visitors starting from 15 November 2021 in an effort to revitalize the tourism industry. With the effective vaccination rollout, Cambodia's economy is forecast to grow 5.5% in 2022 despite a modest reduction of 1.9% for 2021 amid the prolonged COVID-19 outbreak, according to the Asian Development Bank ("ADB"). Compounding with the ease of border restrictions and economic rebound, the Group began to see its first twilight in the tunnel of recovery in the Cambodian tourism industry.

Despite the headwinds encountered in 2021, the Company is confident that 2022 will mark a fresh start for its business. Riding on the market recovery, the Group will focus on improving its core competitiveness to facilitate long-term growth by paying continuous attention to the market trends and keeping a close monitor of the COVID-19 situation. With the hope of economic recovery and the assignment of the gaming tables, the Group is dedicated to regaining its growth momentum by improving its business operations and seizing further market opportunities in the coming year.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2022, the Group employed 10 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 do not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil). 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 2022 with the exception of certain deviations as further explained below.

Code provision C.2.1 (A.2.1 of the former 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 former CG Code provides that non-executive directors should be appointed for a specific term, and subject to re-election.

None of the independent non-executive Directors (the “Independent Non-executive Directors”), is appointed for a specific term. However, all the Independent Non-executive Directors 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 Independent Non-executive Director and has grounds to believe that they are independent of the Company.

Code provision F.2.2 (E.1.2 of the former CG Code) provides that the chairman of the board should attend the annual general meeting.

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

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 Independent Non-executive Directors, 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, 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 ended 31 March 2022 had been reviewed by the Audit Committee.

Compliance Committee

The Compliance Committee comprises one executive Director, namely Ms. Ng Wai Yee, one Independent Non-executive Director, namely Mr. Li Chi Fai, and the Company Secretary, namely Mr. Man Yun Wah, and is chaired by Ms. Ng Wai Yee.

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 of the Company (the “Remuneration Committee”) comprises one executive Director, namely Ms. Ng Wai Yee, and two Independent Non-executive Directors, namely Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Ms. Yeung Pui Han, Regina. 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 and 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 Independent Non-executive Directors, 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 of the Company (the “Nomination Committee”) comprises one executive Director and two Independent Non-executive Directors, namely Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Mr. Ng Man Sun. The Company has complied with the majority requirement of Nomination Committee members under Rule 3.27A of the Listing Rules (Code Provision A.5.1 of the former CG Code).

The main duties of the Nomination Committee are to review the structure, size and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) 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 Independent Non-executive Directors. 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 2022.

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 2022.

SCOPE OF WORK OF UNITAX PRISM (HK) CPA LIMITED

The figures in respect of the Group's 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 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, UniTax Prism (HK) CPA Limited (formerly known as Prism CPA Limited), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by UniTax Prism (HK) 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 UniTax Prism (HK) 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, 30 June 2022

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