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世紀娛樂國際控股有限公司

CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Century Entertainment International Holdings Limited (“**Century Entertainment**” or the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2022 (the “**Period under Review**”), together with the unaudited comparative figures for the corresponding period in 2021.

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

*For the six months ended 30 September 2022*

	<i>Notes</i>	<b>Six months ended 30 September</b>	
		<b>2022 HK\$'000 (Unaudited)</b>	<b>2021 HK\$'000 (Unaudited)</b>
<b>Revenue</b>	5	–	200
Cost of sales		–	(40)
<b>Gross profit</b>		–	160
Other income and gains	6	<b>109</b>	6
Impairment loss on accounts and other receivables, net of reversal		<b>9,394</b>	–
Fair value gain/(loss) on financial assets and financial liabilities at fair value through profit or loss, net	14	<b>2,118</b>	(494)
General and administrative expenses		<b>(12,538)</b>	(15,985)
Finance costs	7	<b>(4,929)</b>	(4,495)
<b>Loss before taxation</b>	8	<b>(5,846)</b>	(20,808)
Income tax credit	9	–	–
<b>Loss for the period attributable to owners of the Company</b>		<b><u>(5,846)</u></b>	<b><u>(20,808)</u></b>
<b>Loss and total comprehensive expense for the period attributable to owners of the Company</b>		<b><u>(5,846)</u></b>	<b><u>(20,808)</u></b>
<b>Loss per share</b>			
Basic and diluted (HK cents)	11	<b><u>(4.56)</u></b>	<b><u>(16.22)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 30 September 2022*

		<b>30 September 2022</b>	31 March 2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Plant and equipment		474	666
Goodwill		–	–
Intangible assets		21,342	28,142
Deposits paid		9,594	9,594
		<u>31,410</u>	<u>38,402</u>
<b>Current assets</b>			
Accounts and other receivables	12	7,371	35,515
Financial assets at fair value through profit or loss	14	58,000	55,882
Cash and cash equivalents		3,789	3,756
		<u>69,160</u>	<u>95,153</u>
<b>Current liabilities</b>			
Other payables		12,028	12,837
Other borrowings	13	70,305	100,179
Convertible bond	15	50,000	46,475
Tax payables		753	734
		<u>133,086</u>	<u>160,225</u>
<b>Net current liabilities</b>		<u>(63,926)</u>	<u>(65,072)</u>
<b>Total assets less current liabilities</b>		<u>(32,516)</u>	<u>(26,670)</u>
<b>NET LIABILITIES</b>		<u>(32,516)</u>	<u>(26,670)</u>
<b>Equity</b>			
Share capital		1,282	1,282
Reserves		(33,798)	(27,952)
<b>TOTAL DEFICIT</b>		<u>(32,516)</u>	<u>(26,670)</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2022*

## 1. GENERAL INFORMATION

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

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

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

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The condensed consolidated financial statements of the Group for the six months ended 30 September 2022 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2022.

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

### (b) Going concern

In preparing the condensed consolidated financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2022. The Group incurred a consolidated net loss after taxation attributable to owners of the Company of approximately HK\$5,846,000 for the six months ended 30 September 2022, and had consolidated net current liabilities of approximately HK\$63,926,000 as at 30 September 2022.

The directors of the Company (“the **directors**”) have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern, and have taken the following measures to mitigate the liquidity pressure and to improve its cash flows:

1. The borrowings from Mr. Ng Man Sun (“**Mr. Ng**”), an executive director, the Chairman, the CEO and a substantial shareholder of the Company, of HK\$12,305,000 was included in other borrowings of the Group;
2. Mr. Ng undertook that he will not call for repayment of the abovementioned sum;
3. Mr. Ng is willing to provide the Company with financial assistance to fill the shortfall of the Company’s working capital;
4. included in the other borrowings, there is a sum of HK\$58,000,000 due to independent third parties which are personally guaranteed by Mr. Ng; and
5. a convertible bond amounted to HK\$50,000,000 in principal is held by Mr. Ng and he is able to convert the convertible bond into equity shares subject to the compliance of the terms and conditions of the convertible bond and/or corresponding Listing Rules and Takeover Codes.

In addition, the directors will use their best endeavours to take practicable and feasible actions to resolve the issue, including but not limited to the following:

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

Having taken into account of the abovementioned, the directors opined that the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 September 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 condensed consolidated financial statements.

**(c) Judgments and estimates**

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

In preparing these condensed consolidated financial statements, significant judgments made by the directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2022.

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

The principal accounting policies used in the Condensed Financial Report are consistent with those adopted in the 2021/2022 Annual Financial Statements, except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2022.

The adoption of the New and Revised HKFRSs has had no significant effect on these condensed consolidated financial statements for the six months ended 30 September 2022 and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements for the six months ended 30 September 2022.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

**4. SEGMENT INFORMATION**

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

During the six months ended 30 September 2022 and 30 September 2021, the Group's operating activities are attributable to two operating segments focusing on (i) gaming and entertainment related businesses; and (ii) AR/VR applications 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 revenue and results

	Six months ended 30 September 2022 (Unaudited)		
	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	—	—	—
Timing of revenue recognition Point in time	—	—	—
Segment profit/(loss)	11,407	(6,750)	4,657
Unallocated income			109
Unallocated corporate expenses			(5,683)
Unallocated finance costs			(4,929)
Loss before taxation			<u>(5,846)</u>

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

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

**(b) Segment assets and liabilities**

The following table presents assets and liabilities of the Group's operating segments as at 30 September 2022 and 31 March 2022:

	30 September 2022 (Unaudited)			31 March 2022 (Audited)		
	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Total <i>HK\$'000</i>	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Assets</b>						
Segment assets	<u>94,074</u>	<u>-</u>	<u>94,074</u>	<u>128,523</u>	<u>151</u>	<u>128,674</u>
Unallocated corporate assets			<u>6,496</u>			<u>4,881</u>
Consolidated total assets			<u>100,570</u>			<u>133,555</u>
<b>Liabilities</b>						
Segment liabilities	<u>-</u>	<u>753</u>	<u>753</u>	<u>-</u>	<u>734</u>	<u>734</u>
Unallocated corporate liabilities			<u>132,333</u>			<u>159,491</u>
Consolidated total liabilities			<u>133,086</u>			<u>160,225</u>

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

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

**5. REVENUE**

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

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Service income derived from – AR/VR and mobile games solutions	<u>-</u>	<u>200</u>



## 6. OTHER INCOME AND GAINS

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

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Bank interest income	–	6
Government subsidies (note)	108	–
Others	1	–
	<u>109</u>	<u>6</u>

*Note:*

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

## 7. FINANCE COSTS

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Interest on other borrowings	1,404	1,404
Interest on convertible bonds	3,525	3,062
Interest on lease liabilities	–	29
	<u>4,929</u>	<u>4,495</u>

## 8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(a) Staff costs (including directors' emoluments)</b>		
Salaries, allowances and other benefits	2,174	2,941
Contributions to defined contribution retirement plans	37	55
	<u>2,211</u>	<u>2,996</u>
<b>(b) Other items</b>		
Depreciation of plant and equipment	192	233
Depreciation of right-of-use assets	–	1,104
Amortisation of intangible assets	6,880	6,990
Expense related to short-term lease	16	480
	<u>16</u>	<u>480</u>

## 9. INCOME TAX CREDIT

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

No provision for Hong Kong profits tax has been made for the six months ended 30 September 2022 and 2021 as the Group had incurred losses for taxation purpose.

## 10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: Nil).

## 11. LOSS PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share was based on the loss attributable to owners of the Company of approximately HK\$5,846,000 (six months ended 30 September 2021: HK\$20,808,000) and the weighted average number of 128,247,561 (30 September 2021: 128,247,561) ordinary shares in issue during the Period under Review.

### (b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2022 and 30 September 2021 in respect of a potential dilution of share options and convertible bonds as the impact of the share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.

## 12. ACCOUNTS AND OTHER RECEIVABLES

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Accounts receivables	<b>800</b>	1,000
Less: Allowance for expected credit losses	<b>(800)</b>	(850)
Accounts receivables, net	<b>–</b>	150
Other receivables	<b>9,258</b>	46,498
Less: Allowance for expected credit losses	<b>(2,320)</b>	(11,664)
Other receivables, net	<b>6,938</b>	34,834
Rental and other deposits	<b>176</b>	167
	<b>7,114</b>	35,151
Prepayments	<b>257</b>	364
	<b>7,371</b>	35,515

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

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

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
0-90 days	–	–
Over 180 days, but within 1 year	–	150
	<u>–</u>	<u>150</u>
	<b><u>–</u></b>	<b><u>150</u></b>

### 13. OTHER BORROWINGS

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Loan from a director (note a and note b)	<b>12,305</b>	42,179
Other loans from independent third parties (note c)	<b>58,000</b>	58,000
	<u><b>70,305</b></u>	<u>100,179</u>
	<b><u>70,305</u></b>	<b><u>100,179</u></b>

*Notes:*

- (a) Loan from a director, Mr. Ng, is unsecured, interest free and repayable on demand.
- (b) 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.
- (c) Other loans from independent third parties with an amount of HK\$30,000,000 (31 March 2022: HK\$30,000,000) are unsecured, interest free and repayable on demand.

The remaining amount of other loans from independent third parties of HK\$28,000,000 (31 March 2022: HK\$28,000,000) are unsecured, subject to interest at 10% p.a., and repayable on demand.

**14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Financial assets at FVTPL		
– Profit guarantee	<b>58,000</b>	55,882
Financial liabilities at FVTPL		
– Promissory notes issued on 30 March 2020	–	–

Reconciliation of financial assets and financial liabilities are as follow:

	<b>Gross amounts recognised</b>		
	<b>Profit guarantee HK'000</b>	<b>Promissory notes HK'000</b>	<b>Net amounts presented HK'000</b>
At 1 April 2021 (Audited balance forward from 31 March 2021)	48,995	(49,770)	(775)
Fair value loss recongised through profit or loss	–	(494)	(494)
At 30 September 2021 (Unaudited)	<b>48,995</b>	<b>(50,264)</b>	<b>(1,269)</b>
At 1 April 2022 (Audited balance forward from 31 March 2022)	<b>113,400</b>	<b>(57,518)</b>	<b>55,882</b>
Fair value gain/(loss) recongised through profit or loss	<b>6,600</b>	<b>(4,482)</b>	<b>2,118</b>
At 30 September 2022 (Unaudited)	<b>120,000</b>	<b>(62,000)</b>	<b>58,000</b>

*Note:*

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

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

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

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

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

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

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

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

The fair value of the profit guarantee and promissory note at the date of issue are approximately HK\$21,818,000 and HK\$36,235,000 respectively. The profit guarantee and promissory note were treated as contingent consideration receivables and contingent consideration payable respectively and is subsequently measured at FVTPL taking into account the possibility of any fair value change should the abovementioned circumstances trigger the profit adjustment on the principal amount of the promissory note.

During the period, the Group measured the fair value of financial assets and financial liabilities and recognised approximately HK\$2,118,000 (six months ended 30 September 2021: fair value loss of HK\$494,000) fair value gain in profit or loss.

## 15. CONVERTIBLE BOND

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
CB – principal amount of HK\$50 million (note)	<u>50,000</u>	<u>46,475</u>
Analysis:		
Current liabilities	<u><u>50,000</u></u>	<u><u>46,475</u></u>

### *Note:*

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

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

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

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

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

The effective interest rate of liability component of the CB was 15.79% (Six months ended 30 September 2021: 15.79%).

None of convertible bond was converted into ordinary shares of the Company during the six months ended 30 September 2022 and 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

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

The Group recorded no revenue for the Period under Review, as compared to approximately HK\$0.2 million in the corresponding period last year. The decrease in revenue was mainly attributable to the spread of COVID-19 and the imposed lockdown measures and temporary closure of all casinos in Cambodia affecting the gaming table business and also that the work on the re-opening of the gaming table was still in progress. Net loss for the Period under Review was approximately HK\$5.8 million, decreasing approximately 72% as compared to approximately HK\$20.8 million for the corresponding period last year. The decrease in loss was mainly due to (a) recognition of a reversal of impairment loss on accounts and other receivables of approximately HK\$9.4 million; and (b) recognition of a fair value gain on financial assets and financial liabilities at fair value through profit or loss of approximately HK\$2.1 million for the six months ended 30 September 2022.

### Capital Structure

As at 30 September 2022, the Company's total number of issued shares was 128,247,561 (31 March 2022: 128,247,561) at HK\$0.01 each. The Group's consolidated net liabilities totalled approximately HK\$32.5 million, representing an increase of approximately HK\$5.8 million as compared to net liabilities of approximately HK\$26.7 million as at 31 March 2022.

### Subscription of the Convertible Bond

On 30 December 2020, the Company entered into a subscription agreement ("**Subscription Agreement**") (as supplemented by a supplemental subscription agreement) with Mr. Ng Man Sun ("**Mr. Ng**" or the "**Subscriber**"), a substantial shareholder, executive Director, the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**CEO**"). Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to issue the CB. The subscription amount payable by the Subscriber shall be satisfied by releasing the payment obligation of HK\$50,000,000 of the Company against the amount indebted to the Subscriber.



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

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

References are made to the announcement of the Company dated 30 September 2022 and the circular of the Company dated 11 November 2022. On 30 September 2022, the Company and the Subscriber entered into an amendment agreement in relation to a proposed extension of the original maturity date of the CB from 30 September 2022 to 30 September 2025, which is subject to, among others, the approval from the independent shareholders of the amendment agreement, the extension of the maturity date and the grant of the specific mandate at the special general meeting of the Company to be held on 29 November 2022 (or any adjournment thereof).

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

### **Liquidity and Financial Resources**

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

As at 30 September 2022, the Group had total assets and net liabilities of approximately HK\$100.6 million (31 March 2022: approximately HK\$133.6 million) and approximately HK\$32.5 million (31 March 2022: approximately HK\$26.7 million) respectively, comprising non-current assets of approximately HK\$31.4 million (31 March 2022: approximately HK\$38.4 million) and current assets of approximately HK\$69.2 million (31 March 2022: approximately HK\$95.1 million). The Group also did not have any non-controlling interests (31 March 2022: Nil) and had current liabilities of approximately HK\$133.1 million (31 March 2022: approximately HK\$160.2 million).

As at 30 September 2022, the Group's gearing ratio, calculated as a ratio of total debt to total assets, was approximately 132.3% (31 March 2022: approximately 120.0%).

## BUSINESS REVIEW

### Overview

In 2022, the tourism industry around the globe continued to show signs of recovery, underpinned by the rising vaccination rates and easing travel restrictions. Cambodia, being one of the highest in vaccination rate, has also fully reopened its border to tourists since the middle of July. After July, it is observed that there has been a strong momentum in the number of tourists. Looking back to the first half of 2022, with the border restriction was still in place, Cambodia has received more than 500,000 international tourists, according to figures from the Ministry of Tourism, representing an initial sense of recovery. Yet, it remains 84.8% less than the pre-COVID level in 2019.

The gaming industry in Cambodia, which has a relatively focused target market of international tourists, remained at a standstill during the Period under Review. As of 30 June, 2022, only 20 of more than 200 casinos in Cambodia were in operation, according to the Ministry of Economy and Finance's Commercial Gambling Committee of Cambodia (CGCC), highlighting the operating challenges for casino operators.

To expedite the re-opening of its mass gaming table business (the "**Gaming Table Business**"), the Group has maintained effective communication with the Assignors and legal parties during the Period under Review. Unfortunately, due to the fluctuating COVID-19 situation, additional time is required to fulfill the relevant conditions precedent and finalize the legal opinion, which caused a delay in its gaming table operation. The Group anticipates that all the procedures will be completed by the end of this year, with business fully back on track in the upcoming year.

### Gaming Table Business in Cambodia

The prolonged pandemic has casted lingering uncertainties over the Group's Gaming Table Business in Cambodia. To enhance its operational flexibility and control, the Group entered into an assignment agreement with Victor Mind Global Limited ("**VMG**"), a wholly-owned subsidiary of the Company, with Lion King Entertainment Company Limited ("**Lion King**"), the assignor of the Gaming Table Business Rights and a company wholly-owned by Mr. Ng, regarding the assignment of business rights of its Gaming Table Business at the Century Entertainment casino in Sunshine Bay.

In light of the dynamic market situation, the Group has also made several adjustments to its Gaming Table Business operation, with its casino being relocated to Dara Sakor, Koh Kong Province, while remained in active discussion over the number of gaming tables to be setup. Pursuant to the supplemental framework agreement dated 5 February 2021 (as supplemented by five more supplemental framework agreements dated 30 April 2021, 30 July 2021, 4 November 2021, 7 March 2022 and 28 June 2022), completion of the agreement will take place after the satisfaction (or waiver) of all the conditions precedent by 30 September 2022 (the "**Long Stop Date**"). The valid period of the gaming table business rights shall be for a period of five years from the date when the mass market of the new casino re-opens.

As additional time is required to finalize the Cambodia legal opinion, the valuation of the New Gaming Table Business Rights, and the terms of the Assignment Agreement, on 30 September 2022, VMG, Lion King and Mr. Ng entered into a seventh supplemental framework agreement, pursuant to which the parties agreed to extend the Long Stop Date of the Supplemental Framework Agreement to 30 November 2022. All other terms and conditions of the Supplemental Framework Agreement shall remain unchanged and shall continue in full force and effect.

Due to the slow progress in the reopening of gaming tables as a result of the COVID-19 outbreak, as well as the additional time required to finalize the relevant legal opinion and valuation, the date of the dispatch of circular is expected to be delayed to a date falling on or before 30 November 2022. The Group will closely monitor the development of the business, and will keep the shareholders and potential investors informed. With the mass gaming tables business targeted to resume operation by end of 30 November 2022, and start contributing financially in 2023, the Group believes its business will return to an upward trajectory in the coming financial year.

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

The businesses of Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, along with its subsidiaries (collectively the “**Explicitly Grand Group**”), have been severely affected by COVID-19 since early January 2020. The worsening operating environment and consumer sentiment have led to a decrease in product and service demand. Notably, the lack of tourists from Mainland China due to the stringent travel restrictions and frequent lockdowns, has posted significant obstacles in securing new orders and acquiring new customers from its major target market.

In face of market uncertainties, the Group maintained a more conservative approach on the business operation of Explicitly Grand Group. To facilitate business development and drive sustainability, the Group has been actively considering business restructuring, exploring further business opportunities, and remained focused on its core gaming businesses.

### **Going Concern**

In preparing the condensed consolidated financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2022. The Group incurred a net loss attributable to owners of the Company of approximately HK\$5,846,000 for the six months ended 30 September 2022, and had net current liabilities of approximately HK\$63,926,000 as at 30 September 2022.

The directors of the Company (“**the directors**”) have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern, and have taken the following measures to mitigate the liquidity pressure and to improve its cash flows:

1. The borrowings from Mr. Ng of HK\$12,305,000 was included in other borrowings of the Group;
2. Mr. Ng undertook that he will not call for repayment of the abovementioned sum;
3. Mr. Ng is willing to provide the Company with financial assistance to fill the shortfall of the Company’s working capital;
4. included in the other borrowings, there is a sum of HK\$58,000,000 due to independent third parties which are personally guaranteed by Mr. Ng; and
5. a convertible bond amounted to HK\$50,000,000 in principal is held by Mr. Ng and he is able to convert the convertible bond into equity shares subject to the compliance of the terms and conditions of the convertible bond and/or corresponding Listing Rules and Takeover Codes.

In addition, the directors will use their best endeavours to take practicable and feasible actions to resolve the issue, including but not limited to the following:

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

Having taken into account of the abovementioned, the directors opined that the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 September 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 condensed consolidated financial statements.

## **OUTLOOK AND PROSPECTS**

During the past two years, the Cambodian government has demonstrated resilience and commitment in combating COVID-19. The Kingdom is one of the earliest countries to achieve herd immunity, with 95.1% of its population had been fully vaccinated as of 8 November 2022. Hence, the Cambodian government has further lifted its travel restrictions in October, of which travellers will no longer be required to provide vaccination proof or tests, which should be a boost to the tourism industry in the country. Supported by the favourable development, Cambodia's economy is expected to be on an upward trajectory, with a growth of around 5.1% and 6.2% in 2022 and 2023 respectively, according to the International Monetary Fund (IMF).

On the back of economy recovery, the Group will continue to stay attentive towards its core Gaming Table Business, and will give its best effort to prepare for the re-opening of new gaming tables, which is targeted to be by December this year. The Group will also focus on enhancing its competitiveness by closely monitoring the COVID-19 situation, while actively exploring other feasible opportunities to further develop its core business. With the re-opening of new gaming tables on the pipeline, the Group is cautiously optimistic about its future development, and will remain prudent over its operation and strategy, in order to deliver sustainable, long-term values to its stakeholders.

### **Appreciation**

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

### **INTERIM DIVIDEND**

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: Nil).

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

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

## **EMPLOYEES AND REMUNERATION POLICY**

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

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 September 2022.

## **CORPORATE GOVERNANCE**

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

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

Code provision C.2.1 of the CG Code (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 currently assumes the roles of both the Chairman and the CEO. The Board believes that the roles of the Chairman and CEO performed by Mr. Ng provide the Group with strong and consistent leadership and are beneficial to the Group especially in planning and implementation of the Company's business strategies. The Board will regularly review effectiveness of such arrangement.

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

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

Code provision F.2.2 of the CG Code (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, being the Chairman, was unable to attend the AGM held on 16 September 2022 where he arranged Ms. Ng Wai Yee, an executive Director, to take the chair.

## **REVIEW OF RESULTS**

The Group's unaudited condensed consolidated interim results for the six months ended 30 September 2022 have not been reviewed or audited by the external auditors of the Company, but have been reviewed by the audit committee of the Company, and the audit committee of the Company is of the view that the interim results of the Group for the six months ended 30 September 2022 were prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

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

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

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

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

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

Hong Kong, 28 November 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.*