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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)**

## **MAJOR TRANSACTION ENTERING INTO OF THE CASINO AGREEMENT**

**Financial adviser to the Company**

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
滋博資本有限公司

### **THE CASINO AGREEMENT**

The Board is pleased to announce that on 3 May 2024 (after trading hours), Wisdom Ocean Group Limited, a wholly-owned subsidiary of the Company, entered into the Casino Agreement with LongBay Entertainment in respect of the lease and operation of the VIP Rooms for a term of three years effective from the date of passing the relevant resolution at the SGM to approve the Casino Agreement.

### **THE RIGHT-OF-USE ASSETS**

Pursuant to HKFRS 16, the Company will recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the VIP Rooms under the Casino Agreement. Therefore, the entering into of the Casino Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules.

### **LISTING RULES IMPLICATION**

As the highest of applicable percentage ratios in respect of the transaction contemplated under the Casino Agreement exceeds 25% but is less than 100%, the transaction contemplated under the Casino Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Reference is made to the Announcement.

Following the termination of the New Assignment Agreement, the Group intends to continue to carry on casino and gaming business as the principal business of the Group. The Board is pleased to announce that on 3 May 2024 (after trading hours), Wisdom Ocean Group Limited, a wholly-owned subsidiary of the Company, entered into the Casino Agreement with LongBay Entertainment. The principal terms of the Casino Agreement are set out in the below:

## **THE CASINO AGREEMENT**

Date:	3 May 2024 (after trading hours)
Parties:	(i) Wisdom Ocean Group Limited, a wholly-owned subsidiary of the Company, as the lessee; and  (ii) LongBay Entertainment, as the lessor
Property:	The VIP Rooms
Use of property:	The Company will carry out gaming activities at the VIP Rooms. The gaming activities will take place only in Cambodia and outside Hong Kong
Term:	Three years effective from the date of passing the relevant resolution at the SGM to approve the Casino Agreement
Gross floor area:	Approximately 650 square meters with seven gaming tables
Rent:	US\$35,000 per calendar month
Deposits:	Nil
Payment terms:	The rent shall be payable monthly in cheque or cash in advance on the first day of each calendar month. If the rent is overdue for more than seven days, the lessee shall pay the penalty with an interest rate of 15% per annum in cash or cheque
Renewal:	The lessee has the first right of refusal to renew the Casino Agreement for further three years on the condition that the lessee is in full compliance with the terms of the Casino Agreement. If the Casino Agreement is agreed to be renewed, both parties should enter into the lease agreement two months prior to the expiry of the original lease term

Rights and expenses: LongBay Entertainment will be responsible for (i) the provision of the relevant valid gaming license required for operation; (ii) the operating expenses which cannot be individually separated from the casino and are required for the operation of the VIP Rooms, such as utilities fees, sanitation charges and air-conditioning charges; and (iii) the dealers of the gaming tables

The Group shall be entitled to 100% house win winnings and responsible for 100% house losses, and shall bear the relevant staff costs and taxes associated with such gaming business

## **THE RIGHT-OF-USE ASSETS**

Pursuant to HKFRS 16, the Company will recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the VIP Rooms under the Casino Agreement. Therefore, the entering into of the Casino Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules. The unaudited value of right-of-use assets to be recognised by the Company under the Casino Agreement amounted to approximately HK\$9,828,000, which is calculated with reference to the aggregated lease payments to be made under the Casino Agreement and an exchange rate of HK\$1 to US\$7.8. The actual amount of right-of-use assets to be recognised would be subject to the review by the auditors of the Company.

## **REASONS FOR AND BENEFITS OF THE ENTERING INRO OF THE CASINO AGREEMENT**

As disclosed in the Announcement, the Company has entered into the Termination Agreement with Lion King and Mr. Ng to terminate the New Assignment Agreement because the Company was unable to obtain the full underlying books and records for the preparation of the profit and loss statement on the identifiable net income stream in relation to the new gaming table business rights under the New Assignment Agreement as required under Rule 14.69(4)(b)(i) of the Listing Rules. In order to resume the Group's gaming business, the Company started to negotiate with LongBay Entertainment to directly lease the VIP Rooms from LongBay Entertainment for operation of gaming business. The VIP Rooms are located at Dara Sakor, Koh Kong Province, Cambodia, which is one of the most rapidly developing districts in Cambodia and a well-known tourism destination in Southeast Asia with attractive potential on the gaming market. According to the latest design and construction of the VIP Rooms, the Company plans to operate baccarat on all the gaming tables in the VIP Rooms. The Directors expect that the gaming business in the area will have good prospects. The Board believes that the entering into of the Casino Agreement would resume the Group's gaming business and generate stable revenue for the Group and therefore improve its financial performance and financial position.

The terms and the rent payable under the Casino Agreement were determined after arm's length negotiation between the Company and LongBay Entertainment with reference to the prevailing market rent of similar casino VIP rooms in the nearby area.

The Directors consider that the terms of the Casino Agreement are on normal commercial terms which are fair and reasonable, and that the entering into of the Casino Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **RISKS RELATING TO THE GAMING BUSINESS, OPERATIONS AND THE GAMING INDUSTRY IN CAMBODIA**

### **The winning of the players could exceed the Gaming Business's winnings**

Revenue of the Gaming Business is mainly derived from the difference between the Gaming Business's winnings and the winnings of its players. Since there is an inherent element of chance in the gaming industry, the Gaming Business does not have full control over the Gaming Business's winnings or the winnings of its players. If the Gaming Business's winnings are less than the winnings of its players, it may record a loss from its gaming operations, and its business, financial condition and results of operations could be materially and adversely affected.

### **Theoretical win rates for the Gaming Business's operations depend on a variety of factors, some of which are beyond the Company's control**

The gaming industry is characterized by an element of chance. In addition to the element of chance, theoretical win rates are also affected by other factors, including players' skill and experience, the financial resources of players, the spread of table limits, the volume of bets placed by our players and the amount of time players spend on gambling – thus the Gaming Business's actual win rates may differ greatly over short time periods and could cause our results to be volatile. These factors, alone or in combination, have the potential to negatively impact the Gaming Business's win rates, and our business, financial condition and results of operations could be materially and adversely affected.

### **Business uncertainties and short operating history**

It may be difficult for the Gaming Business to prepare for and respond to the significant business, economic, regulatory and competitive uncertainties and contingencies frequently encountered by the Group in competitive environments compared to a company with a longer operating history. If these risks are not managed successfully, it could have a material and adverse effect on the results of operations, financial performance and business of the Gaming Business.

### **The operation of the Gaming Business is dependent on the Casino Agreement, the termination of which could have a material adverse effect on the Gaming Business**

The VIP Rooms are owned by LongBay Entertainment and leased to the Company to operate and manage the VIP Rooms pursuant to the Casino Agreement. As such, the termination of the Casino Agreement could have a material adverse effect on the Gaming Business. There is no assurance that the Group would continue to operate the VIP Rooms in the same business model or operate the VIP Rooms at all if the Casino Agreement is terminated. The current term of the Casino Agreement is three years from the date of passing the relevant resolution at the SGM to approve the Casino Agreement and the Group has the first right of refusal to renew the Casino Agreement for further three years on the condition that the Group is in full compliance with the terms of the Casino Agreement.

Nevertheless, there are only limited specified breach situations under which LongBay Entertainment may terminate the Casino Agreement, such as the illegal use of the premises by the Group or the revocation of the relevant gambling license by the government. Based on the Company's assessment, such situations are material events and the triggering threshold of which is high, and thus the likelihood of occurrence of such situations triggering the early termination by LongBay Entertainment would be low.

## **Conducting business in Cambodia involves certain economic and political risks**

Conducting business in Cambodia involves certain economic and political risks. Changes in Cambodia's political, economic and social conditions will affect the local business environment. Other factors which may affect business operation in Cambodia include but not limited to governmental policies, changes in Cambodia laws or regulations, changes in exchange control regulations, potential restrictions on foreign investment and repatriation of capital, and travelling policies.

### **The Gaming Business cannot assure its anti-money laundering (“AML”) and anti-corruption policies will be effective in preventing the occurrence of money laundering or other illegal activities at the VIP Rooms**

Based on the experience of the management of the Group, the Gaming Business will implement AML policies in compliance with all applicable laws and regulations in Cambodia. However, the Gaming Business cannot assure such policies will be effectively carried out by the responsible personnel in order to prevent the operations from being exploited for money laundering purposes. Any incidents of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving the Gaming Business, the operator, its employees, its junkets or its players could have a material adverse impact on its reputation, relationship with its regulators, business, cash flows, financial condition, prospects and results of operations. Any serious incident of money laundering or regulatory investigation into money laundering activities may cause a revocation or suspension of the operations.

### **The Gaming Business is sensitive to downturns in the economy, economic uncertainty and other factors affecting discretionary consumer spending**

Demand for the type of gaming services that the Gaming Business offer is sensitive to downturns and uncertainty in the global and regional economy and corresponding decreases in discretionary consumer spending on leisure activities. Changes in discretionary consumer spending or consumer preferences could be driven by factors such as perceived or actual general economic conditions, energy, fuel and other commodity costs, the cost of travel, employment and job market conditions, actual or perceived levels of disposable consumer income and wealth, and consumer confidence in the economy. These and other factors may reduce consumer demand for the gaming services and therefore materially and adversely affect our business, financial condition and results of operations.

### **Operation of the VIP Rooms is subject to gaming regulations in Cambodia, non-compliance with which may result in suspension or revocation of licenses granted to the VIP Rooms which could have material adverse effect to the Gaming Business**

The gaming operations of the VIP Rooms are subject to the local gaming regulations. Furthermore, the operations of the VIP Rooms are contingent upon maintaining all necessary regulatory licenses, permits, approvals and registrations. The laws, regulations and ordinances requiring these licenses, permits and other approvals generally relate to the operations of the VIP Rooms, the payment of tax, the responsibility, financial stability and character of the owners and managers of gaming operations, as well as persons financially interested or involved in gaming operations. The VIP Rooms are subject to ongoing regulations to maintain these operations. The Cambodian government has power to limit, suspend or revoke a registration, gaming license or related approval and to approve changes in operations of the VIP Rooms. The suspension or revocation of any license of the VIP Rooms could have material adverse impact on the validity of the Gaming Business which will significantly harm the business, financial condition, results of operations and prospects of the Gaming Business.

## **Risk of suspension and cancellation of listing**

The Company would use its best endeavours to ensure that the Gaming Business at the VIP Rooms and procure the management of the VIP Rooms in operating the gaming business must (i) comply with the applicable laws in Cambodia; and/or (ii) not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong). Pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange relating to “Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers”, should the operation of such gambling activities (i) fail to comply with the applicable laws in the Cambodia; and/or (ii) contravene the Gambling Ordinance, there is a risk that the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules. Depending on the circumstances of the case, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Company’s securities pursuant to Rule 6.01 of the Listing Rules.

## **LEGAL OPINION AND REGULATORY ENVIRONMENT**

Upon completion of the Casino Agreement, the Group will be entitled to all economic benefits contributed from the Gaming Business in Cambodia. Pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange, the Stock Exchange may direct the Company to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the Company’s securities pursuant to Rule 6.01 of the Listing Rules if the operation of the Gaming Business fails to comply with applicable laws in Cambodia and/or contravenes the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

In Cambodia, the gambling industry is principally governed by the Law on the Management of Commercial Gambling dated 14 November 2020 (the “**LMCG**”), which governs, among others, the area of commercial gambling zone, licenses for conducting commercial gambling business, casino and integrated commercial gambling centre development requirement. According to the LMCG, Commercial Gambling Committee of Cambodia was established to take responsibility of proposing new policies, issuing gambling regulations and licenses, collecting gambling revenue, taking any and all necessary actions in relation to the management and enforcement of gambling laws and regulations.

Based on Article 33 of the LMCG, in the event of permission in casino operation agreement, the casino operator can sign the contract governing the casino or as a party to a modified contract to transfer all or part of its obligation in the casino operation agreement to the casino manager.

Cambodia has enacted the Law on Anti-Money Laundering and Combating the Financing of Terrorism dated 24 June 2007 (the “**Anti-Money Laundering Law**”), which aims to prevent and combat money laundering and terrorist financing in Cambodia. Cambodia Financing Intelligence Unit (“**CFIU**”) is the central body responsible for receiving and analysing reports on suspicious cash transactions and disseminating the results of their analysing and other information related to money laundering or financing of terrorism. CFIU is eligible by the Anti-Money Laundering Law to legally advise any financial institutions such as banks, micro-finance institutions and other loan agencies to disclose their secret transactions or any doubtful huge amount of cash transactions should they have encountered or comprehended. With this respect, CFIU work strictly confidential and privacy in observation or investigation on suspicious cash transactions whether through electronic or any other means.



## **Internal controls on anti-money laundering (“AML”)**

The Company understood that a foreign company which is registered and runs its business in Cambodia in relation to the casino sector or type of some other relevant business shall abide by Cambodia’s laws, policies and implementation framework as well as international standards which Cambodia has declared the acceptance of implementation of as a member.

The Group will adopt AML policies and procedures currently in use by the Group in respect of AML. Measures covered by the AML policies and procedures include, but not limited to: (i) to verify individuals’ identities and keep proper records on the players; (ii) to record any bets, single or aggregated, over a certain amount and the parties involved; and (iii) to report suspicious irregularities to relevant authorities, which the Group will monitor the operation of the Gaming Business to identify any suspicious irregularities and report to the relevant authorities immediately.

The Group will also develop comprehensive procedures for the Gaming Business’s financial closing and reporting process and update its control system and compliance procedures accordingly whenever there are changes in the laws and regulations of AML. In addition, the Group do not intend to accept credit cards or any forms of electronic currencies for the transactions.

The Group will conduct internal control review on the internal systems and procedures and AML mechanism of the Gaming Business on a regular basis.

Other than the internal control on AML, the Group will also establish internal control policies and standard operating procedures for the management of the Gaming Business, including but not limited to, (i) table game management, such as table fills and credits, table opening and closing, gaming payouts, and safeguarding of cash and chips on tables, playing cards and dice; (ii) fraud prevention, such as surveillance monitoring, fraud detection, key controls and follow-up investigations; and (iii) risk management, such as regular exception reviews and internal audit.

The Company had obtained a legal opinion from a qualified lawyer in Cambodia in respect of the legality of the Casino Agreement for the operation of the casino VIP Rooms. Based on the factual background of the matter and the applicable laws and regulations in Cambodia, the Cambodian lawyer is of the view that the Casino Agreement for the operation of the casino VIP Rooms complies with the relevant laws in Cambodia.

The Company has also been advised by Hong Kong legal adviser that the Gaming Business and the transactions contemplated thereunder conducted in Cambodia do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

## **INFORMATION ON THE PARTIES**

### **The lessor**

LongBay Entertainment is a company incorporated in Cambodia with limited liability and is principally engaged in property investment and property development. To the best knowledge, information, and belief of the Directors after having made all reasonable enquiries, the ultimate beneficial owner of LongBay Entertainment is Mr. Som Chanmony.

To the best knowledge, information, and belief of the Directors after having made all reasonable enquiries, LongBay Entertainment and its ultimate beneficial owner are independent third parties of the Group and its connected persons (as defined in the Listing Rules).

## **The Company and the lessee**

The Company is incorporated in Bermuda with limited liability. The principal activity of the Company is investment holding. The Group is principally engaged in (i) operating the gaming tables in Cambodia; and (ii) the development of innovative intellectual properties and technological solutions in connection with augmented reality or virtual reality applications to clients.

Wisdom Ocean Group Limited is incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

## **LISTING RULES IMPLICATION**

As the highest of applicable percentage ratios in respect of the transaction contemplated under the Casino Agreement exceeds 25% but is less than 100%, the transaction contemplated under the Casino Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Casino Agreement. Therefore, none of the Shareholders and their associates is required to abstain from voting in the SGM to be convened by the Company for the approval of the Casino Agreement and the transactions contemplated thereunder.

## **GENERAL**

The SGM will be convened and held to consider and, if thought fit, passing the ordinary resolution to approve, among other matters, the Casino Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further information on the Casino Agreement, and a notice of the SGM, is expected to be despatched to the Shareholders on or before 24 May 2024, as additional time is required to prepare and finalise certain information to be included in the circular.

## **DEFINITIONS**

“Announcement”	the announcement of the Company dated 31 December 2023 in relation to the termination of the very substantial acquisition and connected transaction
“Board”	the board of Directors
“Cambodia”	the Kingdom of Cambodia
“Casino Agreement”	the VIP Rooms lease and operation agreement dated 3 May 2024 and entered into between Wisdom Ocean Group Limited, a wholly-owned subsidiary of the Company and LongBay Entertainment



“Company”	Century Entertainment International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 959)
“Director(s)”	the director(s) of the Company
“Gaming Business”	the operation and management of the VIP Rooms for a period of three years effective from the date of passing the relevant resolution at the SGM to approve the Casino Agreement
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lion King”	Lion King Entertainment Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LongBay Entertainment”	LongBay Entertainment Co., Ltd., a company incorporated in Cambodia with limited liability
“Mr. Ng”	Mr. Ng Man Sun, an executive director, chairman and chief executive officer of the Company, and a substantial Shareholder
“New Assignment Agreement”	the agreement dated 27 February 2023 and entered into among Lion King, VMG and Mr. Ng for the assignment of the new gaming table business rights
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Casino Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated 31 December 2023 and entered into among Lion King, VMG and Mr. Ng to terminate the New Assignment Agreement immediately

“US\$”	United States dollars, the lawful currency of the United States of America
“VIP Rooms”	two casino VIP rooms located at LongBay Century Hotel Block 88, Long Bay District, Dara Sakor, Koh Kong Province, Cambodia with total gross floor area of approximately 650 square meters
“VMG”	Victor Mind Global Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the board of  
**Century Entertainment International Holdings Limited**  
**Ng Man Sun**  
*Chairman and Chief Executive Director*

Hong Kong, 3 May 2024

*As at the date of this announcement, Mr. Ng Man Sun (Chairman and Chief Executive Officer) and Ms. Ng Wai Yee are the executive Directors; and Ms. Yeung Pui Han, Regina, Ms. Sie Nien Che, Celia and Mr. Yuen Sing Wai Lester are the independent non-executive Directors.*